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**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR
THE VIEWS AT ORANGE GROVE**

Dated: June 15, 2020

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**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR THE VIEWS AT ORANGE GROVE**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS is executed this 15 day of June, 2020, by Pioneer Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 503-220719, hereinafter referred to as "Declarant."

RECITALS

A. Declarant is the Owner of certain real property in the County of Pima, State of Arizona, which is more particularly described as:

MIRAMONTE AT ORANGE GROVE, Lots 1-11, Common Areas "A" (Natural Open Space), "B" (Functional Open Space & Utilities), "C" (Functional Open Space, Utilities & Drainage), "D" (Private Roadway & Utilities) and "E" (Shared Private Driveway & Utilities) as recorded in Sequence No. 20202060882 Pima County Records, Pima County, Arizona (the "Plat"), being a portion of the northwest quarter of the northeast quarter of Section 12 Township 13 South, Range 13 East, Gila and Salt River Meridian, Pima County Arizona.

Lots 1 through 11 and Common Areas "A" through "E" shall hereinafter be referred to as the "Covered Property," and is subject to the terms and provisions hereof.

B. The Covered Property shall generally be known as "The Views at Orange Grove," and Declarant desires to see that it be developed as a planned community.

C. Declarant (as hereinafter defined) proposes to construct improvements upon the Properties (as hereinafter defined), and to sell and convey the same, subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereafter set forth, each of which is for the benefit of the Properties and the subsequent owners thereof.

D. Declarant desires and intends that the Covered Property shall be held, sold and conveyed subject to the provisions hereof, which are for the purpose of protecting the value, desirability, attractiveness and character of the Covered Property and which shall run with all of the property. This Declaration shall be binding on all parties having any right, title or interest in the Covered Property, or any part thereof, and shall inure to the benefit of the aforementioned parties and their successors and assigns.

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

As used in this Declaration, the following terms shall have following meanings:

- 1.1 **"Agency" or "Agencies"** Shall mean any of the Federal Housing Administration (FHA), Veterans Administration (VA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and any other governmental agency or financial institution insuring or guaranteeing residential loans, or purchasing such loans on the secondary market.
- 1.2 **"Intentionally Deleted"** Intentionally deleted.
- 1.3 **"Annual Assessments"** Shall mean the annual assessments levied by the Board pursuant to Section 8.2 of this Declaration.
- 1.4 **"Architectural and Landscape Review Committee" or "ARC"** Shall mean the committee(s) formed pursuant to Article IV of this Declaration.
- 1.5 **"Architectural and Landscape Review Guidelines" or "ARC Guidelines"** Shall mean the rules and regulations adopted, amended and supplemented by the Declarant and Architectural and Landscape Review Committee pursuant to Section 4.2 of this Declaration.
- 1.6 **"Articles"** Shall mean the Articles of Incorporation of the Association, as amended or restated from time to time.
- 1.7 **"Assessments"** Shall mean all Annual Assessments, Maintenance Assessments and Special Assessments, and shall include any late charges secured by the Assessment Lien.
- 1.8 **"Assessment Lien"** Shall mean the charge and continuing servitude and lien against a Lot for payment of Assessments as described in Section 8.1 of this Declaration.
- 1.9 **"Assessment Period"** Shall mean each period for which Assessments are to be levied against a Lot pursuant to this Declaration, as more particularly described in Section 8.3 below.
- 1.10 **"Association"** Shall mean "The Views at Orange Grove Homeowners Association," an Arizona nonprofit corporation, its successors and assigns.
- 1.11 **"Association Rules"** Shall mean the rules and regulations adopted by the Association pursuant to Section 6.3 of this Declaration.
- 1.12 **"Board"** Shall mean the Board of Directors of the Association.
- 1.13 **"Bylaws"** Shall mean the Bylaws of the Association, as amended or restated from time to time. The Bylaws contain the operational procedures of the Association.

- 1.14 "Common Area"** Shall mean all real property and the improvements or amenities thereon, all easements and licenses, and all personal property and facilities, which shall from time to time be owned, controlled or operated by the Association within the Covered Property (including, but not limited to, areas used for landscaping, flood control, drainage, bicycle or jogging paths, passive recreational areas, open space, walkways, if any, and pedestrian and vehicular ingress and egress), or with respect to which the Association has undertaken administrative, maintenance or other similar responsibilities.
- 1.15 "Common Expenses"** Shall mean the expenses incurred or to be incurred by the Association, as estimated by the Board, for the benefit of the Members and Owners within the Covered Property, generally, including reasonable reserves, and which are, in the sole and absolute discretion of the Board, determined to be properly chargeable by Assessments to all Owners and Members, as opposed to being allocated solely to certain Lots.
- 1.16 "County"** Shall mean Pima County, Arizona.
- 1.17 "Covered Property"** Lots 1 through 11 and Common Areas "A" through "E" of the subdivision of Pima County known as The Views at Orange Grove, as described above.
- 1.18 "Declarant"** Shall mean Pioneer Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. TR503-220719, and any Declarant Affiliate or assignee of the rights and duties granted or reserved to Declarant herein, which assignment may be in whole or in part.
- 1.19 "Declarant Affiliate"** Shall mean any Person owning any portion of the Covered Property and directly or indirectly controlling, controlled by or under common control with the Declarant or, if a trust, the beneficiary of Declarant, and shall include without limitation, any general or limited partnership, limited liability company, corporation or trust in which the Declarant or the beneficiary of Declarant (or another Declarant Affiliate) is a general partner, managing member, controlling shareholder, or beneficiary.
- 1.20 "Declarant Control Period"** Shall mean the earlier of:
- 1.20.1** the period of time expiring when one hundred percent (100%) of the total number of Dwelling Units which are permitted to be built within the Covered Property, as such percentage is determined by Declarant in its sole discretion, have had certificates of occupancy (or the equivalent approval) issued and have been conveyed to Persons other than Declarant or a Declarant Affiliate;
- 1.20.2** such date as Declarant relinquishes its rights which may be exercised during the Declarant Control Period; or

1.20.3 December 31, 2035.

The Declarant Control Period, if once expired, shall revive if other events should occur which indicate that the percentage in sub-part 1.20.1 above no longer exists.

In no event shall the Declarant Control Period endure more than five (5) years after neither Declarant nor any Declarant Affiliate owns any land within either the Covered Property.

- 1.21** **"Intentionally Deleted"** Intentionally Deleted.
- 1.22** **"Declaration"** Shall mean this Declaration of Covenants, Conditions, Restrictions and Easements, as amended, restated, or supplemented from time to time.
- 1.23** **"Delinquent Amount"** Shall mean any Assessment, or installment thereof, or any other sum due hereunder and not paid when due.
- 1.24** **"Developer"** Shall mean Miramonte Orange Grove, LLC, an Arizona limited liability company, and its successors and assigns, and any assignment of Developer's rights hereunder may be in whole or in part.
- 1.25** **"Dwelling Unit"** Shall mean any building, or part thereof situated upon a Lot and intended for use and occupancy as a residence by a Single Family.
- 1.26** **"Eligible Mortgage Holder"** Shall mean a First Mortgagee who has in writing requested notice of material amendments or actions to be taken pursuant to the provisions hereof granting to such First Mortgagees the right of objection or approval.
- 1.27** **"Event of Foreclosure"** Shall mean the foreclosure, the acceptance of a deed in lieu of foreclosure, or the transfer of title by trustee's deed at a trustee's sale in regard to a mortgage, deed of trust or other encumbrance inferior in priority to an Assessment Lien.
- 1.28** **"First Mortgage"** Shall mean any mortgage or deed of trust on any Lot with the first priority over any other mortgage or deed of trust encumbering such Lot.
- 1.29** **"First Mortgagee"** Shall mean the holder of any First Mortgage.
- 1.30** **"Governing Documents"** Shall mean this Declaration, the Articles of Incorporation and Bylaws of the Association, the Architectural and Landscape Review Guidelines and the Association Rules, as same may from time to time be amended.

- 1.31 **"Government Property"** Shall mean all land and improvements owned by or dedicated to a public or governmental agency or authority for so long as the public or governmental agency or authority is the owner or beneficiary thereof, except for land or improvements, or both, owned and/or operated by a public or governmental agency or authority acting in a proprietary capacity.
- 1.32 **"Improvement"** Shall mean any structure or improvement, including any Dwelling Unit or modification thereof, any patio, outbuilding, pool, wall, path, driveway, excavation, landscaping, fixture, antennae, satellite system, fence, coping, awning, sunshade, flagpole, or other structure or improvement or appurtenance, and including decorative or aesthetic changes, such as color changes or changes to materials.
- 1.33 **"Lot"** Shall mean an area of real property designated as a numbered "Lot" on any recorded subdivision plat.
- 1.34 **"Maintenance Assessments"** Shall mean the Assessments, if any, levied by the Board pursuant to Section 8.6 of this Declaration.
- 1.35 **"Member"** Shall mean any Owner or Person entitled to Membership, including Declarant for so long as Declarant is a Class A or Class B Member and whether or not Declarant owns any Lot.
- 1.36 **"Membership"** Shall mean the rights and duties of Owners, including Declarant so long as Declarant is a Class A or Class B Member, with respect to the Association.
- 1.37 **"Occupant"** Shall mean any Person, other than an Owner, occupying a Lot, or any portion thereof or building or structure thereon, as a Resident, licensee or otherwise, other than on a merely transient basis.
- 1.38 **"Owner"** Shall mean the record holder of legal title to the fee simple interest in any Lot or, in the case of a recorded "contract" (as that term is defined in A.R.S. §33-741(2)), the holder, of record, of the purchaser's or vendee's interest under said contract, but excluding others who hold such title merely as security, such as any trustee under a deed of trust. An Owner shall include any Person who holds record title to a Lot in joint ownership or as an undivided fee interest.
- 1.39 **"Person"** Shall mean a corporation, partnership, limited liability company, joint venture, individual, trust or any other legal entity.
- 1.40 **"Plat"** Shall mean a recorded subdivision plat for the Covered Property, and any amendment or resubdivision thereof, and in the event of successive plats for portions of the Covered Property, the term shall include all such plats unless the context clearly indicates otherwise.
- 1.41 **"Resident"** Shall mean:

1.41.1 each Owner who resides on the Covered Property and the members of the immediate family of each Owner who reside on the Covered Property; and

1.41.2 such persons as the Board, in its absolute discretion, may authorize, including without limitation, guests of an Owner.

1.42 **"Reviewing Authority"** Shall mean, as applicable, the Declarant and the ARC or other designee or assignee as provided in Article IV below.

1.43 **"Single Family"** Shall mean a group of persons related by blood, marriage or legal adoption, or a group of not more than two unrelated persons maintaining a common household. "Single Family" use shall not include any form of detention house, reform school, rooming or boarding house, sanatorium, or any form of group home whether or not providing services to occupants, except that this prohibition shall not apply to group homes or similar living or care arrangements which by state or federal law may not be prohibited by enforcement of private restrictive covenants.

1.44 **"Special Assessments"** Shall mean the assessments, if any, levied by the Board pursuant to Section 8.8 of this Declaration.

1.45 **"Intentionally Deleted"** Intentionally deleted.

1.46 **"Visible From Neighboring Property"** Shall mean, with respect to any given object, that such object is or would be reasonably visible to a Person six feet tall, standing at ground level on neighboring property (either Lots or Common Area) six feet back from the property line of the neighboring property, provided, however, that the ARC shall have the right to determine the meaning of the term "Visible From Neighboring Property" as applied on a case by case basis, and the determination of the ARC shall be binding in that regard, subject to any appeal rights to the Board.

ARTICLE II

**PROPERTY AND PERSONS BOUND
BY THIS DECLARATION**

2.1 **General Declaration** Declarant desires to facilitate development of the Covered Property in accordance with this Declaration which establishes a general plan of development for the planned community known as Casa Seton. This Declaration provides for the overall development, administration, maintenance and preservation of the Covered Property.

In accordance with the foregoing, as portions of the Covered Property are developed, Declarant, without obligation, may establish such additional covenants, conditions and restrictions as may be appropriate for the respective portions of the Covered Property. Nothing in this Declaration shall be construed to prevent or limit Declarant's right to modify the development of the Covered Property,

or from dedicating or conveying portions of the Covered Property for uses other than as a Lot or Common Area.

2.2 Owners and Occupants Bound

Upon the recording of this Declaration, this Declaration shall be binding upon all Owners and Occupants of the Covered Property and their successors and assigns, whether or not stated in any document or deed transferring any interest in any Lot to or from such Owners or Occupants.

ARTICLE III

**EASEMENTS AND RIGHTS OF ENJOYMENT
IN THE COMMON AREA**

3.1 Easements and Rights of Enjoyment

Each Owner shall have a nonexclusive easement for use and enjoyment in and to the Common Area, which nonexclusive easement shall be appurtenant to and shall pass with the title to each Owner's Lot. All Occupants shall have a nonexclusive, nontransferable temporary license to use and enjoy the Common Area so long as they remain Occupants. The foregoing grants and rights are subject to the following limitations, in addition to all other limitations and reserved powers set forth in this Declaration:

Right to Modify and Change

3.1.1 The rights, duties and obligations of the Association, and the reserved right of Declarant, and of the Association, to modify the use of Common Area, or to convey same free of claims or rights of the Owners or Members;

Suspension of Rights

3.1.2 The right of the Association, after such notice and hearing as may be required by law, to suspend the voting rights and the rights to use and enjoyment of the Common Area of any Owner or occupant, as the case may be, for any period during which an Assessment remains delinquent, or for a period not to exceed 60 days for any single infraction of this Declaration, the Association Rules, or the ARC Guidelines (provided such suspension shall not be limited if the infraction remains uncured);

Limitation of Guests

3.1.3 The right of the Association to limit the number of guests of an Owner or Occupant who may use the Common Area; and

Regulation, Mortgages and Conveyances; Power of Association

3.1.4 The right of the Association to regulate use of the Common Area in accordance with this Declaration, and, in addition to Declarant's reserved rights, to mortgage or convey portions of Common Area with the affirmative vote or written consent, with or without a meeting, of Declarant and Owners representing at least two-thirds (2/3rds) of the total votes held by Class A Members.

Broad Reserved Powers of Declarant

Notwithstanding the foregoing, the Association may at any time convey, and the Declarant may cause the Association to convey, minor, insignificant, or immaterial portions of Common Area (such as those caused by encroachment areas, boundary line discrepancies,

survey errors and other such matters), and portions of Common Area determined by Declarant to be more burdensome or costly to own than the concomitant benefit to the Association would warrant, and such conveyance may be made without the consent or vote of any other Person or Member, should Declarant or the Board determine that such conveyance or transfer is in the best interests of the Association or Covered Property.

In addition, the Association shall in all cases have the right to convey and dedicate lands and interests such as public roads, streets, drainageways, culverts, parks, sewer facilities and other Common Area, and such action shall not require the approval of any Owners or Members of the Association.

3.2 Utility and Development Easements; Rights and Easements to Facilitate Development

Utility and Development Easements. A non-exclusive, perpetual blanket easement is hereby granted over, under and through the Common Area and any public utility easements shown on any Plat executed by a Declarant or approved by the Declarant or the Association for the purpose of: (a) installing, constructing, operating, maintaining, repairing or replacing equipment used to provide to any portion of the Covered Property or adjacent land any utilities (including, without limitation, water, sewer, drainage, gas, electricity, telephone, digital and other data transmission service and television service), whether public or private; and (b) ingress and egress to install, construct, operate, maintain, repair and replace such equipment. Such easement is hereby granted to any Person providing such utilities or installing, constructing, maintaining, repairing or replacing equipment related thereto. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed or relocated only where permitted by the Declarant, where contemplated on any site plan approved by the Declarant or where approved by resolution of the Board. Equipment used to provide or meter such utilities or services may be installed above ground during periods of construction if approved by the Declarant. The Person providing a service or installing a utility pursuant to this easement shall install, construct, maintain, repair or replace the equipment used to provide or meter the utility as promptly and expeditiously as possible, and shall restore the surface of the land and the surrounding vegetation and improvements to their original condition as soon as possible.

Rights and Easements to Facilitate Development.

(a) The Declarant hereby reserves to itself and its successors and assigns a non-exclusive blanket easement over and through the Covered Property for all purposes reasonably related to the development and completion of improvements at the Covered Property, including without limitation: (1) easements for the temporary storage of supplies of building materials and equipment necessary to complete any improvements; and (2) easements for the construction, installation and maintenance of such improvements as

the Declarant determines to be necessary or desirable.

(b) The Declarant hereby reserves to itself and its successors and assigns the right to: (1) use any Lots owned or leased by the Declarant, any other Lot with written consent of the Owner thereof, or any portion of the Common Area as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office or model home parking areas; and (2) install and maintain on the Common Area, any Lot owned or leased by the Declarant or any other Lot with the consent of the Owner thereof, such marketing or promotional flags and flag poles and such marketing, promotional, identification, direction or other signs which the Declarant deems necessary for the development, sale or lease of a Lot or Dwelling Unit in the Covered Property. The Declarant shall have the right to grant and reserve easements, rights-of-way and licenses over and through the Common Area for the purposes set forth in this Section or for any other purpose necessary or desirable for the development of the Covered Property. The Declarant may make any dedications and grant any easements, rights-of-way and licenses required by any government or governmental agency over and through all or any portion of the Common Area.

(c) Any and all conveyances made to the Association or any Owner shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. The easements and rights granted or reserved to the Declarant in this Declaration shall not terminate or merge and shall continue to run with the land, notwithstanding the common law doctrine of merger and the common ownership of all of the Covered Property by the Declarant. Upon written request of the Declarant, the Association and each Owner shall from time to time sign, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

(d) In the event of any conflict or inconsistency between this Section and any other provision of the Governing Documents, this Section shall prevail.

3.3 Waiver of Use

No Owner shall be exempt from personal liability for Assessments, nor shall any Owner have any right to release a Lot from the liens or charges arising under this Declaration by waiver of the right of use and enjoyment of Common Area or for any other reason, and no Owner shall in any fashion or by any means have a right of set-off of claims against any sum owned to the Association.

3.4 Acceptance of Certain Common Area and Other Areas

Declarant shall have the absolute right to require that the Association accept title to future Common Area, open spaces and facilities whether or not shown upon any Plat for the Covered Property.

3.5 Exclusive Use and Benefit Easements

On certain Common Area, particularly where perimeter or similar walls are to be built (including yard walls, landscape walls, subdivision boundary walls and the like), such walls may be constructed within the Common Area at varying distances from the adjacent Lot line in order to avoid monotony of design. Portions of the Common Area may be located on the Lot side of any such dividing wall (each, an "Easement Area"). Each Easement Area will adjoin and be contiguous to a Lot (each, a "Dominant Lot"). The Association may, in its sole discretion, at any time and from time to time, grant to the Owner of a Dominant Lot and record a perpetual exclusive use and benefit easement over the Easement Area abutting that Dominant Lot for the use, benefit and enjoyment of that Owner (each, an "Easement"). Such Easement shall run with the land and be appurtenant to the abutting Dominant Lot and may not be sold, transferred or otherwise conveyed apart therefrom.

The Easements shall be limited to the extent that no other structure or improvement of any nature may be placed, maintained or permitted to remain in any Easement Area. The Association shall have no possession or control of the Easement Areas, except that the Association shall have the right of ingress and egress for the sole purpose of any maintenance and repair obligations the Association may have with respect to such dividing wall.

Easements Benefiting Individual Owners

Each Easement Area shall be possessed, controlled, maintained and insured by the Owner of the abutting Dominant Lot and not by the Association. Any separate insurance maintained by the Association is excess and non-contributory. Each Owner of a Dominant Lot shall indemnify, protect, defend and hold harmless the Association for, from and against any and all losses, costs, claims, actions, damages, expenses and liabilities of any kind whatsoever arising from or in connection with the Easement Area abutting that Owner's Dominant Lot.

Easements Benefiting the Association

In addition to the Easement Areas set forth above, to permit a varying or undulating design of perimeter or yard walls visible from Alani Blossom Court, there shall exist, and there is hereby granted and reserved, a valid, perpetual easement in favor of the Association for the maintenance and repair of landscaping and other improvements which may be accepted for maintenance by the Association and which may be installed or built in the Common Area side of any such wall built or to be built partly into the area of any adjacent Lot, as determined by the ARC at the time of original construction of improvements. The Association shall be solely responsible for maintaining any such Lot area upon which such easements exist and which have been accepted by the Association. The limit and extent of any such easement shall be determined by the ARC upon approval of designs and plans submitted by Owners.

ARTICLE IV

**ARCHITECTURAL AND LANDSCAPING
RESTRICTIONS AND CONTROL**

**4.1 Control By Declarant of
All Architectural and
Landscaping Matters**

Reserved Rights of Declarant

4.1.1 Broad Reserved Rights of Declarant. Each and every Owner, and all other Persons, by accepting a deed or otherwise having ownership, possession or control over any Lot agrees that Declarant, as the initial entity planning for the development of the Covered Property, and as an initial Owner of all or portions of the Covered Property, has a vital and legitimate interest in seeing the Covered Property developed in a manner consistent with Declarant’s wishes and plans, as those plans may from time to time change.

Approval Required

4.1.2 All Development to be Approved. In accordance with the foregoing, and as more specifically set forth below, no development, construction, grading, Improvement, landscaping or other work or alteration of any land shall be commenced unless and until Declarant has given its prior written approval of same, which approval may be granted or denied in the sole and absolute discretion of Declarant. Declarant intends to and shall in writing, as more specifically set forth below, delegate certain or all of its rights of review and approval to the ARC, which shall be a committee of the Board, though Declarant may retain certain rights of review and approval and may also delegate certain of its rights of review and approval to others. Declarant, or the ARC to the extent Declarant has assigned its rights for review and approval, shall be deemed the “Reviewing Authority” for purposes of this Article IV. Upon any delegation, Declarant shall be fully released of all obligation, right and responsibility with respect to the functions of the Reviewing Authority so delegated or assigned. In any case in which Declarant has retained rights as the Reviewing Authority and has not assigned or delegated rights of review and approval to the ARC, the Association shall nevertheless, with Declarant's approval, have full rights of enforcement of the provisions hereof, and may take legal and other action against any Owner, Person or entity, or their agents, contractors and subcontractors, who may be in violation of the provisions hereof or of the ARC Guidelines, or who may have acted without approval of the Reviewing Authority. Declarant shall have full rights and authority to cause the Association to take such action and to expend Association funds and resources in pursuit thereof, it being acknowledged that the Association and Members are or shall be benefited by such enforcement or other action.

4.1.3 The Reviewing Authority shall in all cases be deemed to be acting for and on behalf of the Association and shall be deemed an agent and committee of the Association.

ARC and ARC Guidelines

4.1.4 ARC and ARC Guidelines. The Reviewing Authority shall be guided in its functions by the Architectural and Landscape

Review Guidelines (the "ARC Guidelines").

Protection of Declarant

4.1.5 Declarant's Interests Protected. In exercising its rights hereunder, including in the review, approval or denial of any application or request, and for so long as Declarant is a Class B Member, or for so long as Declarant owns any portion of the Covered Property, whichever ever period shall last expire, Declarant may act, or cause the ARC to act, in Declarant's interest and as Declarant determines based upon its desires for the Covered Property. Declarant's rights reserved hereunder may in writing be waived, terminated or assigned. In exercising its rights hereunder, the Declarant shall be deemed to be acting as an agent and committee of the Association.

Delegation of Review Rights

4.1.6 Delegation of Rights. Declarant may from time to time, delegate all or a portion of its reserved rights hereunder to either or both of: (i) the ARC; or (ii) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association, it being acknowledged that certain portions of the Covered Property may be treated differently, and may at Declarant's discretion, be under the control solely of Declarant.

Reviewing Authority

4.1.7 Reviewing Authority. The Reviewing Authority may designate one or more Persons to act on its behalf in reviewing applications hereunder, and may assign it rights under this Article (including its rights to review and approve all required submittals or applications, and its right to adopt, amend or revoke the ARC Guidelines).

4.2 Architectural and Landscape Review Guidelines

Content of Guidelines

4.2.1 Content of ARC Guidelines. The initial ARC Guidelines may be adopted by the Reviewing Authority with the approval of Declarant and the Board. The ARC Guidelines shall incorporate any duly adopted design or architectural conditions set forth in the County DRC Decision Letter dated June 24, 2019 or other relevant restrictions or conditions in the approved Cluster Development Plan, as either may thereafter be amended. Subject to the written approval of the contents thereof by the Declarant for so long as Declarant owns any portion of the Covered Property, and thereafter subject to the written approval of the Board, the Reviewing Authority may adopt, amend, and supplement the ARC Guidelines, which may be different for various portions of the Covered Property. The right of Declarant to approve the ARC Guidelines is paramount to the right of the Board or any Reviewing Authority other than Declarant, and no amendment may be made without Declarant's consent as long as Declarant owns any portion of the Covered Property. The ARC Guidelines shall interpret, implement and supplement this Declaration, and shall set forth procedures for review and the standards for development within all or various portions of the Covered Property. The ARC Guidelines may include, without limitation, provisions regarding:

- (a) the size or maximum Lot coverage for Single Family Dwelling Units;
- (b) architectural design, with particular regard to the harmony of the design with surrounding structures and topography;
- (c) the content of any front yard landscaping;
- (d) placement of buildings;
- (e) landscaping design, content and conformity with the natural desert character of the Covered Property;
- (f) requirements concerning exterior color schemes, exterior finishes, and materials, and requirements concerning yard and building ornaments (Visible from Neighboring Property), recreational equipment, exterior lighting and exterior furniture (Visible from Neighboring Property), and other items or improvements Visible From Neighboring Property;
- (g) signage and mailboxes;
- (h) restrictions on the use of the Side Yard Easements; and
- (i) perimeter and screen wall design and appearance.

Adoption and Force and Effect of Rules and ARC Guidelines

4.2.2 Force and Effect. The ARC Guidelines shall have the same force and effect as the Association Rules.

4.3 Power and Duties Upon Assignment to ARC

After such time as Declarant shall have assigned its right of review and approval to the ARC, it shall be the duty of the ARC, as a Reviewing Authority, to consider and act upon all proposals or plans submitted to it pursuant to the provisions hereof, to adopt the ARC Guidelines, with the approval of Declarant or the Board, as applicable, to perform any other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

4.4 Obligation to Obtain Approval

Mandatory Submittal

4.4.1 Mandatory Submittal of Plans and Specifications. Except as otherwise expressly provided in this Declaration or the ARC Guidelines, without the prior written approval by the Reviewing Authority of plans and specifications prepared and submitted to such committee in accordance with the provisions of this Declaration and the ARC Guidelines:

- (a) No improvements, alterations, repairs, excavation, grading, landscaping or other work shall be done which in any way alters the exterior appearance of any property or improvements thereon from their natural or improved

state; and

- (b) No building, fence, exterior wall, pool, roadway, driveway or other structure, improvement or grading shall at any time be commenced, erected, maintained, altered, changed or made on any Lot.

Landscaping

4.4.2 Landscaping. No exterior trees, bushes, shrubs, plants or other landscaping shall be planted or placed upon the Covered Property except in compliance with plans and specifications therefor which have been submitted to and approved by the Reviewing Authority in accordance with the ARC Guidelines, and except for replacements of plants previously approved and which remain acceptable in accordance with the then current ARC Guidelines.

Changes and Deviations

4.4.3 Changes or Deviations. No material changes or deviations in or from the plans and specifications for any work to be done on the Covered Property, once approved by the Reviewing Authority, shall be permitted without approval of the change or deviation by the Reviewing Authority.

Verbal Statements

4.4.4 Verbal Statements. In no event shall the Reviewing Authority be bound by any verbal statements, no single member thereof having the right to bind the committee.

4.5 Organization of Architectural and Landscape Review Committee

The Reviewing Authority, whether the Declarant, the ARC, or other assignee, shall be deemed a committee of the Board. All members of the ARC, and all persons acting on behalf of the Reviewing Authority shall be appointed and removed solely by Declarant so long as Declarant is a Member of the Association, unless such rights is in writing waived by Declarant. Thereafter, the right of appointment shall rest with the Board. A member shall not be required to satisfy any particular qualification for membership and may be a member of the Board, an officer of the Association, or an officer, agent or employee of Declarant.

4.6 Waiver and Variance

The Reviewing Authority may grant variances and waivers from the requirements of the ARC Guidelines if it believes it is in the best interests of the Covered Property to do so, or if hardship justifies the variance. In addition, the Declarant may at any time grant a variance or waiver. The approval by the Reviewing Authority of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval. So long as Declarant owns any portion of the Covered Property, any waiver shall require the written approval of Declarant.

No application or approval shall be required for any Improvement to be made within the Covered Property by Declarant or

its authorized agents, affiliates or representatives.

4.7 Liability

Neither the Reviewing Authority, Declarant nor the ARC (nor any member thereof) shall be liable to the Association, any Owner or any other party for any damage, loss or prejudice suffered or claimed on account of:

4.7.1 the approval or disapproval of any plans, drawings or specifications, whether or not defective;

4.7.2 the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications;

4.7.3 the development of any Lot; or

4.7.4 the execution and filing of any estoppel certificate or statement, whether or not the facts therein are correct, provided, however, that with respect to the liability of a member of the ARC, such member has acted in good faith on the basis of such information as may be possessed by him.

Without in any way limiting the generality of any of the foregoing provisions of this Section, the Reviewing Authority, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner (other than the Owner applying for consent or approval, whose views the ARC shall be required to hear) with respect to any plans, drawings, specifications, or any other proposal submitted for review.

4.8 Appeal to Board

Any Owner who initially made application to the Reviewing Authority, and who is aggrieved by a decision of the Reviewing Authority, may appeal the decision to the Board in accordance with procedures to be established in the ARC Guidelines. In the event the decision of the Reviewing Authority is overruled by the Board on any issue or question, the prior decision of the Reviewing Authority shall be deemed modified to the extent specified by the Board. There shall be no appeal from a decision of the Reviewing Authority, and no appeal from a decision of the Reviewing Authority may be taken so long as Declarant has the right to appoint the members of the ARC.

4.9 Fees

Power to Assess

4.9.1 Power to Assess Fees. The Reviewing Authority, whether it be the Declarant, the Board or whomever else may be vested with authority to review plans, applications and submittals in accordance herewith, may establish a reasonable processing fee to defer the costs of the Reviewing Authority in considering any requests for approvals submitted to the Reviewing Authority or for appeals to the Board, which fee shall be paid at the time the request for approval or review is properly submitted.

Refundable and Non-

4.9.2 Refundable and Non-Refundable Fees and Deposits. In addition, the Reviewing Authority may implement: a) refundable and

Refundable Fees and Deposits

non-refundable fees and deposits for revegetation and restoration of any site, with a portion of a fee being non-refundable should an Owner default in its obligations to restore or revegetate a site when required hereunder or by the Reviewing Authority, or should the Association or Reviewing Authority incur cost as a result thereof; b) refundable and non-refundable fees to assure that all damage or degradation to Common Area, streets and roads caused or to be caused by construction traffic is promptly repaired or otherwise addressed by the Owner responsible therefor, or to enable the Association to accomplish such work, itself, or to establish a fund for future restoration of such areas; and c) such deposits as may be appropriate to assure completion of components of any work that may interrupt or interfere with the use of Common Area or operations of the Association.

4.10 Inspection

The Declarant and any member or authorized consultant of the Reviewing Authority, or any authorized officer, director, employee or agent of the Association, may at any reasonable time and without being deemed guilty of trespass enter upon any Lot after reasonable notice to the Owner of such Lot in order to inspect the improvements constructed or being constructed on such Lot to ascertain that such improvements have been, or are being, built in compliance with the ARC Guidelines or this Declaration.

ARTICLE V

PERMITTED USES AND RESTRICTIONS

5.1 Covenants, Conditions, Restrictions, and Easements Governing Use

The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots:

5.1.1 Prohibited Uses. The following uses are prohibited:

- (a) any use which is offensive by reason of odor, fumes, dust, smoke, noise, glare, heat, sound, vibration, radiation or pollution, or which constitutes a nuisance, or which is hazardous by reason of risk of fire or explosion, or which is otherwise materially injurious to the perceived value of any Lot; and
- (b) any use which is in violation of the laws (after taking into account the application of any validly granted or adopted variance, exception or special use ordinance or regulation) of the United States, the State of Arizona, Pima County or any other governmental entity having jurisdiction over the Covered Property.

Plat Notes

5.1.2 Plat Notes. In addition to the restrictions contained herein, the Covered Property shall be subject to all applicable restrictions and limitations set forth on the Plat, and all Owners shall

comply therewith.

Duty of Maintenance

5.1.3 Duty of Maintenance. Each Owner shall, at such Owner's sole cost and expense, except as otherwise provided herein, keep such Owner's Lot, including buildings, Improvements, front and side yards, private drives, easement areas and grounds thereon, in a well-maintained, clean, neat and attractive condition at all times and shall comply in all respects with all governmental health, fire and safety statutes, ordinances, regulations and requirements. Each Owner shall be solely responsible for all maintenance and repair of his or her improvements, including the Dwelling Unit, and including all walls and the roof of each Dwelling Unit. Each Owner shall be responsible for the maintenance and repair of all utility lines, including sewer, located within such Owner's Lot, and such maintenance obligation shall include maintenance and repair beyond the Lot boundary to the point of service line connection or junction in the adjacent street, Common Area or easement area.

No Improvement on any Lot shall be permitted to fall into disrepair and each such building and Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished to maintain a first class appearance of the Improvement. In the event any building or Improvement is damaged or destroyed, then, subject to approval in accordance with Article 4, such building or Improvement shall be immediately repaired, rebuilt or demolished by the Owner. If any Owner fails to make the necessary repairs, after receiving notice from the Board of the requirement to perform such repairs within the time limits established by the Board, the Board and its agents and representatives are empowered to enter on the Lot and to make the necessary repairs. The cost of these corrective measures shall be charged to the Owner and collected in the same manner as Assessments. Any such entry shall be after reasonable notice of the time and date of entry, and after such hearings and notice as the law may require.

In addition and without limiting the foregoing, each Owner shall maintain upon its Lot:

- (a) front yard courtyard walls and landscaping located in front yards outside the courtyards, such maintenance to include all exterior faces of the courtyard walls, including the "return" leading toward the Dwelling Unit; and
- (b) gates and lighting fixtures, if any, appurtenant to courtyard walls.

The Association shall have the right, but not the obligation, to maintain front yard features if necessary to create a uniform and pleasing appearance of the Covered Property, and such right shall include the painting or maintenance of the front face of any garage

door (excluding the mechanical or operating components thereof) and the right to assess the Owner of such Lot for any and all cost and expense related to such maintenance or repair. The Association shall have an easement onto each Lot for purposes of the foregoing matters of maintenance and repair.

Each of such Lot Owners, for themselves and for and on behalf of their family members, licensees and invitees, do hereby waive and release the Association, the Developer and the Declarant from any and all claims, demands and liabilities which are, or may be, asserted relating in any way to such landscaping, improvements or equipment, or the maintenance, repair or replacement thereof, or the use of water or electricity in connection therewith, including, without limitation, any claims for personal injury or property damage, or for expense for water or electric charges.

Building Exteriors

5.1.4 Building Exteriors. All colors of materials on the building exteriors and all exterior wall surfaces of any building shall be in accordance with plans and designs approved in accordance with Article 4.

On Site Grading and Drainage

5.1.5 On Site Grading and Drainage. No water shall be drained or discharged from any Lot, or building thereon, except in accordance with approvals of the Reviewing Authority and applicable County ordinances.

Utility Lines and Connections

5.1.6 Utility Lines and Connections. All utility wires, lines, pipes, conduits, facilities, connections and installations (including, without limitation, electrical, telephone, cable television, water, gas and sanitary sewer) shall be installed and maintained underground or concealed in, under, or on structures approved in writing in advance by the Reviewing Authority. All transformers shall be placed on or below the surface of the Lot. Temporary above-ground power or telephone structures and water lines incident to construction activities shall be permitted but only with the prior written approval of the Reviewing Authority.

Notwithstanding the above, the following permitted uses may be installed and maintained above ground:

- (a) Existing utility installations, for so long as Declarant shall approve; and
- (b) Any future relocation of existing utility installations, for so long as Declarant shall approve.

No other utility or service equipment or lines may be installed or relocated on any Lot or the Common Area except as approved by the Reviewing Authority.

Overhead Encroachment

5.1.7 Overhead Encroachments. No tree, shrub or planting of any kind shall be allowed to overhang or encroach upon any public right-of-way, bicycle path or any other pedestrian way from ground level to a height of eight (8) feet, without the prior written approval of the Reviewing Authority. The Reviewing Authority shall have the right to cause the Association to trim any offending tree, shrub or planting.

Permissible Encroachment

5.1.8 Permissible Encroachments. Each Owner hereby acknowledges and agrees that Dwelling Units, or privately-owned patio walls, improvements and fixtures, once built and completed, and which were initially constructed on the Covered Property in the course of original construction by Developer or Declarant may from time to time encroach in minor degree upon the Common Area or other Lots in the Covered Property. Such encroachments caused incidentally and which are minor in scope and degree, such as those caused by good faith survey error, and where removal of improvements would cause gross economic waste, shall be deemed acceptable. Each Owner consents thereto and agrees that title to the land lying within such incidental encroachments is deemed conveyed to the Owner of the Lot upon which the majority of the encroaching structure is built and such Owner shall have a right in perpetuity to maintain such encroachment.

Further Subdivision

5.1.9 Restriction on Further Subdivision, Property Restrictions and Rezoning.

- (a) So long as Declarant is a Member of the Association, all subdivision plats must be submitted to and approved by Declarant before being recorded or approved by the County, as applicable. Except for property owned by the Declarant, after a subdivision plat has been approved, no Lot, or any portion of a Lot, shall be further subdivided and no portion less than all of the Lot shall be conveyed or transferred by any Owner without the prior written approval of the Declarant. The combining of a Lot or Common Area with an adjacent Lot or Common Area, where no additional Lot is created, and which is approved by the Reviewing Authority shall not be deemed a resubdivision in accordance with the foregoing requirements.
- (b) No proposed application for rezoning, variance or use permit for any portion of the Covered Property shall be made, filed, submitted to, or recorded with the County or any other governmental authority or agency unless it has first been approved by Declarant so long as Declarant is a Member of the Association.
- (c) Neither subsection (a) nor (b) shall apply to portions of the Covered Property owned by Declarant or to subdivision plats submitted or proposed by Declarant

and pertaining to portions of the Covered Property owned by Declarant. Declarant may at any time, of its own volition, and with no other consent or approval required, resubdivide all or any portion of the Lots or Common Area.

- (d) Declarant may at any time in writing relinquish all or a portion of its approval rights under this Section. After Declarant no longer is a Member of the Association, or after Declarant may have relinquished its rights under this Section, the Board shall succeed to the right to approve of subdivision plats, unless Declarant has assigned such right to one or more Persons, in which case the Board shall succeed to such rights only after such Persons no longer own any portion of the Covered Property.

***Maintenance of Landscaping
and Driveways***

5.1.10 Maintenance of Landscaping and Driveways. Each Owner shall be responsible for the proper maintenance of all landscaping in the following locations:

- (a) on the Owner's Lot (including set back and front yard areas), except that in the event the maintenance of the yard areas of such Owner's Lot is the responsibility of the Association, a utility, or a governmental or similar authority, or an adjacent Owner pursuant to a Side Yard Easement, then only for so long as such entities are not undertaking such responsibility;
- (b) portions of the Common Area adjacent to an Owner's Lot and which are on the Lot's side of any wall erected on the Common Area; and
- (c) between sidewalks and the street curb on the Owner's Lot, or other public or easement areas adjacent to the Owner's Lot, except that in the event the maintenance of such areas is the responsibility of the Association, a utility, or a governmental or similar authority, then only for so long as such entities are not undertaking such responsibility.

As used herein, maintenance shall include but not be limited to keeping the areas neatly trimmed, cultivated and free of trash, weeds and unsightly materials. All lawn areas shall be timely mowed needed to keep an even, well-groomed appearance and shall be watered and fertilized at such times and in such quantities as required to keep the grass alive and attractive and free of weeds.

All trees, shrubs, plants and ground covers shall be timely and properly trimmed (including, without limitation, the removal of dead wood therefrom) according to their plant culture and landscape

design and shall be watered and fertilized at such times and in such quantities as required to keep them alive and attractive. Any dead tree, shrub, plant or ground cover shall be removed and replaced immediately.

All bed areas shall be kept free of weeds and cultivated periodically as needed. No area shall be over watered so as to create a risk of damage to nearby structures or Improvements. Landscaping may be required to be placed on a Lot within certain time frames established by the Reviewing Authority. Each Owner shall maintain in good condition and repair all paved and concrete areas, including driveways, roadways and parking areas, located on the Owner's Lot.

Any Owner who fails to properly maintain the landscaping upon the Lot shall be given a reasonable period to conduct such maintenance. In the event Owner fails to provide such landscaping maintenance to his/her Lot after receiving notice from the Board to do so, and after such hearing and notice as may be required by law, the Association is empowered to enter upon the Lot, conduct the necessary landscaping maintenance, and charge the cost to the Owner. Such charges shall be collected in the same manner as Maintenance Assessments.

***Requirements Pertaining to
Drainage, Retention and
Detention***

5.1.11 Additional Regulatory Provisions, Drainage, etc. The Association shall operate, maintain, repair and replace any drainage and retention/detention facilities installed within the Common Areas, including, without limitation, Common Area "C" (Functional Open Space, Utilities & Drainage) or within such drainage easements shown on the Plat which are the responsibility of the Association.

- (a) Inspection and Review. The Association shall, as required, review all such drainage, retention and detention facilities to determine the status and condition of same. Each Owner, through Assessments, shall be responsible for payment of all costs and expenses related to such items, and for reserves relating thereto. In addition to the foregoing, it is acknowledged by all Owners that new or changed conditions or unpredictable drainage patterns can cause the need for new or revised features or facilities to address drainage conditions or hazards. Such costs and expenses shall be those of the Association, and shall in no way be considered obligations of Declarant.
- (b) Certified Inspection Reports. On at least an annual basis, the Association shall retain an Arizona Registered Professional Civil Engineer to prepare a certified inspection report for drainage and retention facilities. The Association shall assemble records of its inspections and reports, and shall retain same for a period of at least five (5) years. The content of all certified inspection

reports shall comply with the applicable requirements of Pima County.

- (c) Right of Entry. Though not required to do so, Pima County may enter upon the Covered Property to inspect detention and retention facilities, and other drainage facilities to determine compliance with applicable rules and regulations. Pima County shall have an easement to conduct such periodic reviews and inspections of any and all drainage, retention and detention facilities within the Covered Property.
- (d) Should Pima County in its discretion determine and work must be performed and that the Association has failed to meet its obligations for maintenance and repair under applicable Pima County ordinances, Pima County may perform such work or maintenance and the Association shall be liable to reimburse Pima County for all reasonable costs incurred.
- (e) Additional Density Within Covered Property. It is not anticipated that additional residential Dwelling Units shall be created within the boundaries of the Covered Property. All rights are reserved to alter or change Common Area, or to delete or withdraw Common Area.

5.1.12 The Association shall at no time be dissolved while Common Area or open spaces remain the responsibility of the Association by state or local law.

Nuisances, Dust Control and Construction Activities

5.1.13 Nuisances; Dust Control; Construction Activities. No rubbish or debris of any kind shall be permitted to accumulate upon or adjacent to any Lot so as to create a nuisance or render any such property or activity thereon unsanitary, unsightly or offensive. Each Lot shall be landscaped and maintained in a manner which will minimize the possibility of dust being transmitted into the air and over adjacent properties. Although normal construction activities shall not be considered a nuisance or otherwise prohibited, Lots must be kept in a neat and tidy condition during construction periods. No noxious or offensive activity shall be carried on or permitted on any Lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to Persons or property in the vicinity of such Lot or which shall interfere with the quiet enjoyment of each of the Owners and Occupants. The Association may, but is not required, to take action to abate what any Owner may consider a nuisance.

General Parking and Street Parking Regulations, etc.

5.1.14 Vehicles and Parking. As used in this Section: (a) "Motor Vehicle" means a car, van, sport utility vehicle, bus, truck, recreational vehicle, motor home, motorcycle, all-terrain vehicle, utility vehicle, pickup truck or other motor vehicle; and (b) "Streets"

means the private streets shown on any Plat of the Covered Property.

- (a) No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer or other similar equipment or vehicle may be parked, kept or stored on the Common Area. No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer or other similar equipment may be parked, kept or stored on any Lot so as to be Visible From Neighboring Property. No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer or other similar equipment or vehicle may be parked, kept or stored on the Streets, except that the Board may adopt rules and regulations governing the subject matter and further restricting such parking or establishing limited exceptions thereto, such as for loading and unloading, emergencies, and the like.
- (b) Except as permitted by this Section, no Motor Vehicle may be parked, kept or stored on any Lot or the Common Area. No Motor Vehicles designed or used for carrying merchandise, supplies or equipment for commercial purposes may be parked on the Common Area or on a Lot, except for the temporary parking of the Motor Vehicles of contractors, subcontractors, suppliers or vendors of the Association or the Owners or Residents, or except as permitted by the ARC Guidelines.
- (c) It is also the intent of this Section to require that Motor Vehicles owned or leased by an Owner or Resident of the Lot be parked only in a garage, driveway or approved driveway expansion areas situated on the Lot, as constructed by the Developer in the course of original construction approved by the Reviewing Authority or ARC. Accordingly, Motor Vehicles owned or leased by an Owner or Resident of a Lot must be parked in a garage situated on the Lot to the extent space is available in the garage for the parking of such Motor Vehicles. If space is not available in the garage, then Motor Vehicles owned or leased by an Owner or Resident of a Lot may be parked on the driveway constructed as part of the initial construction of Improvements on the Lot. Parking of Motor Vehicles owned or leased by an Owner or Resident of a Lot may only be parked on an approved driveway expansion area if space for the parking of such Motor Vehicles is not available in the garage or in the driveway constructed as part of the initial construction or Improvements on the Lot. The parking of a Motor Vehicle owned or leased by and Owner or Resident of a Lot on a driveway expansion area is also subject to such

rules and regulations as may be adopted by the Board.

No Motor Vehicle of any kind may be stored on a Lot except in a garage, and no Motor Vehicle of any kind may be stored on the Common Area. For purposes of illustration but not of limitation, a Motor Vehicle shall be deemed stored if it is covered by a car cover, tarp or other material.

Recreational vehicles, motor homes and similar vehicles owned or leased by an Owner or Resident may be parked in the driveway on a Lot for the purpose of loading or unloading, subject to such limitations as may be established by the Board.

No Motor Vehicle shall be constructed, reconstructed or repaired on any Lot in such a manner as to be Visible From Neighboring Property, and no inoperable Motor Vehicle may be stored or parked on any Lot in such a manner as to be Visible From Neighboring Property, nor stored or parked on the Streets or any other part of the Common Area. Except for emergency repairs, no Motor Vehicle shall be constructed, reconstructed or repaired on the Streets or any other part of the Common Area.

The Board shall have the right and power to adopt rules and regulations governing and further restricting the parking of Motor Vehicles on Lots or the Streets and implementing the provisions of this Section, and establishing certain exceptions that may in certain cases be warranted. In the event of any conflict or inconsistency between the provisions of this Section and the rules and regulations adopted by the Board, the provisions of this Section shall control.

This Section shall not prohibit the parking of vehicles protected by A.R.S. § 33-1809.

Use of Garages

5.1.15 Use of Garages. Vehicles shall be kept in garages where adequate space exists, or in other designated parking areas. No garage doors shall be permitted to remain open except for a temporary purpose (such as during ingress or egress, or when the garage is physically occupied by an Owner or Occupant therein) and no less than one stall in all garages shall be kept free of obstruction and available for parking of vehicles.

Commercial Vehicles

5.1.16 Commercial Vehicles. No vehicle shall be parked on the Covered Property if the exterior of the vehicle contains or exhibits any signage relating to a commercial enterprise or commercial activity that is visible from the exterior of such vehicle (and the vehicle is not kept in an approved enclosed garage), except such signage that is limited to the exterior driver or passenger door of such vehicle shall be permitted if the vehicle is used by the Owner as regular transportation in commuting to work.

No vehicle shall be permitted to park on a Lot, even if such

vehicle otherwise qualifies under the preceding paragraph, or other provisions hereof, if such vehicle is used for a commercial enterprise or activity and such vehicle has ladders, work beds, lights and/or other commercial items attached to or hanging from such vehicle so as to be visible from the exterior of such vehicle (and the vehicle is not kept in an approved enclosed garage).

The foregoing restriction shall not apply to vehicles parked within an enclosed structure approved by the Reviewing Authority, nor to commercial vehicles of contractors and others working on the Covered Property, nor to vehicles of vendors, business invitees and others in the process of temporarily serving the Covered Property.

***Temporary Occupancy
Prohibited***

5.1.17 Temporary Occupancy and Temporary Buildings; Outside Storage. No trailer, tent, shack, garage, barn or temporary structure of any kind shall be used as a residence, whether temporary or permanent, except that during the construction process, a temporary building or structure may be erected, installed or maintained on a Lot with the prior written approval of the Reviewing Authority, including the approval of the structure's location and appearance. Such temporary structures shall be removed immediately after completion of such construction, and that portion of the Lot from which the same are removed shall be promptly placed in such condition as is otherwise required by this Declaration. Except during construction, no materials, supplies, equipment, finished or semi-finished products or articles of any nature shall be stored on any area outside of a building unless approved in advance in accordance with Article 4. Any permitted outside storage shall be screened by a solid visual barrier so as not to be Visible From Neighboring Property, provided, however, that during construction of improvements on any Lot, necessary construction materials and supplies may be stored on the Lot without the need for a solid visual barrier providing such materials and supplies are kept in neat order considering the construction activities. The Reviewing Authority is authorized to designate the areas and manner in which supplies of building materials and construction equipment shall be stored and the routes construction vehicles may use. All such designations shall be reasonable.

Health and Welfare

5.1.18 Health and Welfare. In the event uses of, activities on, or facilities upon a Lot are deemed by the Board to be a nuisance or to adversely affect the health or welfare of Owners or Occupants, the Board or the Reviewing Authority may make rules restricting or regulating their presence.

Intentionally Deleted

5.1.19 Intentionally Deleted.

Antennae, Dishes, etc.

5.1.20 Antennae; Solar Devices. Except for antennas, satellite dishes and other over-the-air receiving devices covered by the FCC rules governing Over-the-Air Reception Devices; Television Broadcast Service and Multi-channel Multipoint Distribution Service (the "FCC Rule"), no antenna for the transmission or reception of

television or radio signals or for access to the internet shall be installed on any Lot, Parcel or Dwelling Unit unless approved by the Board of Directors. The Board of Directors shall have the right to adopt rules and regulations with respect to the installation and placement of antennas, satellite dishes and other receiving devices; provided, however, that the Board of Directors shall not impose or enforce any rule or regulation which is inconsistent with or prohibited by the FCC Rule.

No solar heating or cooling equipment or other visible solar device may be installed or erected without approval of the Reviewing Authority, which shall give due regard to state law restricting the limitation of such devices.

Clothes Drying

5.1.21 Clothes Drying Facilities. No outside clotheslines or other facilities for drying or airing clothes shall be placed on any Lot without the prior written consent of the Reviewing Authority unless they are not Visible from Neighboring Property.

Mineral Exploration

5.1.22 Mineral Exploration. No Lot shall be used in any manner to explore for, quarry, mine, remove or transport any water, oil or other hydrocarbons, minerals, gravel, gas, earth or any earth substance of any kind, except in each case as Declarant shall specifically approve.

Diseases and Insects

5.1.23 Diseases and Insects. No Owner or Occupant shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious plant or animal diseases or noxious insects.

Window Treatments

5.1.24 Window Coverings. No visible window covering or reflective covering may be placed, or permitted to remain, on or adjacent to the exterior of any window of any building, structure or other improvement without the prior written approval of the Reviewing Authority. Without limiting the foregoing, any window covering visible from any street or sidewalk shall be a neutral color.

Lot Coverage

5.1.25 Lot Coverage. The percentage of each Lot which may be covered by buildings (as well as the location of such buildings and other improvements on each Lot) shall be subject to the review and approval of the Reviewing Authority as part of the Reviewing Authority's review of plans for proposed improvements on such Lot pursuant to this Declaration, but shall in no event violate County ordinances and regulations in effect from time to time. This Section shall not apply to Declarant's Lots.

Party Walls

5.1.26 Party Walls. Except as hereinafter provided, the rights and duties of Owners of contiguous Lots which have shared walls or fences ("Party Walls") shall be as follows:

- (a) Each Owner shall have the right to use the Party Wall, provided that such use does not interfere with the other Owner's use and enjoyment thereof.
- (b) If a Party Wall is damaged or destroyed through the willful or negligent act of an Owner or the Owner's Occupants, agents, guests or family, the Owner or Occupant as the case may be, shall be obligated to rebuild and repair the Party Wall at the Owner's sole expense. Any dispute over an Owner's liability shall be resolved as provided in Subsection (d) below.
- (c) In the event any Party Wall is damaged or destroyed other than by the willful or negligent act of an adjoining Owner or the Owner's Occupants, agents, guests or family, or deteriorates from ordinary wear and tear, it shall be the joint obligation of all Owners whose Lots adjoin the damaged or destroyed portion of such Party Wall to immediately rebuild and repair such Party Wall, such expense to be ratably divided among such Owners on the basis of the amount of frontage of their respective Lots on the damaged or destroyed Party Wall.
- (d) In the event of a dispute between Owners with respect to a Party Wall or the sharing of the cost thereof, such Owners shall submit the dispute to the Reviewing Authority; whose decision shall be binding unless appealed to the Board, in which event the Board's decision shall be binding and final.
- (e) Notwithstanding the foregoing and, unless otherwise expressly agreed in writing by the Association, in the case of walls or fences: (a) between Common Area and Lots; or, (b) situated on Common Area within or adjacent to a Lot, the Owners and Occupants of such Lots shall be responsible, at their expense, for all maintenance, repair, painting and replacement thereof.

Single Family Use

5.1.27 Single Family Use. No structure whatsoever, other than one private, Single Family residence per Lot, together with such private garage, guest facilities, recreational and storage facilities which may be approved in advance by the Reviewing Authority in accordance with this Declaration, shall be erected, placed or permitted on any Lot.

Commercial Restriction

5.1.28 No Commercial Use. No gainful occupation, profession, trade, or other nonresidential use shall be conducted on any Lot except as set forth in this subparagraph. The Declarant or Developer may maintain sales offices, construction offices and sales models on the Covered Property and an Owner or Occupant may carry on a "Home Occupation" as provided below. A "Home Occupation"

as permitted hereby means work within the Dwelling Unit (such as the performance of accounting work, creation of art work, etc.) provided that:

- (a) the existence or operation of the business activity is not apparent from the outside of the Dwelling Unit and no sound or smell from the outside of the Dwelling Unit indicating the conduct of business is detectable;
- (b) the business activity conforms to all zoning requirements for the Lot; and
- (c) the business activity does not involve traffic by persons who do not reside therein, nor regular arrival of employees of the Owner; and
- (d) the business activity is lawful and consistent with the residential character of the neighborhood and does not constitute a nuisance or hazard or offensive use within the Covered Property as determined in the discretion of the Board.

If the Board determines that the Home Occupation violates the provisions hereof, then the Board shall have the authority to require that the Home Occupation in question cease immediately. In no event shall any form of detention house, reform school, rooming or boarding house, sanatorium, or any form of group home whether or not providing services to occupants, be permitted within the Covered Property, except that this prohibition shall not apply to group homes or similar living or care arrangements which by state or federal law may not be prohibited by enforcement of private restrictive covenants.

Leasing Restriction

5.1.29 Leasing Restriction. The entire (but not less than all of a) Dwelling Unit may be leased to a Single Family Tenant from time to time by the Owner, subject to the provisions of this Declaration and the Association Rules. Each Owner shall provide to the Association a copy of the form of lease agreement that will be used for any Dwelling Unit, which form of lease shall require each Single Family Tenant to abide by all provisions of this Declaration. Owner shall provide the Association with the following information: (i) the name and contact information for any adults occupying the Dwelling Unit, (ii) the time period of the lease, including the beginning and ending dates of the tenancy, and (iii) a description and the license plate numbers of the tenants' vehicles. Owner shall provide the Single Family Tenant a copy of the Association's Declaration and Association Rules. In the event the Owner fails to do so, the Association shall provide copies to the Single Family Tenant and charge the Owner any amounts permitted to be charged under Arizona law. In addition, any lease to a Single Family Tenant shall be of duration of no less than thirty (30) days. Should an Owner fail to so abide, the Association shall have the right to cause the Owner to declare a default under the lease and to

take appropriate action, including eviction of the tenant. Declarant shall have the right to limit or prohibit leasing activity for the initial two (2) year period after an Owner other than Declarant or Developer first purchases a Dwelling Unit upon a Lot.

Animals

5.1.30 Animals. No animal, livestock, poultry or fowl of any kind other than a reasonable number of generally recognized house pets, shall be maintained on any Lot and then only if they are kept or raised thereon solely as domestic pets and not for commercial purposes. For purposes of clarification, chickens (including, without limitation, roosters, hens, chicks, or breeders) geese, pheasants, and ducks are NOT considered generally recognized house pets for purposes of this Declaration. No house pets shall be permitted to make an unreasonable amount of noise or create a nuisance. No structure for the care, housing or confinement of any permitted pet shall be Visible From Neighboring Property. The Board shall have the right by Rule or otherwise to determine what shall constitute a generally recognized house pet, and what a reasonable number of such pets shall, in any instance, constitute.

Notwithstanding the foregoing, no permitted pets may be kept on any Lot which result in an unreasonable annoyance to other Owners or Occupants in the vicinity. All permitted pets shall be leashed when not on a Lot owned by the pet's owner or on which the pet's owner is a guest or invitee. The Board has the right, after notice and the opportunity for a hearing, to require the removal of any pet which the Board, in its sole discretion, has determined is a nuisance. Persons walking pets shall carry a "pooper scooper" (a handheld shovel or other instrument designed for removing animal excrement from the ground) with them at all times and shall remove the pet's excrement from the Covered Property.

Garbage and Trash Regulation

5.1.31 Garbage. No garbage or trash shall be allowed, stored or placed on a Lot except in sanitary, covered containers. In no event shall such containers be Visible From Neighboring Property, except for a reasonable time immediately prior to and after collection. All trash and garbage shall be regularly removed from each Lot and shall not be allowed to accumulate thereon. The Board may also determine to require that the Association or individual Owners shall employ one or more of a limited number of waste management or pick-up companies to retrieve waste and refuse from the Covered Property or portions thereof. The Board may establish regulations as to the times and duration that waste containers may be visible from Neighboring Property for pick-up, and may determine and regulate the type and appearance of waste containers.

Machinery and Equipment

5.1.32 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, stored or maintained upon any Lot, except:

- (a) during the period of construction, such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a building, appurtenant structures or improvements thereon; or
- (b) that which Declarant or the Association may require for the development, operation and maintenance of the Covered Property or other portions of the Covered Property.

Signs

5.1.33 Signs. No signs of whatever nature may be erected or placed within the Covered Property, except such signs as are permitted by the ARC Guidelines, and further except for those signs approved by the Board or by Declarant. Declarant may approve signs without any other consent or approval. Except as stated, no sign shall be placed on any Lot other than:

- (a) signs required by legal proceedings;
- (b) signs, including "for sale" signs, if any, and subdivision signs, the nature, number, location, content and design of which shall comply with the ARC Guidelines;
- (c) such other signs as the ARC Guidelines shall permit; and
- (d) such signs approved by Declarant.

The foregoing restrictions shall be subject to such limitations and privileges as are established at law, including for the placement of political signs and signs pertaining to candidates for political office or to other such protected matters.

Model Homes

5.1.34 Model Homes. Nothing contained herein shall prohibit the construction and maintenance of model homes, sales offices, property management offices and parking incidental thereto by persons engaged in the construction, marketing, rental or management of Dwelling Units within the Covered Property, provided, however, that the models are open only during reasonable hours and otherwise are in compliance with the provisions of this Declaration and ordinances of the County. Except as otherwise approved in writing by the Board, all model homes and sales offices shall cease to be used as such at any time the owner (or lessee thereof as the case may be) is not actively engaged in the construction or sale of Dwelling Units within the Covered Property (provided that the foregoing portion of this sentence shall not apply to property management offices).

For such time as any model home is actively being used by Developer for the marketing and sale of Dwelling Units within the Covered Property, such model homes may also be used by Developer as a model home or sales office for the sale or rental of residences

constructed by Developer not located within the Covered Property.

5.2 Variances

The Board may, at its sole discretion, grant variances from the restrictions set forth in Article 5 hereof if the Board determines:

5.2.1 Either that (a) a particular restriction would create a substantial hardship or burden on an Owner or Occupant and that such hardship is not attributable to the Owner's or Occupant's acts; or (b) a change of circumstances has rendered the particular restriction obsolete; and

5.2.2 the activity permitted under the requested variance will not have a substantially adverse effect on other Owners and Occupants.

The request for a variance must be made in writing and be accompanied by adequate supporting documentation. The Board shall approve or disapprove the request, in writing, as promptly as possible under the particular circumstances. All decisions of the Board shall be final and non-appealable. No variance may be given that reverses or alters a decision made by the Reviewing Authority without the consent of the Reviewing Authority during such time that Declarant acts in such capacity for the property in question.

5.3 Additional Restrictions

Declarant may require prior to the development of any Lot, the imposition of special conditions in additional covenants in any case where deemed appropriate in the sole and absolute discretion of Declarant, and may require adequate provision for assessments and maintenance of the subject property and improvements and such other provisions as are deemed proper.

5.4 Declarant's Exemption

Nothing contained in this Declaration shall be construed to prevent the construction, installation or maintenance by Declarant or a Declarant Affiliate or their agents during the period of development and construction on the Covered Property of improvements, landscaping or signs deemed necessary or convenient by Declarant or a Declarant Affiliate, in its sole discretion, to the development or sale of property within the Covered Property. Declarant may assign, in whole or in part, its rights and privileges under this Section, and Declarant may grant, in its sole discretion, any similar rights and privileges to any Owner.

5.5 Savings Clause

The provisions of this Declaration shall be construed to be consistent with law, and should any provision violate law, then applicable law shall govern. Without limitation, no provision hereof shall be construed to prohibit the placement of solar heating or other such devices or antennae on Lots, provided such placement conforms to such lawful requirements hereof or of the ARC Guidelines which do not conflict with law, nor shall the provisions hereof prohibit the placement of the American Flag or the parking of public service vehicles as permitted by law, again subject to the ARC Guidelines and

rules and regulations of the Association not in conflict with such laws.

ARTICLE VI

ORGANIZATION OF ASSOCIATION

6.1 General Purpose and Charge

The Association is a nonprofit Arizona corporation charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents. Neither the Articles nor the Bylaws shall be amended or interpreted so as to be inconsistent with this Declaration.

6.2 Board of Directors and Officers

The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. During the Class B Membership, the Board shall consist of at least three (3) directors who shall be Members or individuals designated by a corporate, partnership or other non-individual Member, and all directors may be appointed by the Declarant and the Class B Member during the Declarant Control Period. The initial directors appointed by Declarant may serve extended terms as provided in the Bylaws.

The Board may appoint various committees at its sole and absolute discretion, including an advisory committee of Class A Members who may provide non-binding advice to the Board and assist with gradual transition from control by the Class B Members to the Class A Members. The Board may appoint or engage a manager to be responsible for the day-to-day operation of the Association and the Common Area. The Board shall determine the compensation to be paid to the manager.

6.3 Association Rules

By a majority vote of the Board, the Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal the Association Rules. The Association Rules may restrict and govern the use of the Common Area, provided, however, that the Association Rules shall not discriminate among Owners and Occupants except to reflect their different rights and obligations as provided herein, and shall not be inconsistent with this Declaration, the Articles, or the Bylaws. The Association Rules shall be intended to enhance the preservation and development of the Covered Property and the Common Area. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth herein, and may be enforced in the same manner as the provisions of this Declaration. A copy of the Association Rules as adopted, or amended, shall be available for inspection at the office of the Association. During the period while the Class B Membership continues to exist, the Class B Member may disapprove of actions of the Board to adopt, amend or repeal the Rules.

6.4 Personal Liability

No Reviewing Authority, Board member, officer, committee member, employee or representative of the Association, or the

Association, shall be personally liable to any Owner, or to any other Person, including the Association, for any damage, loss, costs, fees (including reasonable attorneys' fees), or prejudice suffered or claimed on account of any of their acts, omissions, errors or negligence, provided, however, that the limitations set forth in this Section shall, not apply to any Person-who has failed to act in good faith or has engaged in willful or intentional misconduct.

6.5 Mergers or Consolidations

The Association shall have the right, power and authority to participate in mergers or consolidations with any other nonprofit corporation whose objectives, methods, and taxable status and format of operation are similar to those of the Association.

ARTICLE VII

MEMBERSHIPS AND VOTING

7.1 Votes of Owners

Every Owner of a Lot, including Declarant so long as it is a Class B or Class A Member, shall automatically be a Member of the Association and shall remain a Member for so long as such ownership continues. Each Class A Member shall have one (1) vote for each Lot owned.

7.2 Membership is Appurtenant to Ownership

Each Owner's Membership in the Association shall be appurtenant to and may not be separated from ownership of the Lot to which the Membership is attributable, except that Declarant shall be a Member of the Association for so long as Declarant possesses either a Class B or Class A Membership, unless Declarant shall earlier relinquish its Membership. There shall be only the Memberships for each Lot as are described herein. Joint ownership or ownership of undivided interests in any Lot as to which a Membership is established pursuant hereto shall not increase the number of Memberships or votes attributable to the Lot. Rather, the votes must be cast together in one unit.

7.3 Declarant

Declarant shall be a member of the Association for so long as it holds a Class A or Class B Membership.

7.4 Membership Classes

The Association shall have two classes of Members:

Class A Members

7.4.1 Class A. Class A Members shall be all Owners except Declarant, until the conversion of Declarant's Class B Membership to Class A Membership as provided below. Subject to the authority of the Board to suspend an Owner's voting rights in accordance with the provisions hereof, a Class A Member shall have the number of votes provided in Section 7.1.

Class B Members

7.4.2 Class B. The Class B Member shall be the Declarant. The Class B Membership shall terminate and be converted to a Class A Membership upon the happening of the first of the following events:

- (a) Two (2) years after termination of the Declarant Control Period; or
- (b) the date on which the Class B Member(s) relinquishes its Class B Membership by notifying the Class A Members in writing.

Declarant shall have the right to assign its rights and privileges as the Declarant and as the Class B Member in whole or in part. Such assignment may include all special voting and other provisions set forth herein.

Upon termination of the Class B Membership, Declarant shall be a Class A Member entitled to Class A votes for all Lots which it owns, provided that no such conversion shall affect any reserved rights of Declarant as otherwise set forth herein. Should the Class B Membership not have expired, Declarant shall retain its Class B Membership, even if Declarant owns no Lot.

7.5 Right to Vote

Class A votes shall only be cast by the Owner of the Lot such vote is attributable to. No change in the ownership of a Lot shall be effective for voting purposes until the Board receives written notice of such change together with satisfactory evidence thereof, for example, the recorded deed showing the name of the Owner of such Lot. The vote for each Member must be cast as a single unit, and solely by the Owner as and when applicable.

In the event that a Lot for which an Owner may vote is owned by more than one Person and such Owners are unable to agree as to how their vote or votes shall be cast, they shall not be entitled to vote on the matter in question. If any Owner casts a vote or votes representing a certain Lot, the Owner will thereafter be conclusively presumed to be acting with the authority and consent of all other Owners of such Lot unless objection thereto is made to the Board, in writing, at or prior to the time the vote or votes are cast. In the event more than one (1) Person casts or attempts to cast a vote for a particular Lot all such votes shall be deemed void.

7.6 Members' Rights

Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles, the Bylaws, the Association Rules, and the ARC Guidelines.

7.7 Control by Declarant, and Rights of the Class B Member

Declarant, as the Class B Member has the right to control the Association. Such control shall exist by virtue of the right, at all times during the Declarant Control Period, to appoint Directors of the Association, as provided herein, as well as their replacements in the event of death, removal, resignation or otherwise. Additionally, continuing even after expiration of the Declarant Control Period, the Class B Member may appoint the ARC, and may veto amendments proposed to be made by the Class A Members. The Class B Member and Declarant shall have such additional and other rights and powers as

are set forth herein or in other Governing Documents, including the right to disapprove of actions of the Board.

7.8 Transfer of Membership

The rights, duties and obligations of a Class A Member cannot and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Class A Member's Lot, and then only to the transferee thereof. Such transfer may be effected by deed, intestate succession, testamentary disposition, foreclosure, or other legal process authorized under Arizona law. Any attempt to make a non-approved form of transfer shall be void. Any transfer of ownership in a Lot shall operate to transfer the Membership appurtenant to ownership to the new Owner.

ARTICLE VIII

ASSESSMENTS AND CREATION OF LIEN

8.1 Creation of Assessment Lien; Personal Obligation of Lot Owner

Each Owner by acceptance of a deed therefor (whether or not it should be so expressed in any such deed or other instrument) is deemed to covenant and agree, to pay to the Association the Assessments. The amount and time for payment of Assessments shall be determined by the Board pursuant to this Declaration and the Articles and Bylaws. In determining the amount of the Assessments, the Board may give such consideration as it determines appropriate to any surplus funds or other revenue balances held by the Association from prior years and the Board shall be entitled to establish such reasonable reserves for the Association as it deems appropriate.

Assessments, together with interest thereon and the costs and reasonable attorneys' fees, if any, incurred by the Association in connection with the enforcement and collection thereof or in otherwise enforcing this Declaration, shall be a charge and continuing servitude and lien upon the Lot against which such Assessments are made and, in addition, shall be the personal obligation of the Owner of such Lot at the time when such Assessments become due and payable. This provision shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

8.2 Annual Assessments

The Association by and through the Board shall determine and levy the Annual Assessments for the purposes set forth herein. The Annual Assessments levied by the Association shall be used to accomplish the duties and purposes of the Association within the Covered Property, to pay the costs of administration of the Association and the maintenance of the Common Area, to establish reasonable reserves, and to otherwise further the interests of the Association as the Board deems appropriate.

Subject to the limitations hereof, and such limitations as exist at law, the Board may, during an Assessment Period, revise the amount of the Annual Assessment in order to meet expenses which exceed the amounts previously budgeted by the Association and collect such

increased Annual Assessment in accordance with the provisions hereof.

8.3 Annual Assessment Period

Except as otherwise provided herein below, the Assessment Period shall be the calendar year. The Board may, in its sole discretion, from time to time, change the Assessment Period. The initial Assessment Period shall commence upon conveyance of the first Lot from Declarant to an Owner, and shall terminate on December 31 of the same year. The Annual Assessments shall be prorated for the initial Assessment Period. Without limitation, Assessments shall commence upon initial conveyance to any Person or entity, other than Declarant or to a Declarant Affiliate.

If any installment permitted for the payment of Assessments is not paid when due, the Board may accelerate the entire Annual Assessment or other Assessment. Late fees and interest may be added to the Delinquent Amount of any Assessment, as provided herein, and become a part thereof, and may continue to accrue interest thereon, all to the extent permitted by law. Delinquent payments shall, to the extent permitted by law, apply first to the principal amount of any delinquent Assessments, then to accrued interest, and then to late fees and other sums due. The Owner shall also be liable for attorneys' fees and legal costs, including litigation related expenses and expert witness fees, if any. Attorneys' fees and costs incurred shall to the extent permitted by law, be deemed a part of the delinquent Assessment, and shall be secured by the lien therefor.

This provision shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

8.4 Association's Rights in Spending Funds from Year to Year

The Association shall not be obligated to spend in any year all monies received by it in such year, and the Board 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. The Association shall be under no obligation to refund any surplus balance, and may transfer surpluses to the reserve account or other account at the Board's discretion.

8.5 Rate of Assessment

The amount of the Annual Assessments, Maintenance Assessments and Special Assessments shall be established by the Board, in its sole discretion. In establishing its budget and creating its plan for Assessments each year, the Board shall establish an Annual Assessment per Lot payable by the Owner of each Lot. The Board shall at any time have the right to adjust the Assessment made, and issue invoices for any additional sums due, subject to such limitations as exist at law.

8.6 Maintenance Assessments

The Association may assess Maintenance Assessments against a Lot in the event the need for maintenance or repair of areas maintained by the Association is caused through:

8.6.1 The willful or negligent act or omission of any Owner (or of any other person for whom such Owner is legally responsible under applicable state law); or

8.6.2 the maintenance of a Lot by an Owner, or failure to maintain, so as to present a nuisance, or to substantially detract from or negatively affect the appearance or quality of any neighboring Lot or other area; or

8.6.3 the maintenance of a Lot by an Owner, or failure to maintain, so as to violate this Declaration; or

8.6.4 any use of, or activity on, any Lot that causes maintenance or repair costs incurred or to be incurred by the Association with respect to Common Area to be substantially greater than those costs which would typically be incurred in relation to such Common Area, whether such use or activity is of a continuing nature or an isolated event.

In any such case, the Board may, depending upon the circumstances, give notice to the Owner of such Lot that unless specified corrective action is taken within a specified time period, the Association, at such Owner's cost, may take whatever action is appropriate to compel compliance including, without limitation, appropriate legal action.

If at the expiration of the specified time period the requisite corrective action has not been taken by the Owner, at the Owner's sole cost, the Board is authorized and empowered, subject to such notice and hearing as may be required by law, at its sole discretion, to cause corrective action to be taken or to commence appropriate legal action and the cost thereof, including court costs and attorneys, fees, shall be charged to the Owner as a Maintenance Assessment.

The Maintenance Assessment shall be added to and become a part of the Assessments to which the offending Owner and the Owner's Lot is subject, shall be secured by the Assessment Lien, and shall be due fifteen (15) days after written demand or notice by the Board.

In no case may any form of Maintenance Assessment be levied or charged with respect to Lots owned by Declarant.

This provision shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

8.7 Fines and Penalties.

If any Owner, his or her family, or any licensee, invitee, or guest violates the provisions hereof, or any provision of any of the ARC Guidelines or other rules of the Association, the Board after providing the Owner with notice of the violation and an opportunity for a hearing as required by law, may levy a fine upon the Owner, may suspend the violator's right to use the Common Area and may charge such Owner

all costs incurred by the Association in connection with enforcement or other action taken by the Association, including attorneys fees and costs incurred. Such violation shall also be grounds for the Association, should it wish, to suspend the said rights of the Owner and its family members, guests and invitees. This Section shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

The Board may establish a procedure for conducting hearings and imposing penalties. Any fines imposed against the Owner which are not paid within fifteen (15) days of notice of the due date, may be charged to the Owner of the Lot in question, and may be collected as provided by law.

In no event shall any fine be imposed for a default or violation of the Governing Documents, other than a failure to pay Assessments, without first affording the Owner notice and an opportunity for hearing. This Section shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

8.8 Special Assessments

In addition to the Annual Assessments, the Board may levy a Special Assessment a) for the purpose of constructing improvements to Common Area; b) correcting an inadequacy in the Association's accounts; c) defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement owned by the Association; or d) defraying other extraordinary expenses or paying other expenses the Board may deem appropriate, including increased expenses encountered by the Association in connection with new or expanded Common Area amenities or features. The Board shall specify the effective date of any Special Assessment and may provide that the Special Assessment is payable in installments. Special Assessments shall be approved by the Class B Member and either the written consent of, or vote at any annual or special meeting of, Owners representing a majority of all votes allocable to Lots. The Board may in any case, however, impose and assess a Special Assessment as to all Lots, without any vote or consent of Members whatsoever if the purpose is to pay the increased costs and expenses of the Association in connection with new Common Areas, amenities or features, and the Class B Member shall have the right to cause the Board to make and levy such Special Assessments.

8.9 Billing and Collection Procedures

The Board shall have the right to adopt procedures for the purpose of making, billing and collecting the Assessments. The failure of the Association to send a bill to an Owner shall not relieve such Owner of the Owner's liability for an Assessment. It shall be the responsibility of the Owner to inform the Association in writing of a change of address. The Association shall be under no duty to refund any payments received by the Association even if the ownership of a Lot changes during an Assessment Period. Any successor Owner shall be given credit for any non-refunded prepayments made by a prior Owner.

In case the Owner of a Lot having a right to pay a reduced payment amount as provided herein fails to notify the Board at such time as the payment amount should be increased, such Owner shall nonetheless be liable for the increased amount of the Assessment and such Owner's failure to notify the Board shall not relieve such Owner of the liability for such increased Assessment.

8.10 Collection Costs and Interest on Delinquent Amounts

Any Delinquent Amount shall have added thereto a late charge of the greater of fifteen dollars (\$15.00) or ten percent (10%) of the Delinquent Amount if such Delinquent Amount is not paid within fifteen (15) days after the due date. Any Delinquent Amount shall bear interest from its due date until paid at a rate equal to the greater of twelve percent (12%) per annum, the then prevailing interest rate on loans insured by FHA or VA, or such rate as is determined from time to time by the Board. The Owner shall be liable for all costs, including but not limited to attorneys, fees and collection agency fees, which may be incurred by the Association in collecting any Delinquent Amount, and such amounts, to the extent permitted by law, shall be deemed a part of the Assessment Lien. This Section shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

8.11 Working Capital Fund, Reserve Fund and Transfer Fees

To ensure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment and services, each purchaser of a Lot upon which the construction of improvements is complete, as evidenced by a certificate of occupancy or similar instrument which allows the Lot to be used as a residence, shall pay to the Association immediately upon becoming the Owner of a Lot a sum equal to twenty-five percent (25%) of the then-current Annual Assessment applicable to such Lot (the "**Working Capital Fund Contribution**"). In addition, each purchaser of a Lot upon which the construction of improvements is complete, as evidenced by a certificate of occupancy or similar instrument which allows the Lot to be used as a residence, shall pay to the Association immediately upon becoming the Owner of a Lot a sum equal to twenty-five percent (25%) of the then-current Annual Assessment applicable to such Lot for the maintenance and repair of the Common Areas (the "**Reserve Fund Contribution**").

The Association may also collect reasonable administrative transfer fees (the "Administrative Transfer Fees") to compensate it for expenses in complying with State law as it pertains to providing notice and documents to prospective purchasers. Such Administrative Transfer Fees shall be in amounts and payable at such times as determined by the Board.

A Working Capital Fund Contribution and Reserve Fund Contribution shall continue to be payable upon each subsequent sale of a Lot, unless waived by the Board in writing. Funds paid to the Association pursuant to this Section may be used by the Association for payment of operating expenses or any other purpose permitted under this Declaration and the Articles and Bylaws. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as

advance payment of any Assessments levied by the Association pursuant to this Declaration.

8.12 Declarant's Exemption

Anything in this Declaration to the contrary notwithstanding, neither the Declarant nor any Declarant Affiliate shall be liable for, nor shall they be required to pay, Assessments of any nature for Lots owned by them. Nor shall Declarant or a Declarant Affiliate be liable for the payment of any Assessments for any Lot that, having been previously sold to a purchaser, has been deeded back to the Declarant by foreclosure or deed in lieu of foreclosure.

In lieu of Assessments, Declarant and each Declarant Affiliate shall pay the actual shortfall or deficiency, if any, in necessary ordinary operating revenue to pay current ordinary expenses for the operation and maintenance of the Association and Common Area (i.e., only for actual budget deficits), but only up to the full Annual Assessment for each such Lot actually owned by Declarant or Declarant Affiliate in the Covered Property. A shortfall or deficiency shall exist if current ordinary and budgeted expenses of the Association are greater than the revenues of the Association from all sources for the Assessment Period in question; provided, however, that neither Declarant nor a Declarant Affiliate shall be liable for any shortfall or deficiency created by any decrease in the amounts of the Annual Assessments from those charged during any prior year, which decrease was not approved by Declarant, nor for any shortfall or deficiency incurred after expiration of the Declarant Control Period. Declarant and any Declarant Affiliate may at any time at their sole discretion elect to cease paying the shortfall or deficiency, if any, and to pay instead up to the full Annual Assessment for each Lot owned by Declarant or by Declarant Affiliate. Declarant's and Declarant Affiliate's obligation to contribute toward a deficiency as provided herein is supported by a lien on Declarant's Lots and the Lots of each Declarant Affiliate.

In the event of deficiencies, as aforesated, Declarant and each Declarant Affiliate shall share the burden of payment of the deficiency by paying their ratable share of same, up to the full amount of the Annual Assessment for each Lot owned by them. Further, should Declarant assign its rights to the exemption from Assessments as provided herein, whether such assignment be in whole or in part, then the assignee shall, in the case of any deficiency as described above (and meeting the conditions set forth above), be liable for its ratable share of same, up to the full amount of the Annual Assessment for each Lot owned by them, and not more.

In no event shall Declarant or any Declarant Affiliate be required to contribute to any deficiency after termination of the Declarant Control Period.

8.13 Savings Clause

Notwithstanding the provisions of this Article, or any other provision of this Declaration, the extent of any lien of the Association shall be subject to such provisions as are established at law or in equity,

including such limitations as are established and imposed by A.R.S. § 33-1807.

ARTICLE IX

ENFORCEMENT OF THE ASSESSMENT LIEN

9.1 Association Remedies to Enforce Assessments

If any Owner fails to pay any Assessment when due, the Association may (and each Owner hereby authorizes the Association to) enforce the payment thereof and the Assessment Lien by taking any and all action available at law or in equity, including:

9.1.1 Bringing an action against the Owner to recover judgment against the Owner who is personally liable for the Assessments; and,

9.1.2 Foreclosing the Assessment Lien against the appropriate Lot in accordance with then prevailing Arizona law. Though not required, the Association may record notice of its lien, and all costs of preparation of such notice, recording and releasing same, including attorneys' fees and costs, shall be paid by the delinquent Owner, with all expense thereof being a part of the lien of the Assessment.

9.2 Subordination of Assessment Lien

The Assessment Lien shall have priority from the date of recording of this Declaration, and shall be superior to all charges, liens or encumbrances which hereafter are or may be imposed on any Lot, except as provided by law. Without limitation, the Assessment lien is junior to:

9.2.1 the lien of any First Mortgage encumbering a Lot; and

9.2.2 the lien for taxes or other governmental assessments which are deemed superior hereto by applicable law.

Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, the sale or transfer of any Lot pursuant to any First Mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No other sale or transfer shall relieve a Lot, or the Owner thereof, for liability from any Assessment theretofore becoming due nor from the Assessment Lien arising in regard thereto. No Event of Foreclosure shall relieve the Owner whose interest was foreclosed from liability for Assessments payable through the date of such Event of Foreclosure.

In addition, no Event of Foreclosure shall impair the Assessment Lien, except that a First Mortgagee obtaining an interest in a Lot through an Event of Foreclosure shall take title subject only to such Assessments as shall accrue subsequent to the date the Person acquires its interest.

This Section shall be subject to such limitations as are imposed by A.R.S. § 33-1807.

ARTICLE X

MAINTENANCE

10.1 Common Area and Public/Private Rights-of-Way

Association Duty

10.1.1 Areas of Association Responsibility. The Association, or its duly delegated representative, shall permanently maintain and otherwise manage Common Area and accept responsibility for all real property and ad valorem taxes. The Common Area to be maintained by the Association shall specifically include any Common Area as may be identified on recorded subdivision plats approved by Declarant, or in deeds from Declarant, but the failure to so identify such areas shall not affect the Association's rights or responsibilities with respect thereto. The foregoing specifically identified Common Area shall be insured by the Association pursuant to Section 12.2 hereof. A separate instrument approved by Declarant may limit the Association's responsibilities with respect to certain Common Area.

Rights of Way

10.1.2 Rights of Way. The Association may also in its discretion elect to maintain landscaping and similar improvements within public rights of way located within the Covered Property to the extent the Association wishes to augment or enhance the degree of repair and maintenance provided by any governmental entity with respect to such public rights of way.

10.2 Standard of Care

The Association shall use a reasonable standard of care in providing for the repair, management and maintenance of the Common Area so that the Covered Property will reflect a high degree of pride of ownership. The Board shall be the sole judge as to the appropriate level of maintenance of all Common Area.

ARTICLE XI

RIGHTS AND POWERS OF ASSOCIATION

11.1 Rights, Powers and Duties of the Association

In addition to the rights and powers of the Association set forth in the Governing Documents, the Association shall have such rights and powers and duties as may be reasonably necessary in order to effect all the objectives and purposes of the Association as set forth herein. A copy of the Governing Documents shall be available for inspection at the office of the Association during reasonable business hours.

11.2 Rules and Regulations

In addition to the right to adopt, amend and repeal rules and regulations (the "Rules") on the matters expressly mentioned elsewhere in this Declaration, the Association, acting through the Board, shall have the right to adopt, amend and repeal rules and regulations, as a part of the Rules, with respect to all other aspects of the Association's rights, activities and duties, provided such rules and regulations are not inconsistent with the provisions of the Governing Documents. Upon

adoption, the Association's Rules shall be enforceable in the same manner as this Declaration and shall have the same force and effect as if they were set forth in and were a part of this Declaration.

11.3 Association's Rights of Enforcement

The Association shall have the right, but not the obligation, to enforce the provisions of this Declaration and all any Additional Covenants that shall have been executed pursuant to or subject to the provisions of this Declaration. If the Association shall fail or refuse to enforce the provisions of this Declaration or the Additional Covenants after receipt of written request to enforce from any Owner, then any Owner shall have the right and authority, but not the obligation, to enforce the provisions of this Declaration.

11.4 Enforcement Methods and Means

The Association, after affording such notice and opportunity for a hearing, or to be heard, as may be required by law, may enforce the provisions hereof at law or in equity, including, but not limited to:

11.4.1 Imposing reasonable monetary penalties, which penalties shall be the obligation and liability of the offending Owner to pay, with each Owner being further liable for the acts of his or her guests, invitees or residents.

11.4.2 Suspending an Owner's right to vote after notice and opportunity to be heard.

11.4.3 Suspending any services provided by the Association to an Owner or the Owner's property if the Owner is more than 15 days delinquent in paying any Assessment or other charge owed to the Association.

11.4.4 Exercising self-help or taking action to abate any violation of the provisions hereof.

11.4.5 Requiring an Owner at the Owner's expense to remove any offending condition, structure or improvement on the Owner's property, and further requiring the said Owner to restore his or her property to the condition in which it previously existed, without such action being a trespass.

11.4.6 Without liability to the Association or to any Person, prohibiting any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Declaration from continuing to perform and further activities on the Covered Property.

11.4.7 Towing vehicles which are parked in violation of the provisions hereof.

11.4.8 Filing suit at law or in equity to enjoin a violation of the provisions hereof, or to recover fines or Assessments or such other

relief as may be appropriate.

The Board may weigh financial and other factors, such as possible defenses, legal merit and other factors, in determining whether to pursue legal action, and the Board's discretion in such matters shall be final. The rights and remedies of the Association are cumulative, and the Association may pursue any or all remedies without waiver, and any failure by the Association to take legal action shall not limit or waive the right of any Owner to pursue proper action, nor the right of the Association to pursue action at a future time should it so desire.

11.5 Contracts with Others;
Bulk Service Agreements

Subject to the restrictions and limitations contained herein, the Articles, the Bylaws, and the laws of the State of Arizona, the Association may enter into contracts with others, including Declarant and Declarant Affiliates, and such contracts shall not be invalidated by the fact that one or more directors or officers of the Association are employed by or otherwise affiliated with Declarant or Declarant Affiliates, provided, however, that the fact of such interest shall be previously disclosed or made known to the other members of the Board acting upon such contract or transaction and, provided further, that the transaction or contract is fair and reasonable. Notwithstanding the foregoing, any contract entered into by the Association be for a term not exceeding one year and must be terminable, without penalty, by the Association for cause at any time and without cause upon no more than such period as may be set forth in the Bylaws.

The Association may, without limitation, provide services and facilities for the Members of the Association and their guests and invitees. The Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant or Developer, to provide such services and facilities. The costs of services and facilities provided by the Association may be funded by the Association as a Common Expense or may be funded as otherwise determined by the Board in accordance with this Declaration. In addition, the Board shall be authorized to charge additional use and consumption fees for services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance, pest control service, cable television service, trash and refuse service, security, caretaker, fire protection, utilities, and similar services and facilities. The Board shall be permitted to modify or cancel existing services or facilities, if any, or to provide additional services and facilities. Nothing contained herein shall be relied upon as a representation as to what services and facilities, if any, will be provided by the Association.

If all Lots within the Covered Property are to be served by a particular bulk service agreement, the Board shall have the option either to (a) include the Association's costs under such bulk service agreement in the budget for each applicable fiscal year and thereby include such costs in the Assessments for each such applicable year, or (b) separately bill to each Owner his, her or its proportionate share of the

Association's costs under such bulk service agreement (as reasonably determined by the Board, and with such frequency as may be determined by the Board but no more often than monthly).

It is expressly agreed by all Owners that the Association's rights shall include the designation of certain service providers as the exclusive provider for the Covered Property. By way of example, the Association may elect to designate a waste management, or trash and refuse, service provider as the sole provider in order to eliminate the frequency of truck travel, interference and other adverse effects of having multiple such service providers for the Covered Property.

**11.6 Change of Use or
Conveyance of Common
Area**

The Declarant and the Association shall have broad rights to convey Common Area as set forth in Section 3.1 above. In addition, and without limitation, the use of Common Area may also be changed, or portions conveyed, as follows:

11.6.1 Resolution of Board. The Association, upon adoption of a resolution by the Board stating that the then current use of a specified part of the Common Area is no longer in the best interests of the Owners and Occupants, and upon the approval of Declarant so long as it owns any Lot in the Covered Property (and if Declarant no longer owns any Lot, then upon approval of such resolution by Owners representing at least two-thirds (2/3rds) of the votes allocable to Lots within the Covered Property), the Board shall have the power and right to change the use of Common Area (and in connection therewith to take whatever actions are required to accommodate the new use), provided that in the case of a change of use such new use:

- (a) also shall be for the common benefit of the Owners and Occupants; and
- (b) shall be consistent with this Declaration and zoning regulations.

The Class B Member shall have the right to disapprove any such decision by the Association.

11.6.2 Dedications. The Association shall have the right to dedicate all or any part of the Common Area to any public authority, utility or public service corporation, provided that:

- (a) the Board in its sole discretion determines that such dedication does not have a material and substantial adverse effect on the enjoyment of the remaining Common Area by the Owners and Occupants; and
- (b) such dedication shall be approved by Class B Member so long as such Membership exists.

11.6.3 Resubdivisions. Declarant shall at any time have the right to cause the Association or the Board to resubdivide Common Area, and may do so without the consent or approval of any other Member, and without a vote or meeting of Members.

ARTICLE XII

**EMINENT DOMAIN AND INSURANCE INVOLVING
THE COMMON AREA**

12.1 Eminent Domain

In the event of a threatened taking of all or any portion of the Common Area, the owners hereby appoint the Board and such persons as the Board may delegate to represent all of the Owners in connection with the taking. The Board shall act, in its sole discretion, with respect to any awards made or to be made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

Any awards received on account of the taking shall be paid to the Association. In the event of a total taking, the Board may, in its sole discretion, retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Owners, (taking into account a reduction in the distribution to those Owners paying reduced amounts for Assessments pursuant thereto), and all holders of liens and encumbrances, as their interest may appear of record.

The term "taking" as used in this Section shall mean condemnation by eminent domain or sale under threat of condemnation.

**12.2 Authority to Purchase
Insurance**

The Association shall as a Common Expense purchase and maintain such property damage and liability insurance upon the Common Area and such other insurance as the Board, in its absolute discretion, may determine. The Association shall be the named insured in all policies providing such insurance. Neither the Association nor the Board, nor any member of the Board or officer or agent of the Association, shall be liable to any Person for failure of the Association to secure and maintain any such insurance coverage where such insurance coverage is not available in the State of Arizona at a reasonable cost and on other reasonable terms and conditions.

Notwithstanding the foregoing, the Association shall obtain and maintain at all times, at the Association's expense, directors' and officers, liability insurance covering all officers and directors of the Association as well as all regular and alternate members of the ARC, the Declarant, and, to the extent such insurance is reasonably available, any property manager under contract with the Association, all in amounts and on terms adequate to permit the Association to indemnify such persons pursuant to the provisions hereof and pursuant to the provisions of the Articles and Bylaws. Neither the Association nor any Board member nor Declarant shall be liable to any Person or mortgagee if any risks or hazards are not covered by the insurance obtained by the

Association or if the amount of such insurance is not adequate.

12.3 Individual Responsibility

It shall be the responsibility of each Owner or Occupant to provide insurance for real or personal property or interests owned or held by such Owners within the Covered Property, including, but not limited to, homeowners insurance, hazard, fire and casualty insurance, liability insurance, and property damage insurance covering all additions and improvements to Lots, furnishings and personal property therein, and personal liability.

Each Owner and Occupant shall also provide such other insurance which is not carried by the Association as such Person desires. No Person shall maintain any insurance which would limit or reduce in any manner the insurance proceeds payable under the insurance maintained by the Association in the event of damage to the improvements or fixtures on the Common Area. Neither the Association nor any Board member nor Declarant shall be liable to any Person or mortgagee if any risks or hazards are not covered by the insurance obtained by the Association or if the amount of such insurance is not adequate.

12.4 Insurance Claims

The Association is hereby irrevocably appointed and authorized by the Owners to adjust all claims arising under insurance policies purchased by the Association covering Common Area and improvements thereon, property or interests of the Association, liability of the Association, and other such insurance. Each Owner shall execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Board has full and complete power to act for the Association in this regard and may, at its discretion, appoint an authorized representative or committee, or enter into an insurance trust agreement wherein the trustee shall have authority, to negotiate losses under any policy purchased by the Association. Any Owner who causes any damage or destruction of any areas for which the Association maintains insurance, is responsible for the payment of any deductible portion of the insurance, which will become a Maintenance Assessment against the Owner and the Lot.

ARTICLE XIII

RESERVED

13.1 Reserved

Reserved.

13.2 Reserved

Reserved.

ARTICLE XIV

DISPUTE RESOLUTION

14.1 Approval of Association Action

14.1.1 Except as provided in this Article, the Association may not commence a legal proceeding or an action within the purview of Section 14.3 without the approval of at least two-thirds (2/3rds) of the Class A votes of Members eligible to vote. This Article shall not apply, however, to (i) actions brought by the Association to enforce governing documents (including, without limitation, the foreclosure of liens); (ii) the imposition and collection of assessments; (iii) proceedings involving challenges to ad valorem taxation; or (iv) counterclaims brought by the Association in proceedings instituted against it.

14.1.2 Prior to the Association or any Member commencing any proceeding to which Declarant, any Declarant Affiliate, or beneficiary thereof, is a party, including but not limited to an alleged defect of any improvement, Declarant and each Declarant Affiliate shall have the right to be heard by the Members, or the particular Member, and to access, inspect, correct the condition of, or redesign any portion of any improvement as to which a defect is alleged or otherwise correct the alleged dispute.

14.2 Alternative Method for Resolving Disputes

Declarant, its beneficiaries, members, partners, officers, directors employees and agents; the Association, its officers, directors and committee members; all Persons subject to this Declaration, including all Owners and Members of the Association, its officers, directors employees and agents; and any Person not otherwise subject to this Declaration but who agrees to submit to this Article (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 14.3 (singularly, "Claim," and collectively, "Claims") to the procedures set forth in Section 14.4.

14.3 Claims

Unless specifically exempted below, all claims between any of the Bound Parties regardless of how the same might have arisen or on what it might be based including but not limited to, claims (a) arising out of or relating to the interpretation, application or enforcement of this Declaration, or to the Articles or Bylaws ("Governing Documents") or the rights, obligations and duties of any Bound Party under the Governing Documents; (b) relating to the design or construction of improvements; or (c) based upon any statements, representations, promises, warranties, or other communications made by or on behalf of any Bound Party, shall be subject to the provisions of 14.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of 14.4:

- (a) any suit by the Association against any Bound Party to enforce the provisions hereof pertaining to assessments, fines or charges;
- (b) any suit by the Association or Declarant to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to act under and enforce the provisions hereof;
- (c) any suit between or among Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; and
- (d) any suit in which any indispensable party is not a Bound Party.

With the consent of all parties hereto, any of the above identified in this Section may be submitted to the alternative dispute resolution procedures set forth herein.

14.4 Mandatory Procedures

14.4.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and the Respondent referred to herein being individually, as a "Party" or, collectively, as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

- (a) the nature of the Claim, including the Persons involved and Respondent's role in the Claim;
- (b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (c) the proposed remedy; and
- (d) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

14.4.2 Negotiation.

- (a) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.
- (b) If the Parties do not resolve the Claim within 30 days after the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of

Negotiations”), the Claim shall be pursued by the Claimant in arbitration.

14.4.3 Binding Arbitration.

Upon Termination of Negotiations, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Such claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. If the claimed amount exceeds \$250,000, the dispute shall be heard and determined by three arbitrators. Otherwise, unless mutually agreed to by the parties, there shall be one arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

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

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

14.5 Conflicts

In the event that a separate binding arbitration agreement exists by and between an Owner and any person whom is not a Bound Party (“Third Party”), or in the event an Owner is bound by a separate lawful and enforceable agreement to arbitrate disputes, then in the event of a conflict between such separate agreement and the provisions hereof, the separate agreement shall control in disputes between such Owners and Third Party, but neither the Association, Declarant, nor any Bound Party other than such Owner and Third Party who are parties to or bound by such separate agreement shall be subject to the terms of such separate agreement, whether or not in conflict, unless they agree to be bound thereby.

14.6 Amendment of Article

Without the express prior written consent of Declarant, this Article may not be amended for a period of twenty years from the effective date of this Declaration.

ARTICLE XV

RESERVED

- 15.1 Reserved Reserved.
- 15.2 Reserved Reserved.
- 15.3 Reserved Reserved.
- 15.4 Reserved Reserved.
- 15.5 Reserved Reserved.

ARTICLE XVI

TERM; AMENDMENTS; TERMINATION

16.1 Term; Method of Termination

This Declaration shall be effective upon its recordation and, as amended from time to time, shall continue in full force and effect unless and until there is an affirmative vote to terminate this Declaration by the then Owners casting ninety percent (90%) of the total votes entitled to be cast by the entire Membership. Upon the recording of a Certificate of Termination executed by the President and Secretary of the Association confirming such vote, this Declaration shall have no further force and effect and the Association thereupon shall be dissolved in accordance with the terms of its Articles and Bylaws and the laws of the State of Arizona. No such termination shall be effective unless approved in writing by Declarant so long as Declarant owns any portion of the Covered Property.

16.2 Amendments
Broad Power of Declarant

16.2.1 By Declarant. In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Declarant Control Period, Declarant may amend this Declaration for any purpose, and without the consent or approval of any Owners or Members, or any other Person, regardless of whether any such amendment is uniform in nature.

16.2.2 In addition to the foregoing, even after termination of the Declarant Control Period, and for so long as Declarant owns any portion of the Covered Property, Declarant may of its own volition, and without the consent or approval of any Owners or Members, or any other Person, amend this Declaration for the following purposes: (a) to bring any provision hereof into compliance with applicable law; (b) to satisfy the requirements of any Agency pertaining to lending criteria, or established as conditions for the acceptability or approval of mortgages, mortgage insurance, loan guarantees or other factors; or (c) to correct any error or ambiguity or to further the intent or purposes hereof by expanding upon the existing provisions hereof.

Any amendment during such time as Declarant is a Class B Member or a Class A Member of the Association shall require the written approval of the Declarant.

Power of Association

16.2.3 By the Board. At any time, the Board may, with Declarant’s consent so long as Declarant owns any portion of the Covered Property, amend this Declaration for the following purposes: (a) to bring any provision hereof into compliance with applicable law; (b) to satisfy the requirements of any Agency pertaining to lending criteria, or established as conditions for the acceptability or approval of mortgages, mortgage insurance, loan guarantees or other factors; or (c) to correct any error or ambiguity or to further the intent or purposes hereof by expanding upon the existing provisions hereof.

16.2.4 By the Association. Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners which in the aggregate represent at least two-thirds (2/3) of the total Class A votes allocable to Lots, and Declarant’s consent, as well, so long as Declarant owns any portion of the Covered Property.

**16.3 Mortgagee Protection;
Termination of
Association;
Condemnation Proceeds
etc.**

16.3.1 Termination of Association. Any actions to terminate this Declaration for reasons other than substantial destruction or condemnation of the Covered Property shall require, in addition to the approval of Declarant so long as Declarant owns any portion of the Covered Property, and in addition to such approval as is required by law, the approval of Eligible Mortgage Holders whose First Mortgages encumber Lots whose Owners represent at least sixty-seven percent (67%) of the total Class A votes in the Association.

16.3.2 Condemnation or Insurance Proceeds. No Owner, or any other party, shall have priority over any rights of any First Mortgagee pursuant to its mortgage or deed of trust in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Common Area.

16.3.3 Payment of Charges by First Mortgagees. First Mortgagees may jointly or singly pay taxes or other charges that are in default and that may or have become charges against any Common Area, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage for Common Area in the case of lapse of a policy. First Mortgagees making such payments are due immediate reimbursement from the Association.

16.3.4 Right of Inspection of Records. Any Owner, First Mortgagee, or Eligible Mortgage Holder shall be entitled to: (a) inspect current copies of the Governing Documents, and the books, records, and financial statements of the Association during normal business hours; and (b) receive, upon written request therefor, a financial statement of the Association for the immediately preceding fiscal year of the

Association, free of charge to the requesting party.

ARTICLE XVII

MISCELLANEOUS

17.1 Additional Covenants

In furtherance of the orderly sale and development of the Covered Property, and of the protection and enhancement of the value of the Covered Property, Declarant shall have the right, power and authority (but not the obligation), where in Declarant's discretion the circumstances so warrant, to execute prior to, with or after the sale of any portion of the Covered Property by any purchaser, a supplement to this Declaration adding additional covenants or restrictions, qualifying or limiting the application of this Declaration to such land, or entirely excepting such land from the coverage hereof any from all of the restrictions, limitations or other provisions included herein.

Such additional covenants or restrictions may be referred to herein as the "Additional Covenants." No such Additional Covenants shall exempt any such land or the respective owners thereof from the obligations to pay Assessments hereunder or from the Assessment Lien in regard thereto or deprive such land or its Owner of membership and voting rights otherwise established by this Declaration.

Such Additional Covenants shall be recorded and shall be binding upon Declarant, the Association, the ARC and each Owner and Occupant. Declarant shall deliver a true and complete copy of any such Additional Covenants to the Association within a reasonable time after recordation thereof.

17.2 Enforcement Rights

Each Owner (including Declarant, so long as Declarant is an Owner) shall have the right and authority, but not the obligation, to enforce the provisions of this Declaration.

17.3 Interpretation of the Covenants

Except for judicial construction and as hereinafter provided, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration, including without limitation, the land use restrictions in Article V hereof. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by this Declaration.

17.4 Severability

Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

17.5 Change of Circumstances

Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish,

terminate or modify any of the provisions of this Declaration.

17.6 Declarant's Disclaimer of Representations

Notwithstanding anything to the contrary herein, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Covered Property can or will be carried out, or that any real property now owned or hereafter acquired by it is or will be subjected to this Declaration, or that any such real property (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such real property is once used for a particular use, such use will continue in effect.

No provision or content of any development plan showing or applicable to the Covered Property shall be deemed a representation that any facility, land or feature shall be included either in the Covered Property or the Common Area.

While Declarant has no reason to believe that any of the restrictive covenants contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Lot agrees to hold Declarant harmless therefrom.

17.7 View Impairment

Neither the Declarant, nor the Association nor Developer guarantees or represents that any view or passage of light and air over and across any portion of the Covered Property, including any Lot, from adjacent Lots or Common Area will be preserved without impairment. Neither the Declarant, nor the Association nor Developer shall have the obligation to prune or thin trees or other landscaping except as required by the ARC or ARC Guidelines. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed. Any view which exists at any point in time for a Lot may be impaired or obstructed by further construction, including, without limitation, by construction of improvements (including without limitation, landscaping) by Declarant, Developer or by any third person (including, without limitation, other Owners and Occupants) and by the natural growth of landscaping. No third party, including, without limitation, any broker or salesperson, has any right to bind Declarant, the Association or Developer with respect to the preservation of any view from any Lot or any view of a Lot from any other property.

17.8 Assumption of Risk

Neither the Association, the members of the Board, the officers of the Association, the management company of the Association, nor the Declarant nor any Developer, shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or Occupant of any Lot or any guest or invitee of any Owner or Occupant or for any property of any such persons. Each Owner and

Occupant of a Lot and each guest and invitee of any Owner or Occupant shall assume all risks associated with the use and enjoyment of the Covered Property, including all Common Area.

Neither the Association, the members of the Board, the officers of the Association, the Association's management company nor the Declarant nor Developer shall be liable or responsible for any personal injury, illness, or any other loss or damage caused by the presence or malfunction of utility lines or utility sub-stations adjacent to, near, over, or on the Covered Property. Each Owner and Occupant of a Lot and each guest and invitee of any Owner or Occupant shall assume all risk of personal injury, illness, or other loss or damage arising from the presence or malfunction of utility lines or utility sub-stations and further acknowledges that neither the Association, the members of the Board, the officers of the Association, the Association's management company nor the Declarant nor Developer have made any representations or warranties, nor has any Owner or Occupant, or any guest or invitee of any Owner or Occupant relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility sub-stations.

No provision hereof, or of the articles of incorporation or bylaws of the Association, or of the ARC Guidelines, shall be interpreted as creating a duty of the Association, the members of the Board, the officers of the Association, the management company of the Association or the Declarant or Developer to protect or further the health, safety, or welfare of any Person, even if the funds of the Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Lot) and each other Person having an interest in or lien upon, or making any use of, any portion of the Covered Property (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall be deemed to have waived any and all rights, claims, demands, and causes of action against the Association, the Board, the Association's management company, and the Declarant and Developer, their directors, officers, committee and board members, employees, agents, contractors, subcontractors, successors, and assigns arising from or connected with any matter for which the liability has been disclaimed.

17.9 Successors and Assigns

Any reference in this Declaration to Declarant shall include any successors or assignees of all or a specified portion of Declarant's rights and powers hereunder. Any such assignment shall be evidenced by a recorded instrument executed by Declarant and its successor or assignee whereby such rights and powers (or any specified portion thereof) are specifically assigned.

17.10 Notices

If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, this Declaration or any resolution of the Board to be given to any Owner or

resident then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within Pima County. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed on the date set forth on page one of this Declaration.

DECLARANT:

Pioneer Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. TR503-220719, and not in its corporate capacity

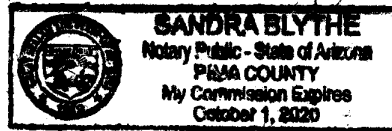
By: [Signature]
Name: Ellen Gille
Title: Trust Officer

STATE OF ARIZONA)
)ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 15 day of June, 2020, by Ellen Gille, the Trust Officer of Pioneer Title Agency, Inc., an corporation, as Trustee under Trust No. TR503-220719, and not in its corporate capacity.

[Signature]
Notary Public

My commission expires: 10-1-2020



Beneficiary Disclosure: The sole beneficiary of Trust No. TR503-220719 is Miramonte Orange Grove, LLC, an Arizona limited liability company, whose address is 2502 East River Road, Tucson, Arizona 85718.