

**WHEN RECORDED RETURN TO:**

Diamond 7 Ranch  
3140 W Ironwood Dr  
Chandler Az 85226  
271-000-119186



CANDACE OWENS  
COCONINO COUNTY RECORDER  
OFFICIAL RECORDS OF  
COCONINO COUNTY

INST: 99-08801 FEE:\$ 22.00  
AT THE REQUEST OF:  
FIRST AMERICAN TITLE  
DATE: 03/16/1999 TIME: 01:20  
DKT: 2216 PG: 365 PAGES: 017

**DECLARATION OF ANNEXATION OF  
LAND SUBJECT TO THE ROAD EASEMENT  
MAINTENANCE OBLIGATION**

THIS DECLARATION OF ANNEXATION dated this 15 day of MARCH, 1999, is made pursuant to the affirmative vote of more than sixty percent (60%) of the Owners of parcels in Westwood Ranches Phase VI and Phase VII, and Declarant (Diamond 7 Ranch, L.L.C.), annexing the real property described in Exhibit "A" known as Westwood Ranches Phase VII to the real property presently subject to the Road Easement Maintenance Obligation ("REMO") hereinafter described and making the Owners of parcels in Westwood Ranches Phase VII subject to the terms, conditions, obligations, duties and rights as set forth in REMO as now or hereafter amended.

The Road Easement Maintenance Obligation to which the real property described in Exhibit "A" shall be subject was recorded at Docket 2034, Page 391, Coconino County Records, rerecorded at Docket 2048, Page 165, Coconino County Records as amended by Amendment recorded at Docket 2041, Page 001, Coconino County Records.

COURTESY RECORDING  
NO TITLE LIABILITY

2216-365

By this Declaration of Annexation, the roads which shall be maintained by the Westwood Ranches Phase VI Owners Road Maintenance Association (the "Association") shall be enlarged to include those roads in Phase VII which are so designated for maintenance and are as set forth in the map attached hereto as Exhibit "B" which roads include those portions which go over state land pursuant to state land right-of-way No. 16-103725 (a copy of which is attached hereto as Exhibit "D" which has been assigned to the Association); and, thereafter, the road system to be maintained by the Association shall be as reflected in the map attached hereto as Exhibit "C." Upon the effective date of this annexation the Owners of parcels of real property located in Westwood Ranches Phase VII shall become members of the Association, and subject to the Association's Articles of Incorporation and Bylaws in addition to the aforesaid REMO.

Now the real property described in Exhibit "A" is hereby annexed, and shall be subject to each and all of the terms, provisions, conditions, restrictions, covenants, liens and assessments contained in the REMO as if fully contained and described herein as originally recorded and heretofore amended.

The real property subject to this Declaration of Annexation shall become irrevocably submitted to the REMO upon the recording of this Declaration of Annexation.

IN WITNESS WHEREOF, we have hereunto set our respective hand  
this 15 day of MARCH, 1999.

**DECLARANT:**

Diamond 7 Ranch, L.L.C., an  
Arizona Limited Liability Company,

By:

Merwyn C. Davis  
Merwyn C. Davis, Secretary  
Chino Valley Land & Cattle Co., Inc.,  
an Arizona Corporation - Manager

Owner of more than 60% of the parcels  
in Phase VI and VII; First American  
Title Insurance Company, a California  
Corporation, as Trustee under Trust  
No. 7950

By:

Roderick N. Cobb  
Its: TRUST OFFICER

STATE OF ARIZONA       )  
                                  ) ss.  
County of Maricopa    )

On this 15<sup>th</sup> day of March, 1999, before me, a Notary Public, personally appeared Merwyn C. Davis, who acknowledged himself to be the Secretary of Chino Valley Land & Cattle Co., Inc., an Arizona Corporation, as Manager of Diamond 7 Ranch, L.L.C., and that he, as such Secretary, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Secretary.

In witness whereof I hereunto set my hand and official seal.

[Signature]  
Notary Public

My Commission Expires:

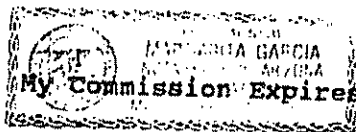
1-20-2000

STATE OF ARIZONA       )  
                                  ) ss.  
County of Maricopa    )

On this 15 day of March, 1999, before me, a Notary Public, personally appeared Roderick N. Collier, who acknowledged himself to be the Trust Officer of First American Title Insurance Company, a California Corporation, as Trustee under Trust No. 7950, and that he, as such TRUST OFFICER, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Trust Officer.

In witness whereof I hereunto set my hand and official seal.

Marguito Garcia  
Notary Public



[P:\Users\moldman\mold7\Dec-2000-1.in]

**EXHIBIT "A"**

**WESTWOOD RANCHES PHASE VII PROPERTY**

The NE¼ of Section 10, all of Sections 11, 13, 23, 25  
and 35 of Township 24 North, Range 3 West; and

All of Sections 1 and 3 of Township 23 North, Range 3  
West of the Gila and Salt River Meridian, Coconino  
County, Arizona.

2216-369

# EXHIBIT B

OF

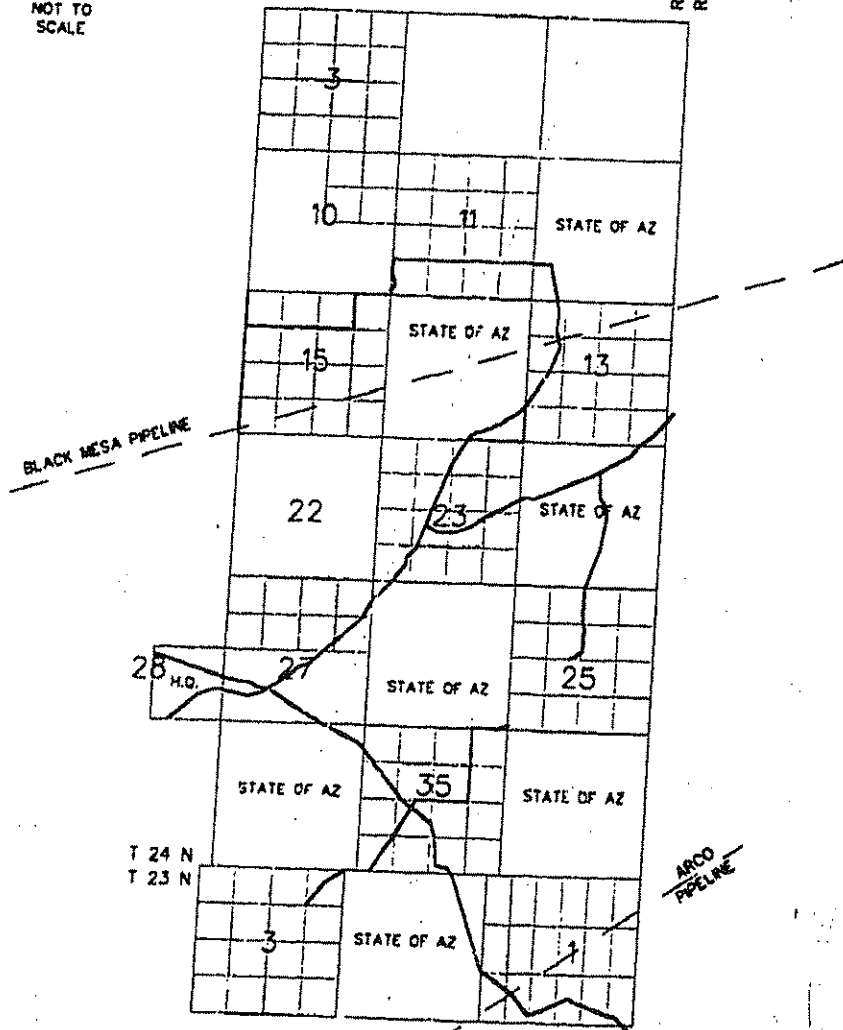
## WESTWOOD RANCHES PHASE VII

SITUATE IN TOWNSHIP 23 NORTH, RANGE 3 WEST AND TOWNSHIP 24 NORTH, RANGE 3 WEST  
OF THE GILA AND SALT RIVER MERIDIAN,  
COCONINO COUNTY, ARIZONA

### ROADWAY SYSTEMS



R 3 W  
R 2 W



PREPARED FOR: DIAMOND 7 LLC  
DWG: ROADS (76800)

2216-370

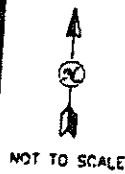
# EXHIBIT C

OF

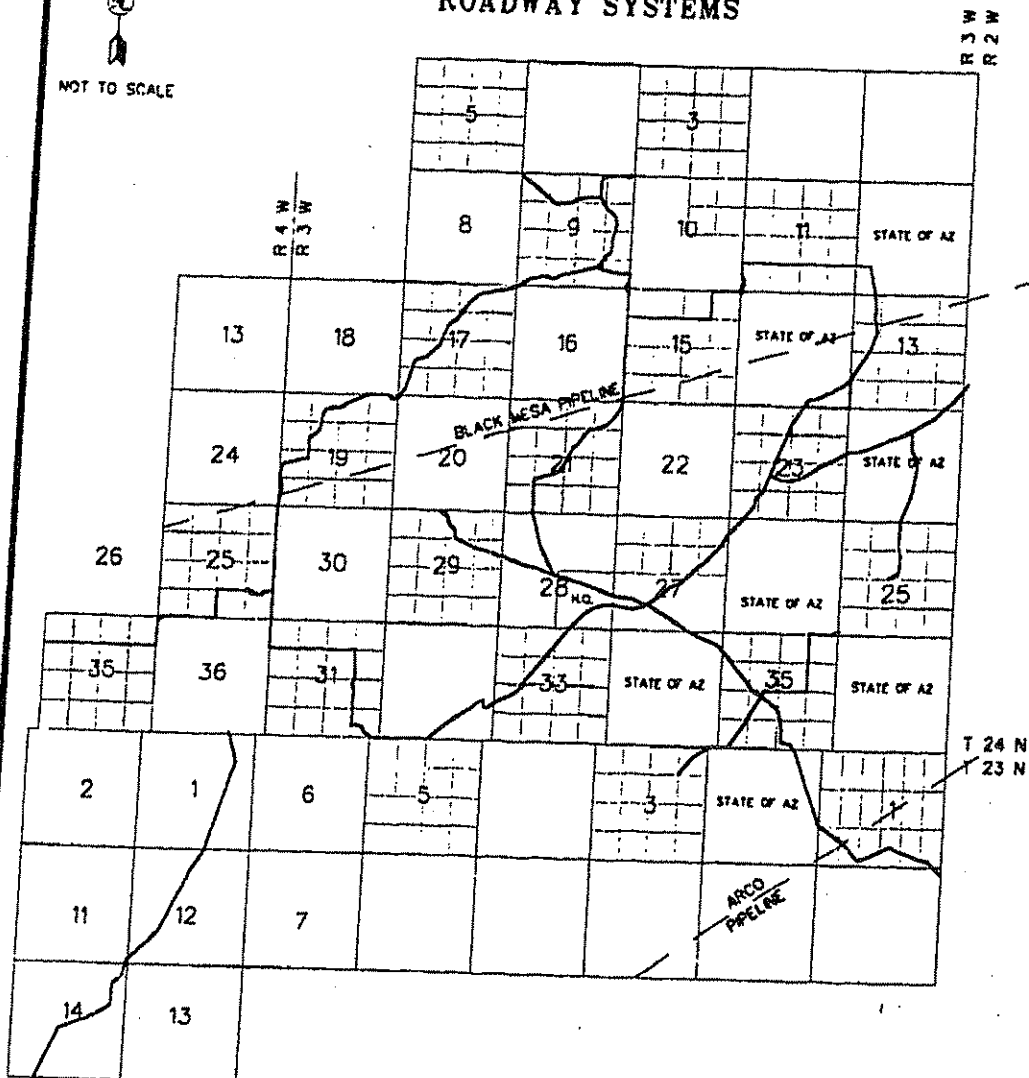
## WESTWOOD RANCHES PHASE VI AND VII

SITUATE IN TOWNSHIP 23 NORTH, RANGE 3 WEST, TOWNSHIP 24 NORTH, RANGE 3 WEST  
AND TOWNSHIP 24 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER MERIDIAN,  
COCONINO COUNTY, ARIZONA

### ROADWAY SYSTEMS



NOT TO SCALE



PREPARED FOR: DIAMOND 7 LLC  
DWG: ROADXEX

2216-371

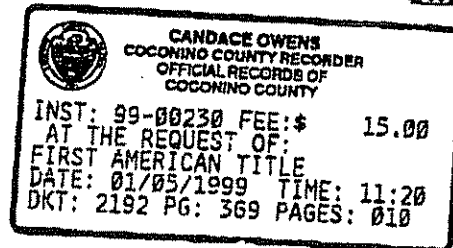
01/15/99 FRI 16:24 FAX 520 774 2800

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When recorded mail to  
Diamond 7 Ranches  
3140 W Ironwood Circle  
Chandler Az 85226

119186



**STATE LAND DEPARTMENT  
STATE OF ARIZONA**

**RIGHT-OF-WAY  
SOLD AT PUBLIC AUCTION**

R/W No. 16 - 103725

THIS INDENTURE, made November 10, 1998, by and between the State of Arizona,  
hereinafter called the Grantor, and

DIAMOND 7 RANCHES, L.L.C., an Arizona limited liability company,  
dba WESTWOOD RANCHES  
hereinafter called the Grantee.

WITNESSETH, that in accordance with the provisions of A.R.S. §37-461, the Grantee herein  
has filed with the State Land Commissioner an application for a right-of-way for the purpose  
of constructing, operating, and maintaining

public roadways

and

WHEREAS, the said map and field notes thereon have been adopted by the Grantee herein  
as the line of definite location of the aforesaid Right-of-Way, and which said right-of-way map  
is herein referred to and made a part hereof as fully as though set out herein, and

WHEREAS, it is understood and agreed by the Grantee herein that, as a condition precedent  
to the granting of the Right-of-Way applied for, the land covered by the said Right-of-Way  
shall be used for no purpose other than the location, construction and maintenance of said  
Right-of-Way over and across the following State lands, to-wit described in Appendix A.



TO HAVE AND TO HOLD the same for so long as it may be used for the purpose designated, and subject to the conditions and reservations set forth herein.

IT IS UNDERSTOOD AND AGREED that in case the necessity for the Right-of-Way shall no longer exist, or the Grantee should abandon or fail to use the same, then this grant shall become void, and the right to use the land and all the rights granted hereunder shall revert to the State of Arizona, whereupon the Grantee agrees to execute and deliver a complete release of all right, title and interest therein.

This grant is, and shall be binding upon the said Grantee, his successors and assigns.

IT IS FURTHER UNDERSTOOD AND AGREED that this Right-of-Way conveys no fee to the land described herein and no rights to any of the minerals, oil, gas, coal, natural products, etc., in said land and the State of Arizona reserves the right to grant mineral and/or oil and gas leases upon said land.

IT IS FURTHER UNDERSTOOD AND AGREED that the said Grantee shall not fence the said Right-of-Way, nor exclude from the use of the surface thereof the State of Arizona or its lessees or grantees.

THE SAID GRANTOR further reserves the right to grant to others, easements and rights-of-way over and across the lands described.

NOW THEREFORE, in accordance with the provisions of A.R.S. §37-461 and agreeable to the conditions heretofore set forth, the Grantee herein is hereby authorized to locate, construct, operate and maintain said Right-of-Way over and across the State land described herein.

Grantee agrees to indemnify, hold and save Grantor harmless against all loss, damage, liability, expense, costs and charges incident to or resulting in any way from any injuries to person or damage to property caused by Grantee or resulting from the use, condition or occupation of the land.

#### EASEMENT CONDITIONS

1. With regard to the location, construction and maintenance of the Right-of-way:
  - (a) Grantee shall ensure full compliance with the terms and conditions of this grant by its agents, employees and contractors (including sub-contractors of any tier), and the employees of each of them.
  - (b) Unless clearly inapplicable, the requirements and prohibitions imposed upon Grantee by these terms and conditions are also imposed upon Grantee's agents, employees, contractors, and sub-contractors, and the employees of each of them.

- (c) Failure or refusal of Grantee's agents, employees, contractors, sub-contractors, or their employees to comply with these terms and conditions shall be deemed to be the failure or refusal of Grantee.
- (d) Grantee shall require its agents, contractors or sub-contractors to include these terms and conditions in all contracts and sub-contracts which are entered into by any of them, together with a provision that the other contracting party, together with its agents, employees, contractors and sub-contractors, and the employees of each of them, shall likewise be bound to comply with these terms and conditions.
2. All access roads over State land outside the Right-of-Way must be applied for and authorized in accordance with applicable regulations.
  3. No material may be removed by Grantee or its contractors without the written approval of the Commissioner.
  4. Grantee shall promptly notify the Commissioner of the amount of flora, if any, which will be cut, removed, or destroyed in the construction and maintenance of the project and shall pay the State Land Department such sum of money as the Commissioner may determine to be the full value of the flora to be so cut, removed or destroyed. Grantee shall notify the State Land Department and the Arizona Department of Agriculture 30 days prior to any destruction or removal of native plants to allow salvage of those plants where possible.
  5. Grantee shall conduct all construction and maintenance activities in a manner that will minimize disturbance to all land values including, but not limited to vegetation, drainage channels, and streambanks. Construction methods shall be designed to prevent degradation of soil conditions in areas where such degradation would result in detrimental erosion or subsidence. Grantee shall take such other soil and resource conservation and protection measures on the land under grant as determined necessary by the State Land Department.
  6. Grantee shall be required, upon completion of right-of-way construction, to make such rehabilitation measures on the State lands, including, but not limited to, restoration of the surface, revegetation, and fencing as determined necessary by the State Land Department.
  7. Upon the Right-of-Way, the Grantee shall remove all equipment or facilities and, so far as is reasonably possible, restore and/or rehabilitate the land to its original condition, to the satisfaction of the Commissioner.
  8. Costs incurred by the Grantee in complying with restoration and rehabilitation requirements as determined by the State Land Department on State trust lands shall be borne by the Grantee.

9. Prior to surface disturbance, the Grantee hereof shall provide evidence of archaeological clearance to the Arizona State Land Department. Archaeological surveys and site mitigation must be conducted in accordance with rules and regulations promulgated by the Director, Arizona State Museum. In the event additional archaeological resources are detected by Grantee after receipt of archaeological clearance, all work shall cease and notification shall be given to the Director, Arizona State Museum.
10. **THIS DOCUMENT** is submitted for examination and shall have no binding effect on the parties unless and until executed by the Grantor (after execution by the Grantee), and a fully executed copy is delivered to the Grantee.
11. **IN THE EVENT OF A DISPUTE** between the parties to this Agreement, it is agreed to use arbitration to resolve the dispute but only to the extent required by A.R.S. §12-1518; and, in no event shall arbitration be employed to resolve a dispute which is otherwise subject to administrative review by the Department pursuant to statute or Department Administrative Rule.
12. Grantor reserves the right to relinquish to the United States pursuant to the U.S. Act of August 30, 1890, land needed for irrigation works in connection with a government reclamation project.
13. Notice of authority to cancel this contract:  
  
This contract is subject to cancellation pursuant to A.R.S. § 38-511.
14. **Native Plant Law:**  
  
If the removal of plants protected under the Arizona Native Plant Law is necessary to enjoy the privilege of this Document, the Grantee hereunder must previously acquire the written permission of the Arizona State Land Department and the Arizona Department of Agriculture to remove those plants.
15. The State of Arizona, through its State Land Department, retains ownership of the land. The use of this Right-of-Way is to be non-exclusive. This easement is sold **SUBJECT** to existing reservations, easements or rights-of-way heretofore legally obtained and now in full force and effect.
16. The Department does not represent or warrant that access exists over other State lands which intervene respectively between this Right-of-Way easement and the nearest public roadway.
17. **SUBJECT** to the express condition that when the lands cease to be put to the stated purpose, said easement shall cease and terminate. Said termination shall be effected through judicial proceedings instituted by or on behalf of any officer or employee of the State of Arizona in a court of general jurisdiction of the State.

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18. Grantee shall adhere to all rules, regulations, ordinances and building codes as promulgated by local jurisdiction and any applicable agencies.
19. Grantee shall not exclude from use of State of Arizona, its lessees or grantees, or the general public the right of ingress and egress over this roadway.
20. Grantee shall acquire any necessary permits from the Arizona Department of Transportation and/or the County Highway Department prior to construction.

Within 30 days of project completion, Grantee shall submit a completed certificate of construction. (Copy Attached)

### ENVIRONMENTAL INDEMNITY

Grantee shall protect, defend, indemnify and hold harmless the Grantor from and against all liabilities, costs, charges and expenses, including attorneys' fees and court costs arising out of or related to the presence of or existence of any substance regulated under any applicable federal, state or local environmental laws, regulations, ordinances or amendments thereto because of: (a) any substance that came to be located on the Right-of-Way due to Grantee's use or occupancy of the lands by the Grantee before or after the issuance of the Right-of-Way; or (b) any release, threatened release or escape of any substance in, on, under or from said Right-of-Way that is caused, in whole or in part, by any conduct, actions or negligence of the Grantee, regardless of when such substance came to be located on the Right-of-Way.

For the purposes of this Right-of-Way, the term "regulated substances" shall include substances defined as "regulated substances", "hazardous waste", "hazardous substances", "hazardous materials", "toxic substances" or "pesticides" in the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the relevant local and state environmental laws, and the regulations, rules and ordinances adopted and publications promulgated pursuant to the local, state and federal laws. This indemnification shall include, without limitation, claims or damages arising out of any violations of applicable environmental laws, regulations, ordinances or subdivisions thereof, regardless of any real or alleged strict liability on the part of Grantor. This environmental indemnity shall survive the expiration or termination of this Right-of-Way and/or any transfer of all or any portion of the Premises and shall be governed by the laws of the State of Arizona.

In the event any such action or claim is brought or asserted against the Grantor, the Grantee shall have the right, subject to the right of the Grantor to make all final decisions with respect to Grantor's liability for claims or damages, (i) to participate with Grantor in the conduct of any further required cleanup, removal or remedial actions and/or negotiation and defense of any claim indemnifiable under this environmental indemnity provision, having reasonable regard to the continuing conduct of the operation/business located on the Premises and (ii) to participate with the Grantor in negotiating and finalizing any agreement or settlement with respect to any such claim or cleanup.

ADDITIONAL CONDITIONS FOR PUBLIC ROADS  
GRANTED TO A CORPORATION OR HOMEOWNERS ASSOCIATION  
16-103725

1. Developer and Grantee shall be incorporated pursuant to the laws of the State of Arizona as a corporation and/or owner's association formed for the purpose of constructing, operating, and maintaining roadway(s) to provide the State of Arizona, its Grantees and Lessees, and the general public the right of ingress and egress, across State Trust lands. Grantee shall be a perpetual legal entity providing all necessary repairs, reconstruction, and maintenance of the roadway(s) until said roadway(s) are assigned and dedicated to the appropriate governmental jurisdiction. Grantee shall be sufficiently funded to effectuate its purposes enumerated herein. If the owners association/corporation ceases to exist and the subject roadway(s) has not been dedicated to the appropriate governmental jurisdiction this easement is voidable by the Grantor.
2. Developer and Grantee agree to provide the State Land Department written documentation of the (surface lessee) improvement owner's consent, prior to making any alterations to existing improvements.
3. Developer and Grantee agree to notify the grazing lessee of construction dates at least 15 days prior to beginning construction.
4. Any improvement (i.e. fencing, gates, pipelines, earthen structures, etc) removed or damaged due to construction will be replaced and/or reconstructed immediately. Damaged improvements will be replaced or reconstructed with new material. Cost of replacement and reconstruction will be the responsibility of the Developer and Grantee.
5. Developer and Grantee agree to contact the State Land Department District Forester for the area prior to removing any tree that needs to be removed as a result of road work.
6. Material for road construction (i.e. fill dirt, sand and gravel, etc.) may not be acquired from State lands without the proper permits and authorization.  
  
Developer and Grantee agree if the Right of Way bisects natural or manmade drainages, construction and reclamation will maintain the natural streamflow.
7. Developer and Grantee and its successors and assigns, shall conduct all construction and maintenance activities in a manner that will minimize disturbance to surface features affecting adjacent land values. Developer and Grantee agree to be responsible for any reclamation necessary to restore the disturbed areas to a natural condition. Developer and Grantee shall not alter, cause ponding, or any damage upstream or downstream of any drainage crossing.

Page 2

8. Developer and Grantee shall install cattle guards or gates in the appropriate areas at the request of the Grantor prior to the assignment and dedication to the appropriate governmental jurisdiction.
9. If construction occurs during periods of livestock grazing, Developer and Grantee will take necessary measures to insure livestock protection and containment. This may require temporary fencing, cattle guards or gates.
10. Developer and Grantee agree any rubbish or debris from road works shall be removed and properly disposed of at their expense.
11. Developer and Grantee agree that at the request of the appropriate government jurisdiction this Right of Way will be assigned and dedicated to said government jurisdiction.
12. Developer and Grantee shall adhere to all rules, regulations, ordinances, building codes, and permitting processes as promulgated by the local jurisdiction, including City, County, State and Federal agencies, the Arizona Department of Transportation and/or the County Highway Department.
13. Roadway(s) shall be built to appropriate governmental agency specifications prior to the assignment and dedication to the appropriate governmental jurisdiction.
14. Developer and Grantee agree to record with the County, the road easement maintenance obligation agreement, and forward a copy to the State Land Department for the file.

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STATE OF ARIZONA LAND DEPARTMENT  
1616 W. ADAMS  
PHOENIX, AZ 85007

RUN DATE: 9-dec-1998  
RUN TIME: 09:11:22

KE LEASE NUMBER: 016-103725-00-000  
AMENDMENT NUMBER: 0

Page 1

LAND#	LEGAL DESCRIPTION	C.C.	ACREAGE
23.0-N-03.0-W-02-03-030-9001	M&B THRU LOTS 1 2 SENE NENESE	0.0	2.580
23.0-N-03.0-W-12-03-031-9003	M&B THRU LOT 1	0.0	0.780
24.0-N-03.0-W-12-03-031-9000	M&B THRU W2SW	0.0	3.360
24.0-N-03.0-W-14-03-031-9001	W 200FT OF N 60FT M&B THRU S2SE	0.0	3.720
24.0-N-03.0-W-24-03-031-9000	W 200FT OF N 60FT M&B THRU N2 SE	0.0	14.240
24.0-N-03.0-W-26-03-031-9000	E 200FT OF S 60FT M&B THRU NWNWNW	0.0	1.200
24.0-N-03.0-W-34-03-031-9000	E 620FT OF S 60FT M&B THRU NE	0.0	3.220
TOTALS:		0.0	29.100



01-15/88 FRI 16:28 FAX 520 774 2600

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IN WITNESS HEREOF, the parties hereto have signed this Document effective the day and year set forth previously herein.

STATE OF ARIZONA, GRANTOR  
Arizona State Land Commissioner

DIAMOND 7 RANCHES, L.L.C.  
By: Chino Valley Land & Cattle Co.,  
Inc., Manager 12-23-98

GRANTEE

Date

By: Regina Sedillo 12/29/98  
Date

By: M. Curtis  
Curt Davis  
Secretary

Date

(SEAL)

3140 West Ironwood Circle  
Address

Chandler, AZ 85226  
City State Zip