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Goswick Ranch, LLC
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

GOSWICK RANCH

YAVAPAI COUNTY, ARIZONA

THIS DECLARATION, made on the date hereinafter set forth, by Goswick Ranch, LLC, an Arizona limited liability company ("Declarant"), is made with reference to the following facts:

A. Declarant is the owner of a certain tract of land located in Yavapai County, Arizona, more particularly described as Parcels 1 through 23, inclusive, of Goswick Ranch, as recorded in Book 56 of Land Surveys, Page 8, Official Records of Yavapai County, Arizona. This property, together with any property annexed thereto under this Declaration, shall be referred to herein as the "Property."

B. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the Parcels (as that term is defined herein) in the Project and the Owners thereof.

NOW, THEREFORE, subject to all provisions of this Declaration, Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, the Project and every part thereof, in accordance with the plan for the improvement of the Property and the division of the Property into Parcels and Common Areas. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be binding upon Declarant, its successors and assigns and all parties having or acquiring any right, title or interest in or to any part of the Property or the Project.

ARTICLE 1

Definitions

1.1 "Articles" shall mean and refer to the Articles of Incorporation of the Association as amended from time to time.

1.2 "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Property which is to be paid by each Parcel Owner as determined by the Association and as provided herein.

1.3 "Association" shall mean and refer to the Goswick Ranch Owners' Association, an Arizona nonprofit corporation, the Members of which shall be the Owners of Parcels in the Project.

1.4 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

1.5 "Bylaws" shall mean and refer to the Bylaws of the Association as amended from time to time.

1.6 "Common Area" shall mean and refer to the roadways and the "Horse Trail Easements" shown on the Map. Additional Common Areas may be annexed to the Project pursuant to Section 2.5 hereof.

1.7 "Common Expenses" means and includes the actual and estimated expenses of operating the Project and the Association and any reasonable reserve for such purpose as determined by the Board.

1.8 "Common Interest" means the beneficial interest in the Common Area which is appurtenant to each Parcel as set forth in this Declaration.

1.9 "Declarant" shall mean and refer to Goswick Ranch, LLC, an Arizona limited liability company, its successors and assigns, but shall not include members of the public purchasing Parcels. Any assignment of the Declarant's rights shall be effective only if evidenced by duly recorded instrument.

1.10 "Declaration" shall mean and refer to this Declaration.

1.11 "First Mortgage" shall mean any Mortgage which is a first priority lien on any Parcel.

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

1.13 "Map" shall mean and refer to that certain Results of Survey recorded ~~September 8~~, 2000, in Book 56 of Land Surveys, Page 8, of the Official Records of Yavapai County, Arizona. The Map is hereby made a part hereof with the same force and effect as if incorporated herein in full.

1.14 "Member" shall mean and refer to a Person entitled to membership in the Association as provided herein.

1.15 "Mortgage" shall include a recorded deed of trust as well as a recorded mortgage.

1.16 "Mortgagee" shall include the beneficiary or a holder of a deed of trust as well as a mortgagee.

1.17 "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

1.18 "Owner" shall mean and refer to the record holder of title to a Parcel in the Project. This shall include any Person having a fee simple title to any Parcel, but shall exclude Persons or entities having any interest merely as security for the performance of any obligation. Further, if a Parcel is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner" as long as he or a successor in interest remains the contract purchaser under the recorded contract.

1.19 "Retail Sale" shall mean the sale, conveyance or other transfer of a Parcel to a member of the public. The term "Retail Sale" shall not include or refer to the sale, conveyance or other transfer of a Parcel to Declarant, or any Person engaged in the residential homebuilding or development business.

1.20 "Parcel" shall mean and refer to any numbered plot of land shown on the Map or any portion of land created from a numbered plot of land shown on the Map by a Parcel Split (as that term is defined herein), together with the Unit and any other improvements constructed thereon, with the exception of the Common Area. Each Parcel shall be a separate freehold estate.

1.21 "Person" means a natural person, a corporation, a limited liability company, a partnership, a trustee or other legal entity.

1.22 "Project" shall mean and refer to the entire Property, together with all Units, buildings, structures and improvements erected or to be erected thereon.

1.23 "Project Documents" means and includes this Declaration as it may be amended from time to time, the Map, the Articles and Bylaws of the Association and the rules and regulations for the Members as established from time to time.

1.24 "Property" means and includes the real property covered by this Declaration (including property annexed pursuant to this Declaration, if any).

1.25 "Unit" shall mean and refer to any buildings and improvements constructed upon a Parcel intended for residential purposes.

*End of Article 1 Entitled
Definitions*

ARTICLE 2

Division of Property, Creation of Property Rights and Annexation

2.1 Division of Property

The Property is hereby divided into the following freehold estates and areas:

2.1.1 Parcels

Each of the Parcels in existence on the date of this Declaration is separately shown, numbered and designated on the Map and excludes the Common Area.

2.1.2 Common Area

The remaining portion of the Property, referred to herein as "Common Area," shall include all of the elements set forth in Subsection 1.6. The Common Area is hereby transferred to the Association, subject to the rights of the Owners and others as set forth herein. Each Parcel Owner (including Owners of Parcels created by Parcel Splits) shall have, as appurtenant to his Parcel, a membership in the Association which shall hold title to the Common Area. The Common Interest appurtenant to each Parcel is declared to be permanent in character and cannot be altered without the consent of all the Parcel Owners, as expressed in an amended Declaration. Such Common Interest cannot be separated from the Parcel to which it is appurtenant. Each Parcel Owner shall have and is hereby granted a nonexclusive easement and right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the rights of any other Parcel Owners. Notwithstanding the transfer of the Common Area to the Association and the Owners, the Declarant shall reserve and hereby reserves in itself and its successors and assigns and in the Goswick Cattle Company, an Arizona partnership and its successors and assigns, an easement over and onto the Common Area for common driveway purposes, for drainage and for encroachment purposes, for ingress to and egress from the Common Area for the purpose of completing improvements thereon or for the performance of necessary repair work and for the development of the Project. The reservation by Declarant contained in the previous sentence shall expressly include the right to use the Common Areas for cattle ranching operations, whether associated with the Project or not.

2.2 No Separate Conveyance of Common Interests and Easements

The interests (including the Common Interest) and easements described in this Article 2 or elsewhere in this Declaration as being part of or appurtenant to each respective Parcel are to be conveyed only with the respective Parcel and cannot be changed except as set forth herein. Declarant, its successors, assigns and grantees covenant and agree that the fee title to each Parcel conveyed shall include the Unit and all of the interests and easements referred to in the preceding sentence, all of which shall be deemed to be conveyed or encumbered with the Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Parcel.

2.3 Partition Prohibited

The Common Area shall remain undivided as set forth above. Except as provided by law, no Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. Judicial partition by sale of a single Parcel owned by two or more Persons and division of the sale proceeds and Parcel Splits are not prohibited hereby.

2.4 Parcel Splits. Each Parcel Owner shall have the right, subject to state and county laws and ordinances, to split his Parcel no more than four (4) times, provided that in no event shall any new Parcel created thereby have a total acreage of less than nine (9) acres (a "Parcel Split"). Each Parcel Owner shall notify the Association of each Parcel Split and such notification shall be accompanied by legal descriptions of the Parcel retained by the Owner and the new Parcel. Such legal descriptions shall be prepared and sealed by an Arizona-licensed land surveyor and shall include such surveyor's calculation of the acreage of each Parcel. The acreage statement for each Parcel prepared by such surveyor shall be used by the Association for the purpose of calculating voting rights and for calculating Assessments. For the purpose of determining the minimum number of acres required for a permitted Parcel Split, fractional acres shall not be counted (i.e., a proposed Parcel having 8.99 acres will be treated as having 8 acres and therefore will not be a permitted Parcel Split).

2.5 Annexation of Additional Property

Additional Property may be annexed to the Project from time to time as often as Declarant desires and such Property shall become subject to this Declaration by the following method:

2.5.1.1 A Declaration of Annexation shall be recorded by Declarant covering portion of the property to be annexed. Said Declaration shall incorporate this Declaration by reference and may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary

to reflect the different character, if any, of the added property, provided that the same are not inconsistent with the scheme of this Declaration. Said Declaration may provide for the conveyance of additional Common Area to the Association.

2.5.1.2 All intended and planned improvements located or to be located on the Common Area thereof, if any, must be consistent with the improvements built in the Project as originally constituted under this Declaration in terms of quality of construction. All taxes and other assessments, liens and charges relating to the Common Area of the property to be annexed for any period prior to annexation must be paid or otherwise satisfactorily provided for by Declarant or its successor or assign.

2.5.2 Consequences of Annexation

Upon annexation of additional Property, the annexed Property shall become subject to this Declaration without the necessity of amending individual articles hereof. The Association will thereafter own all Common Area in the pre-existing Project and the new Property added to the Project, and all Owners of Parcels within such Project shall be entitled to use all of the Common Area as provided herein or in the Declaration of Annexation.

*End of Article 2 Entitled
Division of Property, Creation of Property Rights and Annexation*

ARTICLE 3

Association, Administration, Membership and Voting Rights

3.1 Association to Manage Common Area and Other Improvements

The management of the Common Area and other improvements which the Association is responsible for maintaining pursuant to this Declaration shall be vested in the Association in accordance with the Bylaws. The Owners of all the Parcels covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles and the Bylaws of the Association, subject to the standards set forth in this Declaration and all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over the project.

3.2 Membership

The Owner of a Parcel shall automatically, upon becoming the Owner of same, be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and the Bylaws of the Association.

3.3 Transferred Membership

Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the Parcel to which it is appurtenant, and then automatically to the new Owner as provided in Subsection 3.2 above. Any attempt to make a prohibited transfer is void. Upon the transfer of an ownership interest in a Parcel or a Parcel Split, the Association shall record the transfer or the creation of the new Parcel upon its books, causing an automatic transfer of membership or adjustment to voting rights as provided in Subsections 2.4 and 3.2 above.

3.4 Classes of Membership

The Association shall have two (2) classes of voting membership established according to the following provisions:

3.4.1 Class A Membership

Class A Membership shall be that held by each Owner of a Parcel other than Declarant (while two classes of membership exist), and each Class A Member shall be entitled to one (1) vote for each acre of land in each Parcel owned. For the purpose of calculating voting rights, any fractional acre in a Parcel shall be counted as a full acre. If a Parcel is owned by more than one (1) Person, each such Person shall be a Member of the Association but there shall be no more than one (1) vote for each acre of land in each Parcel.

3.4.2 Class B Membership

Class B Membership shall be that held by Declarant (or its successor) which shall be entitled to three (3) votes for each acre of land in each Parcel owned by Declarant, provided that Class B Membership shall be converted to Class A Membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

3.4.2.1 When Declarant has sold 100% of the total acres of the "Property";

3.4.2.2 When the Declarant notifies the Association in writing that it relinquishes its Class B membership.

3.5 Voting Requirements

Any action by the Association which must have the approval of the Association membership before being undertaken shall require (a) the vote of fifty-one Percent (51%) of the total votes permitted to be cast by Members (either in person or by proxy) at a duly

called and held meeting of the membership at which a quorum as prescribed herein or in the Bylaws has been constituted, or (b) the written assent of Owners holding fifty-one percent (51%) of the total votes permitted to be cast by Members, unless another percentage is specifically prescribed by a provision within this Declaration, the Bylaws or the Articles of the Association.

3.6 Voting Rights

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

3.7 Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws of the Association.

3.8 Board of Directors

The affairs of the Association shall be managed by a Board of Directors which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

*End of Article 3 Entitled
Association, Administration, Membership and Voting Rights*

ARTICLE 4
Assessments and Charges

4.1 Creation of the Lien and Personal Obligations for Assessments and Charges

Each Owner of any Parcel, by acceptance of a deed or recorded contract of sale therefor, whether or not it shall be so expressed in such document, is deemed to covenant and agree to pay to the Association (a) regular annual Assessments, (b) special Assessments for capital improvements and unexpected expenses and (c) other charges made or levied by the Association against the Owner or Parcel pursuant to this Declaration or the Bylaws, including, but not limited to, late charges for delinquent assessments, such Assessments and charges to be established and collected as provided herein and in the Bylaws of the Association. A late charge of the greater of \$15.00 or ten percent (10%) of the unpaid sums shall be assessed to the Owner in the event any Assessment is not paid within fifteen (15) days after the due date. Any part of any Assessment (or other amount

due from the Owner to the Association, including interest and/or late charges) not paid within thirty (30) days after the due date for the Assessment established in this Declaration shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid. The annual and special Assessments and any other charge made against an Owner or a Parcel pursuant to this Declaration or the Bylaws, together with interest, costs and reasonable attorneys' fees incurred by the Association in enforcing compliance with this Declaration (whether or not a lawsuit or other legal action is instituted or commenced), shall be a charge and a continuing lien upon the Parcel (hereinafter "Assessment Lien"). Each such Assessment and charge, together with interest, costs and reasonable attorneys' fees as provided above, shall also be the personal obligation of the Person who was the Owner of such Parcel at the time the Assessment or other charge fell due as provided in this Declaration, but this personal liability shall not pass to successor Owners unless specifically assumed by them. The Assessment Lien on each Parcel shall have the priority specified in A.R.S. §33-1807. No Owner of a Parcel may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Parcel.

4.2 Purpose of Assessments

The Assessments by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the Project, for the improvement and maintenance of the Project as provided herein and for the common good of the Project. Annual Assessments may include an adequate reserve fund for taxes, insurance, maintenance, repairs and replacement of the Common Area and other improvements which the Association is responsible for maintaining, as determined by the Board.

4.3 Annual Assessments

The Board shall annually determine and fix the amount of the annual (calendar year) Assessment against each Parcel, including those owned by Declarant, and shall notify the Owner of each Parcel in writing as to the amount of such annual Assessment not less than forty-five (45) days prior to the date that such Assessment is to commence. The annual Assessment against each Parcel as fixed by the Board shall not be increased by more than twenty percent (20%) of the annual Assessment against the Parcel for the prior calendar year without the affirmative vote of Declarant (while Class B Membership exists) and a majority of Class A Members voting in person or by proxy at a meeting duly called for this purpose. The annual Assessment amount shall be increased each year by a percentage equal to the percentage increase, if any, in the Consumer Price Index - United States City Average for Urban Wage Earners and Clerical Workers - All Items (published by the Department of Labor, Washington, D.C.) for the year ending with the preceding July (or a similar index chosen by the Board if the above described Index is no longer published) without the vote or approval of the Members of the Association. However, the annual Assessment amount may be increased by an amount in excess of the amount

produced by the foregoing formula if such increase is approved by the affirmative vote of the Board. All annual Assessments shall be payable in full. In the year prior to January 1 of the year immediately following the close of escrow on the Retail Sale of the first Parcel in the Project, the initial annual Assessment amount per acre of land in each Parcel shall be Five Dollars (\$5.00). For the purposes of this Subsection, fractional acres in a Parcel shall be rounded up to the next whole acre. The annual Assessment shall be prorated based on the number of months remaining before January 1 of such year as well as any partial months remaining and said sum shall be payable in equal monthly installments.

Notwithstanding anything to the contrary stated in this Article, until Class B Membership is terminated pursuant to Subsection 3.4.2 above, Declarant shall be obligated to pay only twenty-five percent (25%) of the annual Assessment amount fixed for Parcels pursuant to this Subsection 4.3 with respect to Parcels owned by Declarant, and shall pay said percentage of the annual Assessment amount in full in the same manner established for payment of the annual Assessment amount by other Parcel Owners, except that the Owner of any such Parcel shall pay and be liable for the full Assessment amount from after the Retail Sale of said Parcel.

Until Class B Membership is terminated pursuant to Subsection 3.4.2 above or until Declarant elects to pay full Assessments, Declarant shall be responsible for the prompt payment on a current basis of all costs and expenses related to maintenance and repair of the Common Area and other areas required to be maintained by the Association hereunder as required in Subsections 5.1 and 5.2 in the event and to the extent that the funds available to the Association are inadequate for payment of such costs and expenses on a current basis.

4.4 Special Assessments

In addition to the regular annual Assessments authorized above, the Board may levy, in any Assessment year, a special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or other improvements the Association is responsible for maintaining, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense normally covered by a regular Assessment and, where necessary, for taxes assessed against the Common Area, and for any deficiency caused in whole or in part by delinquent assessments, provided however, that no such special Assessment shall be made without the affirmative vote of Declarant (while Class B Membership exists) and of a majority of Class A Members voting in person or by proxy at a meeting duly called for this purpose.

4.5 Notice and Quorum for any Action Authorized Under Articles 4.3 and 4.4

Written notice of any meeting called for the purpose of taking any action authorized under Articles 4.3 or 4.4 shall be sent to all Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, which notice shall state the purpose of the meeting. At the first such meeting called, the presence of Members or proxies therefor entitled to cast sixty percent (60%) of all of the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The quorum requirements described above shall apply without regard to membership classes.

4.6 Allocation of Assessments

The Owners of each Parcel, including new Parcels created through Parcel Splits, shall bear an equal share per acre of each regular and special Assessments (except as provided in Subsection 4.3).

4.7 Date of Commencement of Annual Assessment; Due Dates

The regular annual Assessments provided for herein shall commence as to each Parcel in the Project on the first day of the month following the close of escrow on the Retail Sale of the first Parcel in the Project by Declarant. Due dates of Assessments shall be established by the Board and notice shall be given to each Parcel Owner at least forty-five (45) days prior to any due date, provided that if Assessments are to be due on a monthly basis, no notice shall be required other than an annual notice setting forth the amount of the monthly Assessment and the day of each month on which each Assessment is due.

4.8 Transfer of Parcel by Sale or Foreclosure

The sale or transfer of any Parcel shall not affect the Assessment lien or liability for Assessments due and payable except as provided below. No sale or transfer of a Parcel shall relieve such Parcel from liability for any Assessments thereafter becoming due or from the lien therefor. Where, however, the First Mortgagee of a First Mortgage of record or another Person obtains title to a Parcel as a result of foreclosure, trustee's sale or deed in lieu thereof of any such First Mortgage, such First Mortgagee or other Person shall not be liable for the share of the Common Expenses or Assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such First Mortgagee or other Person, and the Assessment lien therefor on such Parcel shall be extinguished. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Parcels which may be collected through a Special Assessment. In a voluntary conveyance of a Parcel, the grantee of the

same shall not be personally liable for Assessments or any other charges due to the Association in connection with that Parcel which accrued prior to the conveyance unless liability therefor is specifically assumed by the grantee. Any such grantee shall be entitled to a statement from the Association as required by A.R.S. §33-1806 upon payment of the fee for such statement established by the Board from time to time. Such grantee shall not be liable for nor shall the Parcel conveyed be subject to a lien for any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement, provided however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

4.9 Enforcement of Assessment and Other Monetary Obligations; Discipline; Remedies Cumulative

4.9.1 Enforcement and Foreclosure of Lien

When any Assessment or other amount due from an Owner to the Association on behalf of any Parcel is not paid within thirty (30) days after the due date, the lien therefor may be enforced by foreclosure of the lien and/or sale of the Parcel by the Association, its attorney or other Person authorized by this Declaration or by law to make the sale or as provided herein. The lien may be foreclosed and the Parcel sold in the same manner as a realty mortgage and property mortgaged thereunder, the Parcel may be sold pursuant to the statutory or customary procedures for sales of trust property under deeds of trust pursuant to this power of sale granted under A.R.S. §33-807 (with the Association acting as beneficiary and a title company or attorney of the association's choice acting as trustee) or the lien may be enforced or foreclosed in any other manner permitted by law for the enforcement or foreclosure of liens against real property or the sale of property subject to such a lien. Any such enforcement, foreclosure or sale action may be taken without regard to the value of such Parcel, the solvency of the Owner thereof or the relative magnitude of the Owner's default. Upon the sale of a Parcel pursuant to this Subsection, the purchaser thereof shall be entitled to a deed to the Parcel and to immediate possession thereof, and said purchaser may apply to a court of competent jurisdiction for a writ of restitution or other relief for the purpose of acquiring such possession. The proceeds of any such sale shall be applied as provided by applicable law but, in the absence of any such law, shall be applied first to discharge costs thereof, including but not limited to court costs, other litigation costs, costs and attorneys' fees incurred by the Association, all other expenses of the proceedings, interest, late charges, unpaid Assessments and other amounts due to the Association, and the balance thereof shall be paid to the Owner. It shall be a condition of any such sale, and any judgments or orders shall so provide, that the purchaser shall take the interest in the Parcel sold subject to this Declaration. The Association, acting on behalf of the Parcel Owners, shall have the power to bid for the Parcel at any sale and to acquire and hold, lease, mortgage or convey the same. In the event the Owner against whom the original Assessment was made is the purchaser or redemptioner, the lien shall continue in effect and said lien may be enforced by the Association, or by the Board for the Association, for the Parcel's Assessment and

other amounts that were due prior to the final conclusion of any such foreclosure, sale or equivalent proceedings. Further, notwithstanding any foreclosure of the lien or sale of the Parcel, any Assessments and other amounts due after application of any sale proceeds as provided above shall continue to exist as personal obligations of the defaulting Owner of the Parcel to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a Member of the Association.

4.9.2 Suspension of Rights

In addition to all other remedies provided for in this Declaration or at law or in equity, the Board may suspend the Association voting rights of a Parcel Owner, in the manner provided in the Bylaws, who is in default in the payment of any Assessment or any other amount due to the Association as provided in the Bylaws.

4.10 Unallocated Taxes

In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against the Parcels, said taxes shall be included in the Assessments made under the provisions of this article, and, if necessary, a special Assessment may be levied against all of the Parcels in an amount equal to said taxes on a pro rata basis equal to the Common Interest appurtenant to each Parcel.

*End of Article 4 Entitled
Assessments and Charges*

ARTICLE 5

Duties and Powers of the Association

5.1 Duties and Powers

In addition to the duties and powers enumerated in the Bylaws and the Articles, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

5.1.1 Except as may be otherwise provided herein, maintain, paint, repair, replace, restore, operate, manage and keep in good condition all of the Common Area and all facilities, improvements, furnishings, equipment and landscaping thereon. The Association's obligations under this Subsection shall not extend to the maintenance of any portion or facility of the Common Area or Parcel required to be maintained by an individual Owner under this Declaration. Further, the portions of the Common Areas identified on the Map as "Horse Trail Easements" shall not be improved by Declarant and shall require no maintenance of any kind by the Association. It is the intent of the Declarant that such "Horse Trail Easements" remain in a natural and undisturbed state.

5.1.2 Enforce the provisions of this Declaration by appropriate means including without limitation the expenditure of funds of the Association, the employment of legal counsel and the commencement of legal actions.

5.1.3 Maintain such policy or policies of insurance as the Board deems necessary or desirable in furthering the purposes of and protecting the interests of the Association and its Members.

5.1.4 Grant and reserve easements where necessary for utilities and sewer facilities over the Common Area to serve the Parcels.

5.1.5 Have the authority to employ a manager or other Persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over the Project.

5.1.6 Adopt reasonable rules not inconsistent with this Declaration, the Articles or the Bylaws relating to the use of the Common Area and all facilities thereon and the conduct of Owners and their tenants and guests with respect to the Project and other Owners. Without limiting the generality of the foregoing, the Association may adopt a schedule of fines for the violation of any provision of the Project Documents by any Owner or other Person and may impose the same pursuant to procedures adopted in the Bylaws.

5.2 Maintenance of Project by Association

The Association shall provide maintenance of the Common Area as provided in this Declaration. The Association shall not be responsible for maintaining and repairing Parcels or Units or any improvements, equipment or other items thereon or therein. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner or his guests, tenants or invitees. The repair or replacement of any portion of the Common Area or any Parcel resulting from such excluded items shall be the responsibility of each Owner. The Association shall be entitled to commence an action at law or in equity to enforce this responsibility and duty and/or recover damages for the breach thereof.

5.3 Association Easements and Access to Parcels

For the purpose of performing the maintenance authorized by this article, or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have the right, after reasonable notice to the Owner and at reasonable hours, to enter upon any Parcel. The Association shall have the right to grant permits, licenses, and easements over

the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

5.4 Indemnification.

The Association shall indemnify any and all of its directors and officers, all present and former directors and officers, and all present and former members of the Architectural Control Committee (hereinafter an "Indemnified Party"), against expenses incurred by the Indemnified Party, including legal fees, or judgments or penalties rendered or levied against any Indemnified Party in a legal action brought against such Indemnified Party for acts or omissions alleged to have been committed by any such Indemnified Party while acting within the scope of his or its authority as a director or officer of the Association (or as a member of the Architectural Control Committee, as applicable) or while exercising the powers of the Board, provided that the Board shall determine in good faith that such Indemnified Party did not act, fail to act, or refuse to act with gross negligence or with wrongful, fraudulent or criminal intent in regard to the matter involved in the action. Notwithstanding anything to the contrary expressed herein, the Board shall have the right to refuse indemnification as to expenses in any instance in which the person or entity to who indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board which are excessive and unreasonable in the circumstances and are so determined by the Board, and as to expenses, judgments, or penalties in any instance in which such person or entity shall have refused unreasonably to permit the Association, at its own expense and through counsel of its own choosing, to defend him or it in the action or to compromise and settle the action. The Association shall also indemnify the employees and direct agents of the Association in the same manner and with the same limitations as provided above with respect to directors and officers. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such directors, officers, Architectural Control Committee members, or agents may be entitled.

*End of Article 5 Entitled
Duties and Powers of the Association*

ARTICLE 6
Utilities

6.1 Owners' Rights and Duties

The rights and duties of the Owners of Parcels within the Project with respect to utilities shall be as follows:

6.1.1 Whenever any utility lines or connections are located or installed within the Project, which connections serve more than one Parcel, the Owner of each

Parcel served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service such Owners' Parcel.

6.1.2 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

6.1.3 All gas, electric, power, telephone, water, sewer, television and other utility and service connections conduits and lines shall be located either underground or concealed within or under buildings or other structure except when prohibited by law. Service pedestals, transformers, switch cabinets and similar installations may be located above ground.

6.2 Easements for Utilities and Maintenance

Easements over and under the Common Area for the installation, repair and maintenance of sanitary sewer, water, electric, gas, telephone lines and facilities, cable or master television antenna lines, drainage facilities, walkways and landscaping, as shown on the Map of the Property and as hereafter may be required to service the Property, are created by the Map.

*End of Article 6 Entitled
Utilities*

ARTICLE 7 **Use Restrictions**

In addition to all of the covenants contained herein, the use of the Property and Project and each Parcel therein is subject to the following:

7.1 Use of Individual Parcels

No Parcel shall be occupied and used except for single family residential purposes by the Owners, their tenants and social guests. Any guest house, which may include guest houses with kitchens or servants' quarters, shall be for the use of bona fide guests or servants as the occupants of the main residence and shall not be rented or leased separately from the main Unit on the Parcel. "Home Occupations", as that term is defined in Section 103 and as further restricted by Section 109(a)(2)(L) of the Planning and Zoning Ordinance of Yavapai County, Arizona as well as the casual breeding of animals for profit are permitted to be conducted on any Parcel. Except as provided in the previous sentence of this Section, however, no trade or business shall be conducted thereon.

7.2 Nuisances

No noxious, illegal or offensive activities shall be conducted on any Parcel or on any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with, the quiet enjoyment of each Owner of his respective Parcel or which shall in any way increase the rate of insurance for the Project or cause any insurance policy to be canceled or cause a refusal to renew the same or which will impair the structural integrity of any improvement on the Property. Any increase in the insurance premiums for the Common Area caused by an Owner shall be paid for by such Owner.

7.3 Vehicle Restrictions

No trailer, camper, mobile home, recreational vehicle, commercial vehicle, truck (other than standard size pick-up truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Project other than temporarily (for purposes of loading and unloading of passengers or personal property), unless placed or maintained within an enclosed garage or carport or in an area specifically designated for such purpose by the Board. Commercial vehicles shall not include sedans or standard size pick-up trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the Property. Owners shall keep their Parcel (including, but not limited to, garages/carports and driveway) neat, clean and free from clutter, debris or unsightly objects, and shall comply with all rules adopted by the Association in connection therewith.

7.4 Animals

Horses, cattle and domestic animals are allowed to be kept on each Parcel in reasonable numbers. The casual breeding of animals for profit is permitted. The commercial raising of livestock is not permitted. The Board, in its sole discretion, may determine which uses are permitted or not permitted pursuant to this subsection and may issue rules and regulations to clarify this subsection. No pigs, ostriches, emus, fighting chickens, violent dogs or wild animals may be kept on any Parcel, notwithstanding anything in this Declaration to the contrary. All livestock and poultry shall be confined within a fenced area on each Parcel. All areas maintained for livestock or poultry shall at all times be kept clean and odor-free and otherwise in such a manner as not to disturb other Parcel Owners. Usual and ordinary household pets such as dogs, cats or birds may be kept, provided that they are kept under reasonable control at all times. Without limiting the foregoing, all cats and dogs shall be on leashes under control of the Owner or other Person while such animal(s) is (are) on the Project outside of the Owner's Parcel. The Board may enact reasonable rules respecting the keeping of such animals within the Project and may designate certain areas in which such animals may be taken.

7.5 Garbage and Refuse Disposal

All rubbish, trash and garbage shall be regularly removed from the Property and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans (other than those provided by the Association), woodpiles or storage piles shall be kept screened and concealed from view of the other Parcels, streets and the Common Area.

7.6 Right to Lease

The respective Parcels shall not be rented by the Owners thereof for transient or hotel purposes which shall be defined as (a) rental for any period less than thirty (30) days or (b) any rental if the occupants of the Parcel are provided customary hotel service such as room service for food and beverages, maid service, laundry or linen service or bellboy service. Subject to the foregoing restrictions, the Owners of the respective Parcels shall have the absolute right to lease the Parcels, provided that the lease is for the entire Parcel, is in writing and is specifically made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration and the Bylaws and any rules and regulations published by the Association.

7.7 Clothes Lines; Window Coverings

No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes. Furthermore, no clothing, laundry or other personal items are to be hung out on the patios or yard areas of the Units or Parcels. No kind of foil shall be placed upon the windows of the Units, nor shall the patios or yard areas of the Units and Parcels be used for storage purposes.

7.8 Lights; Noise

No spotlights, flood lights or other external lighting shall be placed upon any Unit without the prior written consent of the Board. No outside speakers or amplifiers shall be permitted except with the prior approval of the Architectural Committee. All speakers, amplifiers, radios and other means of emitting sound, whether located inside or outside of a Unit, shall be subject to regulation by the Board as to noise levels and time of use. All outside lighting, except porch lights and other customary, indirect noncolored lighting shall be subject to prior approval by the Architectural Committee.

7.9 Liability of Owners for Damage to Common Area

The Owner of each Parcel shall be liable to the Association for all damages to the Common Area or improvements thereon caused by such Owner or any occupant, guest or invitee of or to his Parcel. The Association shall be entitled to commence an action law

or in equity under Arizona law to enforce this obligation and/or recover damages for the breach thereof.

7.10 Storage Tanks; Well or Pump Equipment and Fences

Any water storage tanks located on a Parcel permitted by the Committee shall be painted an earth-tone color. Any water pumping equipment located outside the Unit shall be enclosed in a structure approved by the Architectural Control Committee. Each Parcel Owner shall only construct fences which have been approved by the Architectural Control Committee and which are of new material and are of sufficient height and strength to contain all permitted livestock or poultry.

7.11 No Warranty of Enforceability

While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 7 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Parcel in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Parcel agrees to hold Declarant harmless therefrom.

*End of Article 7 Entitled
Use Restrictions*

ARTICLE 8
Architectural Control

8.1 Prohibition of Alteration and Improvement

No building, fence, wall, obstruction, balcony, screen, patio, patio cover, solar collector, antenna, tent, awning, carport, carport cover, improvement or structure of any kind shall be commenced, erected, painted or maintained upon the Project, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by an Architectural Control Committee (the "Committee") appointed by Declarant or elected by the Board as provided in this article. There shall be no construction, alteration or removal of any structure or improvement in the Project which would impair or affect the integrity or stability of any existing structure and no changes to exterior color schemes in the Project shall be permitted without the prior written consent of the Committee as provided below.

8.2 Plans and Approval

Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements or alterations shall be submitted to the Committee for approval as to design and harmony of external design with existing structures and as to location in relation to surrounding structures, topography and finished grade elevation. The Committee shall grant or withhold approval of any proposal submitted to it in its reasonable discretion, taking into account the overall look and feel of the Project, the preservation of the rural Western character of the Project, the concerns and comments of other Owners and the best interests of the Project. No building shall be permitted in the no building area designed on the Map. The Committee's decision shall be final and there shall be no appeal therefrom. No permission or approval shall be required to rebuild in accordance with plans and specifications previously approved by the Committee. No landscaping of patios or yards visible from the street or from the Common Area shall be undertaken by any Owner until plans and specifications showing the nature, kind, shape and location of the materials shall have been submitted to and approved in writing by the Committee. In the event the Committee fails to approve or disapprove such plans, specifications and proposed improvement or alteration within forty-five (45) days after said plans and specifications have been submitted to it, written approval by the Committee will not be required and this article will be deemed to have been fully complied with. The restrictions contained in this paragraph shall not apply to the Declarant in any manner.

8.3 Architectural Control Committee

The number, appointment and term of members of the committee shall be as follows:

8.3.1 There shall be three (3) members on the Committee.

8.3.2 Declarant may appoint all of the original members of the Committee for so long as the Class B Membership exists. Thereafter, members of the Committee shall be appointed by the Board, and at any time the Board shall have the power to appoint replacements for or remove and replace any or all of the members of the Committee. Subject to the right and power of the Board to remove and replace, at any time, any member of the Committee, Committee members or replacements appointed by the Board shall serve one (1) year terms.

8.3.3 Committee members appointed by Declarant need not be Members of the Association. Committee members appointed by the Board shall be Members of the Association. Officers and Directors of the Association can be members of the Committee.

8.4 Other Approvals: Liability.

No approval by the Committee of any proposed construction, installation, modification, addition or alteration shall be deemed to replace or be substituted for any building permit or similar approval required by applicable governmental authority, nor shall any such approval be deemed to make the Committee (or the Board or the Association) liable or responsible for any damage or injury resulting or arising from any such construction, modification, addition or alteration. Approval by the Committee shall not be deemed or interpreted to be a warranty or confirmation of any kind concerning the engineering or structural integrity, quality or safety of construction of the proposed installation, modification, addition or alteration and the Person proposing the same and his agents and contractors shall be solely responsible therefor. Neither Declarant, the Association, the Board nor the Committee (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:

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

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

8.4.3 the development of any Parcel.

8.5 Fee

The Board may establish a reasonable processing fee to defer costs of the Committee in considering any request for approvals submitted to the Committee or for appeals to the Board, which fee shall be paid at the time the request for approval or review is submitted.

8.6 Inspection

Any member or authorized consultant of the Committee, 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 Parcel, after reasonable notice to the Owner or Occupant of such Parcel, in order to inspect the improvements constructed on such Parcel to ascertain that such improvements have been, or are being, built in compliance with this Declaration, the standards and procedures adopted by the Committee and any approved plans, drawings or specifications.

*End of Article 8 Entitled
Architectural Control*

ARTICLE 9

Maintenance, Mining, Grazing

9.1 Grazing Rights

Declarant, on its own behalf and on behalf of Goswick Cattle Company, an Arizona partnership, reserves the right to graze cattle on any part of any Parcel until such time as the Owner of such Parcel constructs an approved fence which excludes cattle from the Parcel. The foregoing right shall be assignable, shall not entitle the Owner of any Parcel to compensation for such grazing and shall include the right to access each Parcel for the purpose of managing cattle.

9.2 Maintenance. No Unit or any other structure or improvement on a Parcel shall be permitted to fall into disrepair. All Units or any other structure or improvement on a Parcel shall be kept in good, clean condition and repair with surfaces adequately painted and with windows, doors, screens, awnings and the like properly cleaned and maintained. Outdoor grills and barbecues shall be the only outdoor burning permitted. Natural areas and drainage courses within the Common Area shall not be used for dumping or vehicular traffic and shall be maintained fully open and unobstructed.

9.3 Mining. No mineral exploration or mining operations of any kind shall be permitted whether involving discovery, exploration, location, removal, milling or refining and whether relating to water, oil, gas, hydrocarbons, gravel, uranium, geothermal steam or otherwise. Notwithstanding the foregoing, water wells for domestic use shall be permitted.

*End of Article 9 Entitled
Maintenance, Mining, Grazing*

ARTICLE 10

General Provisions

10.1 Invalidity of Any Provision

Should any provision of this Declaration be declared invalid or in conflict with any law of the State of Arizona, the validity of all other provisions shall remain unaffected and in full force and effect.

10.2 Amendments

Subject to the standards set forth in any applicable laws, regulations or ordinances of any governmental or quasigovernmental body or agency having jurisdiction over the Project, this Declaration and/or the Map may be amended only by the vote or written assent of the Owner(s) of seventy-five percent (75%) or more of the total votes held by the membership. Declarant may alter the size of and boundaries between Parcels at any time so long as (a) such altered Parcels are owned by Declarant, and (b) such alterations do not modify or change the size or the boundaries of any Parcels not owned by Declarant.

10.3 Encroachment Easements

Each Unit and Parcel within the Project is hereby declared to have an easement over all adjoining Units and Parcels and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of buildings or any other similar cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting, provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a Unit is partially or totally destroyed and then repaired or rebuilt, the Owners of all Parcels agree that minor encroachments over adjoining Units or Parcels or the Common Area shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

10.4 Entry for Repairs

The Board or its agents may enter any Parcel when necessary in connection with any repairs, maintenance, landscaping or construction for which the Association is responsible. Such entry shall be made upon reasonable notice, unless it would be impractical to give notice in an emergency, and with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the Association. No Owner shall do any act or create any obstruction which would unreasonably interfere with the right or ability of the Association to perform any of its obligations or exercise any of its rights under this Declaration.

10.5 Insurance; Damage or Destruction

10.5.1 Reconstruction by Parcel Owners

Subject to other provisions of this Declaration, in the event of damage to or destruction of any part of a Unit or Parcel, the Owner shall reconstruct the same as soon as reasonably practicable and substantially in accordance with the original plans and

specifications therefor or shall remove all debris from the Parcel such that the Parcel does not have an unsightly appearance or otherwise constitute a nuisance to neighboring Parcels. Each Owner shall have an easement of reasonable access into any adjacent Parcel for purposes of repair or reconstruction of his Unit as provided in this Subsection.

10.5.2 Association Liability Insurance

The Association may obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant, the agents and employees of each and the Owners and their respective family members, guests and invitees against any liability incident to the ownership or use of the Common Area and facilities in the Recreational Common Area and areas within Parcels which the Association is responsible for maintaining, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners or the Association. Such insurance shall be in amounts deemed appropriate by the Board. The Association may purchase such other Insurance as it may deem necessary, including without limitation, workmen's compensation, directors liability and errors and omissions insurance, and may purchase fidelity coverage against dishonest acts by any directors, managers, trustees, employees or volunteers of the Association who are responsible for handling funds belonging to or administered by the Association. Insurance premiums shall be a Common Expense to be included in the Assessments levied by the Association. Neither the Declarant, the Association nor any officer or director thereof shall be liable to any Owner or other party if any risk or hazard is not covered by insurance or the amount is inadequate. Each Owner is responsible for ascertaining the Association's coverage and for procuring such additional coverage as such Owner deems necessary.

10.5.3 Proceeds from Insurance

Any insurance proceeds payable from policies procured by the Association on account of any loss or damage shall be used to defray such loss or damage. With respect to the damage or destruction of any Common Area or improvements thereon, the Association, acting through its Board shall promptly repair, replace and rehabilitate all things damaged or destroyed. Construction and design of any improvements shall be substantially similar to the prior condition of the Common Area and improvements thereon. Should insurance proceeds not be sufficient or should the damage not be covered by insurance, repairs or replacements shall be effected and paid for by levying a special Assessment on all Parcel Owners to restore or rebuild said improvements. The Associations use of funds from its general account or levy of a special Assessment shall not constitute a waiver of the Associations or any Owners right to institute any legal proceeding or suit against the Person or Persons responsible, purposely or negligently, for the damage.

10.6 Condemnation

Upon receipt of notice of intention or notice of proceedings whereby all or any part of the Project is to be taken by any governmental body by exercise of the power of condemnation or eminent domain, all Owners shall be immediately notified by the Association thereof. The Association shall represent the Owners in any condemnation or eminent domain proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any part of the Common Area of the Project, and every Owner appoints the Association his/her attorney-in-fact for this purpose. The entire award made as compensation for such taking of Common Area, including but not limited to any amount awarded as severance damages, or the entire amount received and paid in anticipation and settlement for such taking, after deducting therefrom, in each case, reasonable and necessary costs and expenses, including but not limited to attorneys' fees, appraisers' fees and court costs (which net amount shall hereinafter be referred to as the "Award"), shall be paid to the Association as trustee for the use and benefit of the Owners. The Association shall, as it is practicable, cause the Award to be utilized for the purpose of repairing and restoring the Project, including, if the Association deems it necessary or desirable, the replacement of any improvements so taken or conveyed.

In the event of any taking of any Parcel in the Project by eminent domain, the Owner of such Parcel shall be entitled to receive the award for such taking, and after acceptance thereof he and all of his Mortgagees shall be divested of all interest in the Project if such Owner shall vacate his Parcel as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Project or take other action. The remaining portion of the Project shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking. In the event of a taking by eminent domain of more than one Parcel at the same time, the Association shall participate in the negotiations and shall propose the method of division of the proceeds of condemnation where Parcels are not valued separately by the condemning authority or by the court.

10.7 Limitation of Restrictions on Declarant; Additional Restrictions on Declarant

Declarant is undertaking the work of improvements upon the Property. The completion of that work and the sale of the Parcels are essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

10.7.1 Prevent Declarant, its contractors or subcontractors from doing on the Project or any Parcel whatever is reasonably necessary or advisable in connection with the completion of the work;

10.7.2 Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Project such structures as may be reasonable and necessary for the conduct of its business;

10.7.3 Prevent Declarant from conducting on any part of the Project its business of completing the work and of establishing a plan of Parcel ownership and of disposing of said Project in Parcels by sale, lease or otherwise; or

10.7.4 Prevent Declarant from maintaining such sign or signs on any portion of the Project as may be necessary for the sale, lease or disposition thereof.

10.8 Termination of Any Responsibility of Declarant

In the event Declarant shall assign all of its right, title and interest as Declarant to any Person then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder which accrues or relates to circumstances occurring after the date of such conveyance, and such Person shall be obligated to perform all such duties and obligations of the Declarant, to the extent accruing or relating to circumstances occurring from and after the date of such conveyance.

10.9 Owner's Compliance

Each Owner, tenant or occupant of a Parcel shall comply with the provisions of the Project Documents and all decisions and resolutions of the Association or its duly authorized representative(s), and failure to comply with any such provisions, decisions or resolutions shall be grounds for an action to recover sums due, for damages (including costs and attorneys' fees) and/or for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Bylaws shall be deemed to be binding on all Parcel Owners, their successors and assigns.

10.10 Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail. Thereafter, priority shall be given to Project Documents in the following order: Map, Articles, Bylaws and rules and regulations of the Association.

10.11 Persons Entitled to Enforce Declaration

The Association, any Owner and any governmental or quasigovernmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court,

provided however, that an individual Owner shall have no right to enforce the collection of any Assessment levied against any other Owner under Article IV above.

10.12 Remedies for Violation of Declaration

The following provisions are in addition to and not in lieu of any other terms and conditions contained in the Declaration relating to remedies.

10.12.1 Violation of any of the covenants, conditions or restrictions, the breach of any of the covenants or agreements contained herein or the breach of any rules and regulations promulgated by the Board, whether by an Owner or occupant of any Parcel, shall enable the Association, acting through the Board or an authorized agent, to enter the Parcel as to which said violation or breach may exist and summarily enforce such covenants, conditions, restrictions, agreements, rules and regulations and to abate and remove the thing or condition which may exist thereon contrary to the provisions hereof, at the sole expense of the Owner of said Parcel, without being deemed guilty of having trespassed in any manner, provided however, that an appropriate court order shall be required before any items of construction can be removed or altered.

10.12.2 In the event of any default by an Owner or occupant under the provisions of this Declaration, the Articles, the Bylaws or the rules and regulations of the Association, the Association, its successors and assigns, acting through the Board or an authorized agent, shall have each and all of the rights and remedies which may be provided for in this Declaration, the Articles, the Bylaws and said rules and regulations or which may be available at law or in equity, including but not limited to an action for the appointment of a receiver for the Parcel without regard to the value of such Parcel or the solvency of such Owner, or for damages, injunction, specific performance or for a judgment for payment of money and collection thereof.

Nothing contained in this Declaration shall preclude the Association, its agents, the Board, Declarant, an aggrieved Owner, a First Mortgagee or other Person having an interest in the Project from exercising any available remedy at law or in equity. All cost and attorneys fees incurred by the Association in enforcing compliance with this Declaration (whether or not a lawsuit or other legal action is instituted or commenced) or in connection with any legal action or proceedings in connection with any default under this Declaration by an Owner or an occupant of any Parcel and all damages, liquidated or otherwise, together with interest as provided in Subsection 4.1, shall be charged to and paid by such defaulting Owner as provided in Subsection 4.1. The Association, acting through the Board or its authorized agent, shall have the authority to correct any default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and paid by such defaulting Owner, and such charges shall be part of and be secured by the lien against the defaulting Owner's Parcel as provided in Subsection 4.1. Any amounts charged to an Owner of a Parcel pursuant to this

Subsection 4.1 or Subsection 4.9 shall be immediately due and payable upon notice to the Owner unless a specific due date is established thereof pursuant to this Declaration.

10.12.3 Anything to the contrary herein notwithstanding, any breach of any of the covenants, conditions, restrictions, reservations and servitudes provided for in this Declaration shall not defeat or adversely affect the lien of any First Mortgagee upon any Parcel but, except as herein specifically provided, each and all of said covenants, conditions, restrictions, reservations and servitudes shall be binding upon and effective against any lessee or Owner of a Parcel whose title thereto is acquired by foreclosure, trustee's sale, sale, deed in lieu of foreclosure or otherwise.

10.13 Waiver: Remedies Cumulative

No failure or delay on the part of any Person in exercising any right, power or privilege hereunder and no course of dealing between or among the Persons subject hereto shall operate as a waiver of any provision hereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any Person subject hereto would otherwise have. No notice to or demand upon any Person in any case shall entitle such Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of rights to any other or further action in any circumstances.

10.14 Judicial Proceedings

All Owners agree that any matter arising under this Declaration may be finally adjudged or determined in any court or courts of the State of Arizona or of the United States of America having jurisdiction in the State of Arizona, and such Owners hereby submit generally and unconditionally to the jurisdiction of such courts and of any of them in respect to any such matter. For the purpose of instituting or defending any action with respect to the Common Area, or with respect to any matter affecting the Owners with respect to the Common Area, and further in connection with enforcing this Declaration, the Articles, the Bylaws and any rules and regulations adopted pursuant to this Declaration, the Articles or the Bylaws, or in any other instance where the Board and/or the members of the Association deem it is necessary for the best interest of the Project as a whole, the Association, acting by and through its Board, shall be deemed the real party in interest and is hereby authorized to commence and prosecute any such proceedings or to defend any such action. Nothing contained in this shall be deemed or construed to impose upon the Association, its Members or the Board any liabilities or obligations nor grant to any third party or parties any rights that any of said above-named parties would not otherwise have if this article were not contained herein.

10.15 Governing Law

This Declaration and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Arizona.

*End of Article 10 Entitled
General Provisions*

IN WITNESS Whereof, the undersigned, being the Declarant herein, has executed this Declaration this 8th day of September, 2000.

"DECLARANT"

GOSWICK RANCH, LLC,
an Arizona limited liability company

By Giles W Goswick
Its Manager

STATE OF ARIZONA)
) ss.
County of Yavapai)

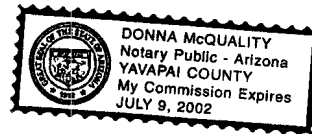
On September 8, 2000, before me, the undersigned Notary Public in and for said state and county, personally appeared Giles W. Goswick, known to me to be the Manager of Goswick Ranch, LLC, an Arizona limited liability company, whose name is subscribed to the within Declaration of Covenants, Conditions and Restrictions and known to me to be the person who executed the within instrument on behalf of said corporation.

Witness my hand and official seal.

Donna McQuality
Notary Public

My Commission Expires:

July 9, 2002



FEE
\$30
\$8
\$5
\$1
\$30

3628802 BK 4072 PG 441
Yavapai County, Arizona
Patsy Jenner-Colon, Recorder
09/10/2003 03:27P PAGE 1 OF 30
MURPHY LUTEY ET AL
RECORDING FEE 30.00
SURCHARGE 8.00
POSTAGE 1.00

WHEN RECORDED, RETURN TO:

Goswick Ranch, LLC
Post Office Box 14
Humboldt, Arizona 86329

AMENDED

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
GOSWICK RANCH
YAVAPAI COUNTY, ARIZONA**

THIS AMENDED DECLARATION, made on the date hereinafter set forth, by Goswick Ranch, LLC, an Arizona limited liability company ("Declarant"), is being made to amend the Declaration of Covenants, Conditions and Restrictions originally recorded on September 8, 2000, in Book 3779, Page 364, in the Office of the Yavapai County Recorder, with reference to the following facts:

A. Declarant is the owner of a certain tract of land located in Yavapai County, Arizona, more particularly described as Parcels 1 through 23, inclusive, of Goswick Ranch, as recorded in Book 56 of Land Surveys, Page 8, Official Records of Yavapai County, Arizona. This property, together with any property annexed thereto under this Declaration, shall be referred to herein as the "Property."

B. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the Parcels (as that term is defined herein) in the Project and the Owners thereof.

NOW, THEREFORE, subject to all provisions of this Declaration, Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, the Project and every part thereof, in accordance with the plan for the improvement of the Property and the division of the Property into Parcels and Common Areas. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be binding upon Declarant, its successors and assigns and all parties having or acquiring any right, title or interest in or to any part of the Property or the Project.

ARTICLE 1

Definitions

1.1 "Articles" shall mean and refer to the Articles of Incorporation of the Association as amended from time to time.

1.2 "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Property which is to be paid by each Parcel Owner as determined by the Association and as provided herein.

1.3 "Association" shall mean and refer to the Goswick Ranch Owners' Association, an Arizona nonprofit corporation, the Members of which shall be the Owners of Parcels in the Project.

1.4 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

1.5 "Bylaws" shall mean and refer to the Bylaws of the Association as amended from time to time.

1.6 "Common Area" shall mean and refer to the roadways and the "Horse Trail Easements" shown on the Map. Additional Common Areas may be annexed to the Project pursuant to Section 2.5 hereof.

1.7 "Common Expenses" means and includes the actual and estimated expenses of operating the Project and the Association and any reasonable reserve for such purpose as determined by the Board.

1.8 "Common Interest" means the beneficial interest in the Common Area which is appurtenant to each Parcel as set forth in this Declaration.

1.9 "Declarant" shall mean and refer to Goswick Ranch, LLC, an Arizona limited liability company, its successors and assigns, but shall not include members of the public purchasing Parcels. Any assignment of the Declarant's rights shall be effective only if evidenced by duly recorded instrument.

1.10 "Declaration" shall mean and refer to this Declaration.

1.11 "First Mortgage" shall mean any Mortgage which is a first priority lien on any Parcel.

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

1.13 "Map" shall mean and refer to that certain Results of Survey recorded September 8, 2000, in Book 56 of Land Surveys, Page 8, of the Official Records of

of Yavapai County, Arizona. The Map is hereby made a part hereof with the same force and effect as if incorporated herein in full.

1.14 "Member" shall mean and refer to a Person entitled to membership in the Association as provided herein.

1.15 "Mortgage" shall include a recorded deed of trust as well as a recorded mortgage.

1.16 "Mortgagee" shall include the beneficiary or a holder of a deed of trust as well as a mortgagee.

1.17 "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

1.18 "Owner" shall mean and refer to the record holder of title to a Parcel in the Project. This shall include any Person having a fee simple title to any Parcel, but shall exclude Persons or entities having any interest merely as security for the performance of any obligation. Further, if a Parcel is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner" as long as he or a successor in interest remains the contract purchaser under the recorded contract.

1.19 "Retail Sale" shall mean the sale, conveyance or other transfer of a Parcel to a member of the public. The term "Retail Sale" shall not include or refer to the sale, conveyance or other transfer of a Parcel to Declarant, or any Person engaged in the residential homebuilding or development business.

1.20 "Parcel" shall mean and refer to any numbered plot of land shown on the Map or any portion of land created from a numbered plot of land shown on the Map by a Parcel Split (as that term is defined herein), together with the Unit and any other improvements constructed thereon, with the exception of the Common Area. Each Parcel shall be a separate freehold estate.

1.21 "Person" means a natural person, a corporation, a limited liability company, a partnership, a trustee or other legal entity.

1.22 "Project" shall mean and refer to the entire Property, together with all Units, buildings, structures and improvements erected or to be erected thereon.

1.23 "Project Documents" means and includes this Declaration as it may be amended from time to time, the Map, the Articles and Bylaws of the Association and the rules and regulations for the Members as established from time to time.

1.24 "Property" means and includes the real property covered by this Declaration (including property annexed pursuant to this Declaration, if any).

1.25 "Unit" shall mean and refer to any buildings and improvements constructed upon a Parcel intended for residential purposes.

*End of Article 1 Entitled
Definitions*

ARTICLE 2

Division of Property, Creation of Property Rights and Annexation

2.1 Division of Property

The Property is hereby divided into the following freehold estates and areas:

2.1.1 Parcels

Each of the Parcels in existence on the date of this Declaration is separately shown, numbered and designated on the Map and excludes the Common Area.

2.1.2 Common Area

The remaining portion of the Property, referred to herein as "Common Area," shall include all of the elements set forth in Subsection 1.6. The Common Area is hereby transferred to the Association, subject to the rights of the Owners and others as set forth herein. Each Parcel Owner (including Owners of Parcels created by Parcel Splits) shall have, as appurtenant to his Parcel, a membership in the Association which shall hold title to the Common Area. The Common Interest appurtenant to each Parcel is declared to be permanent in character and cannot be altered without the consent of all the Parcel Owners, as expressed in an amended Declaration. Such Common Interest cannot be separated from the Parcel to which it is appurtenant. Each Parcel Owner shall have and is hereby granted a nonexclusive easement and right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the rights of any other Parcel Owners. Notwithstanding the transfer of the Common Area to the Association and the Owners, the Declarant shall reserve and hereby reserves in itself and its successors and assigns and in the Goswick Cattle Company, an Arizona partnership and its successors and assigns, an easement over and onto the Common Area for common driveway purposes, for drainage and for encroachment purposes, for ingress to and egress from the Common Area for the purpose of completing improvements thereon or for the performance of necessary repair work and for the development of the Project. The reservation by Declarant contained in the previous sentence shall expressly include

the right to use the Common Areas for cattle ranching operations, whether associated with the Project or not.

2.2 No Separate Conveyance of Common Interests and Easements

The interests (including the Common Interest) and easements described in this Article 2 or elsewhere in this Declaration as being part of or appurtenant to each respective Parcel are to be conveyed only with the respective Parcel and cannot be changed except as set forth herein. Declarant, its successors, assigns and grantees covenant and agree that the fee title to each Parcel conveyed shall include the Unit and all of the interests and easements referred to in the preceding sentence, all of which shall be deemed to be conveyed or encumbered with the Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Parcel.

2.3 Partition Prohibited

The Common Area shall remain undivided as set forth above. Except as provided by law, no Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. Judicial partition by sale of a single Parcel owned by two or more Persons and division of the sale proceeds and Parcel Splits are not prohibited hereby.

2.4 Parcel Splits. Each Parcel Owner shall have the right, subject to state and county laws and ordinances, to split his Parcel no more than four (4) times, provided that in no event shall any new Parcel created thereby have a total acreage of less than nine (9) acres (a "Parcel Split"). Each Parcel Owner shall notify the Association of each Parcel Split and such notification shall be accompanied by legal descriptions of the Parcel retained by the Owner and the new Parcel. Such legal descriptions shall be prepared and sealed by an Arizona-licensed land surveyor and shall include such surveyor's calculation of the acreage of each Parcel. The acreage statement for each Parcel prepared by such surveyor shall be used by the Association for the purpose of calculating voting rights and for calculating Assessments. For the purpose of determining the minimum number of acres required for a permitted Parcel Split, fractional acres shall not be counted (i.e., a proposed Parcel having 8.99 acres will be treated as having 8 acres and therefore will not be a permitted Parcel Split).

2.5 Annexation of Additional Property

Additional Property may be annexed to the Project from time to time as often as Declarant desires and such Property shall become subject to this Declaration by the following method:

2.5.1.1 A Declaration of Annexation shall be recorded by Declarant covering portion of the property to be annexed. Said Declaration shall incorporate this Declaration by reference and may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property, provided that the same are not inconsistent with the scheme of this Declaration. Said Declaration may provide for the conveyance of additional Common Area to the Association.

2.5.1.2 All intended and planned improvements located or to be located on the Common Area thereof, if any, must be consistent with the improvements built in the Project as originally constituted under this Declaration in terms of quality of construction. All taxes and other assessments, liens and charges relating to the Common Area of the property to be annexed for any period prior to annexation must be paid or otherwise satisfactorily provided for by Declarant or its successor or assign.

2.5.2 Consequences of Annexation

Upon annexation of additional Property, the annexed Property shall become subject to this Declaration without the necessity of amending individual articles hereof. The Association will thereafter own all Common Area in the pre-existing Project and the new Property added to the Project, and all Owners of Parcels within such Project shall be entitled to use all of the Common Area as provided herein or in the Declaration of Annexation.

*End of Article 2 Entitled
Division of Property, Creation of Property Rights and Annexation*

ARTICLE 3 Association, Administration, Membership and Voting Rights

3.1 Association to Manage Common Area and Other Improvements

The management of the Common Area and other improvements which the Association is responsible for maintaining pursuant to this Declaration shall be vested in the Association in accordance with the Bylaws. The Owners of all the Parcels covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles and the Bylaws of the Association, subject to the standards set forth in this Declaration and all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over the project.

3.2 Membership

The Owner of a Parcel shall automatically, upon becoming the Owner of same, be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and the Bylaws of the Association.

3.3 Transferred Membership

Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the Parcel to which it is appurtenant, and then automatically to the new Owner as provided in Subsection 3.2 above. Any attempt to make a prohibited transfer is void. Upon the transfer of an ownership interest in a Parcel or a Parcel Split, the Association shall record the transfer or the creation of the new Parcel upon its books, causing an automatic transfer of membership or adjustment to voting rights as provided in Subsections 2.4 and 3.2 above.

3.4 Classes of Membership

The Association shall have two (2) classes of voting membership established according to the following provisions:

3.4.1 Class A Membership

Class A Membership shall be that held by each Owner of a Parcel other than Declarant (while two classes of membership exist), and each Class A Member shall be entitled to one (1) vote for each acre of land in each Parcel owned. For the purpose of calculating voting rights, any fractional acre in a Parcel shall be counted as a full acre. If a Parcel is owned by more than one (1) Person, each such Person shall be a Member of the Association but there shall be no more than one (1) vote for each acre of land in each Parcel.

3.4.2 Class B Membership

Class B Membership shall be that held by Declarant (or its successor) which shall be entitled to three (3) votes for each acre of land in each Parcel owned by Declarant, provided that Class B Membership shall be converted to Class A Membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

3.4.2.1 When Declarant has sold 100% of the total acres of the "Property";

3.4.2.2 When the Declarant notifies the Association in writing that it relinquishes its Class B membership.

3.5 Voting Requirements

Any action by the Association which must have the approval of the Association membership before being undertaken shall require (a) the vote of fifty-one Percent (51%) of the total votes permitted to be cast by Members (either in person or by proxy) at a duly called and held meeting of the membership at which a quorum as prescribed herein or in the Bylaws has been constituted, or (b) the written assent of Owners holding fifty-one percent (51%) of the total votes permitted to be cast by Members, unless another percentage is specifically prescribed by a provision within this Declaration, the Bylaws or the Articles of the Association.

3.6 Voting Rights

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

3.7 Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws of the Association.

3.8 Board of Directors

The affairs of the Association shall be managed by a Board of Directors which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

*End of Article 3 Entitled
Association, Administration, Membership and Voting Rights*

ARTICLE 4
Assessments and Charges

4.1 Creation of the Lien and Personal Obligations for Assessments and Charges

Each Owner of any Parcel, by acceptance of a deed or recorded contract of sale therefor, whether or not it shall be so expressed in such document, is deemed to covenant and agree to pay to the Association (a) regular annual Assessments, (b) special Assessments for capital improvements and unexpected expenses and (c) other charges made or levied by the Association against the Owner or Parcel pursuant to this Declaration or the Bylaws, including, but not limited to, late charges for delinquent assessments, such Assessments and charges to be established and collected as provided herein and in the Bylaws of the Association. A late charge of the greater of \$15.00 or ten percent (10%) of the unpaid sums shall be assessed to the Owner in the event any Assessment is not paid within fifteen (15) days after the due date. Any part of any Assessment (or other amount due from the Owner to the Association, including interest and/or late charges) not paid within thirty (30) days after the due date for the Assessment established in this Declaration shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid. The annual and special Assessments and any other charge made against an Owner or a Parcel pursuant to this Declaration or the Bylaws, together with interest, costs and reasonable attorneys' fees incurred by the Association in enforcing compliance with this Declaration (whether or not a lawsuit or other legal action is instituted or commenced), shall be a charge and a continuing lien upon the Parcel (hereinafter "Assessment Lien"). Each such Assessment and charge, together with interest, costs and reasonable attorneys' fees as provided above, shall also be the personal obligation of the Person who was the Owner of such Parcel at the time the Assessment or other charge fell due as provided in this Declaration, but this personal liability shall not pass to successor Owners unless specifically assumed by them. The Assessment Lien on each Parcel shall have the priority specified in A.R.S. §33-1807. No Owner of a Parcel may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Parcel.

4.2 Purpose of Assessments

The Assessments by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the Project, for the improvement and maintenance of the Project as provided herein and for the common good of the Project. Annual Assessments may include an adequate reserve fund for taxes, insurance, maintenance, repairs and replacement of the Common Area and other improvements which the Association is responsible for maintaining, as determined by the Board.

4.3 Annual Assessments

The Board shall annually determine and fix the amount of the annual (calendar year) Assessment against each Parcel, including those owned by Declarant, and shall notify the Owner of each Parcel in writing as to the amount of such annual Assessment not less than forty-five (45) days prior to the date that such Assessment is to commence. The annual Assessment against each Parcel as fixed by the Board shall not be increased by more than twenty percent (20%) of the annual Assessment against the Parcel for the prior calendar year without the affirmative vote of Declarant (while Class B Membership exists) and a majority of Class A Members voting in person or by proxy at a meeting duly called for this purpose. The annual Assessment amount shall be increased each year by a percentage equal to the percentage increase, if any, in the Consumer Price Index - United States City Average for Urban Wage Earners and Clerical Workers - All Items (published by the Department of Labor, Washington, D.C.) for the year ending with the preceding July (or a similar index chosen by the Board if the above described Index is no longer published) without the vote or approval of the Members of the Association. However, the annual Assessment amount may be increased by an amount in excess of the amount produced by the foregoing formula if such increase is approved by the affirmative vote of the Board. All annual Assessments shall be payable in full. In the year prior to January 1 of the year immediately following the close of escrow on the Retail Sale of the first Parcel in the Project, the initial annual Assessment amount per acre of land in each Parcel shall be Five Dollars (\$5.00). For the purposes of this Subsection, fractional acres in a Parcel shall be rounded up to the next whole acre. The annual Assessment shall be prorated based on the number of months remaining before January 1 of such year as well as any partial months remaining and said sum shall be payable in equal monthly installments.

Notwithstanding anything to the contrary stated in this Article, until Class B Membership is terminated pursuant to Subsection 3.4.2 above, Declarant shall be obligated to pay only twenty-five percent (25%) of the annual Assessment amount fixed for Parcels pursuant to this Subsection 4.3 with respect to Parcels owned by Declarant, and shall pay said percentage of the annual Assessment amount in full in the same manner established for payment of the annual Assessment amount by other Parcel Owners, except that the Owner of any such Parcel shall pay and be liable for the full Assessment amount from after the Retail Sale of said Parcel.

Until Class B Membership is terminated pursuant to Subsection 3.4.2 above or until Declarant elects to pay full Assessments, Declarant shall be responsible for the prompt payment on a current basis of all costs and expenses related to maintenance and repair of the Common Area and other areas required to be maintained by the Association hereunder as required in Subsections 5.1 and 5.2 in the event and to the extent that the funds available to the Association are inadequate for payment of such costs and expenses on a current basis.

4.4 Special Assessments

In addition to the regular annual Assessments authorized above, the Board may levy, in any Assessment year, a special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or other improvements the Association is responsible for maintaining, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense normally covered by a regular Assessment and, where necessary, for taxes assessed against the Common Area, and for any deficiency caused in whole or in part by delinquent assessments, provided however, that no such special Assessment shall be made without the affirmative vote of Declarant (while Class B Membership exists) and of a majority of Class A Members voting in person or by proxy at a meeting duly called for this purpose.

4.5 Notice and Quorum for any Action Authorized Under Articles 4.3 and 4.4

Written notice of any meeting called for the purpose of taking any action authorized under Articles 4.3 or 4.4 shall be sent to all Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, which notice shall state the purpose of the meeting. At the first such meeting called, the presence of Members or proxies therefor entitled to cast sixty percent (60%) of all of the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The quorum requirements described above shall apply without regard to membership classes.

4.6 Allocation of Assessments

The Owners of each Parcel, including new Parcels created through Parcel Splits, shall bear an equal share per acre of each regular and special Assessments (except as provided in Subsection 4.3).

4.7 Date of Commencement of Annual Assessment; Due Dates

The regular annual Assessments provided for herein shall commence as to each Parcel in the Project on the first day of the month following the close of escrow on the Retail Sale of the first Parcel in the Project by Declarant. Due dates of Assessments shall be established by the Board and notice shall be given to each Parcel Owner at least forty-five (45) days prior to any due date, provided that if Assessments are to be due on a monthly basis, no notice shall be required other than an annual notice setting forth the amount of the monthly Assessment and the day of each month on which each Assessment is due.

4.8 Transfer of Parcel by Sale or Foreclosure

The sale or transfer of any Parcel shall not affect the Assessment lien or liability for Assessments due and payable except as provided below. No sale or transfer of a Parcel shall relieve such Parcel from liability for any Assessments thereafter becoming due or from the lien therefor. Where, however, the First Mortgagee of a First Mortgage of record or another Person obtains title to a Parcel as a result of foreclosure, trustee's sale or deed in lieu thereof of any such First Mortgage, such First Mortgagee or other Person shall not be liable for the share of the Common Expenses or Assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such First Mortgagee or other Person, and the Assessment lien therefor on such Parcel shall be extinguished. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Parcels which may be collected through a Special Assessment. In a voluntary conveyance of a Parcel, the grantee of the same shall not be personally liable for Assessments or any other charges due to the Association in connection with that Parcel which accrued prior to the conveyance unless liability therefor is specifically assumed by the grantee. Any such grantee shall be entitled to a statement from the Association as required by A.R.S. §33-1806 upon payment of the fee for such statement established by the Board from time to time. Such grantee shall not be liable for nor shall the Parcel conveyed be subject to a lien for any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement, provided however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

4.9 Enforcement of Assessment and Other Monetary Obligations; Discipline; Remedies Cumulative

4.9.1 Enforcement and Foreclosure of Lien

When any Assessment or other amount due from an Owner to the Association on behalf of any Parcel is not paid within thirty (30) days after the due date, the lien therefor may be enforced by foreclosure of the lien and/or sale of the Parcel by the Association, its attorney or other Person authorized by this Declaration or by law to make the sale or as provided herein. The lien may be foreclosed and the Parcel sold in the same manner as a realty mortgage and property mortgaged thereunder, the Parcel may be sold pursuant to the statutory or customary procedures for sales of trust property under deeds of trust pursuant to this power of sale granted under A.R.S. §33-807 (with the Association acting as beneficiary and a title company or attorney of the association's choice acting as trustee) or the lien may be enforced or foreclosed in any other manner permitted by law for the enforcement or foreclosure of liens against real property or the sale of property subject to such a lien. Any such enforcement, foreclosure or sale action may be taken without regard to the value of such Parcel, the solvency of the Owner thereof or the relative magnitude of the Owner's default. Upon the sale of a Parcel pursuant to this Subsection,

the purchaser thereof shall be entitled to a deed to the Parcel and to immediate possession thereof, and said purchaser may apply to a court of competent jurisdiction for a writ of restitution or other relief for the purpose of acquiring such possession. The proceeds of any such sale shall be applied as provided by applicable law but, in the absence of any such law, shall be applied first to discharge costs thereof, including but not limited to court costs, other litigation costs, costs and attorneys' fees incurred by the Association, all other expenses of the proceedings, interest, late charges, unpaid Assessments and other amounts due to the Association, and the balance thereof shall be paid to the Owner. It shall be a condition of any such sale, and any judgments or orders shall so provide, that the purchaser shall take the interest in the Parcel sold subject to this Declaration. The Association, acting on behalf of the Parcel Owners, shall have the power to bid for the Parcel at any sale and to acquire and hold, lease, mortgage or convey the same. In the event the Owner against whom the original Assessment was made is the purchaser or redemptioner, the lien shall continue in effect and said lien may be enforced by the Association, or by the Board for the Association, for the Parcel's Assessment and other amounts that were due prior to the final conclusion of any such foreclosure, sale or equivalent proceedings. Further, notwithstanding any foreclosure of the lien or sale of the Parcel, any Assessments and other amounts due after application of any sale proceeds as provided above shall continue to exist as personal obligations of the defaulting Owner of the Parcel to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a Member of the Association.

4.9.2 Suspension of Rights

In addition to all other remedies provided for in this Declaration or at law or in equity, the Board may suspend the Association voting rights of a Parcel Owner, in the manner provided in the Bylaws, who is in default in the payment of any Assessment or any other amount due to the Association as provided in the Bylaws.

4.10 Unallocated Taxes

In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against the Parcels, said taxes shall be included in the Assessments made under the provisions of this article, and, if necessary, a special Assessment may be levied against all of the Parcels in an amount equal to said taxes on a pro rata basis equal to the Common Interest appurtenant to each Parcel.

*End of Article 4 Entitled
Assessments and Charges*

ARTICLE 5
Duties and Powers of the Association

5.1 Duties and Powers

In addition to the duties and powers enumerated in the Bylaws and the Articles, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

5.1.1 Except as may be otherwise provided herein, maintain, paint, repair, replace, restore, operate, manage and keep in good condition all of the Common Area and all facilities, improvements, furnishings, equipment and landscaping thereon. The Association's obligations under this Subsection shall not extend to the maintenance of any portion or facility of the Common Area or Parcel required to be maintained by an individual Owner under this Declaration. Further, the portions of the Common Areas identified on the Map as "Horse Trail Easements" shall not be improved by Declarant and shall require no maintenance of any kind by the Association. It is the intent of the Declarant that such "Horse Trail Easements" remain in a natural and undisturbed state.

5.1.2 Enforce the provisions of this Declaration by appropriate means including without limitation the expenditure of funds of the Association, the employment of legal counsel and the commencement of legal actions.

5.1.3 Maintain such policy or policies of insurance as the Board deems necessary or desirable in furthering the purposes of and protecting the interests of the Association and its Members.

5.1.4 Grant and reserve easements where necessary for utilities and sewer facilities over the Common Area to serve the Parcels.

5.1.5 Have the authority to employ a manager or other Persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over the Project.

5.1.6 Adopt reasonable rules not inconsistent with this Declaration, the Articles or the Bylaws relating to the use of the Common Area and all facilities thereon and the conduct of Owners and their tenants and guests with respect to the Project and other Owners. Without limiting the generality of the foregoing, the Association may adopt a schedule of fines for the violation of any provision of the Project Documents by any Owner or other Person and may impose the same pursuant to procedures adopted in the Bylaws.

5.2 Maintenance of Project by Association

The Association shall provide maintenance of the Common Area as provided in this Declaration. The Association shall not be responsible for maintaining and repairing Parcels or Units or any improvements, equipment or other items thereon or therein. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner or his guests, tenants or invitees. The repair or replacement of any portion of the Common Area or any Parcel resulting from such excluded items shall be the responsibility of each Owner. The Association shall be entitled to commence an action at law or in equity to enforce this responsibility and duty and/or recover damages for the breach thereof.

5.3 Association Easements and Access to Parcels

For the purpose of performing the maintenance authorized by this article, or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have the right, after reasonable notice to the Owner and at reasonable hours, to enter upon any Parcel. The Association shall have the right to grant permits, licenses, and easements over the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

5.4 Indemnification.

The Association shall indemnify any and all of its directors and officers, all present and former directors and officers, and all present and former members of the Architectural Control Committee (hereinafter an "Indemnified Party"), against expenses incurred by the Indemnified Party, including legal fees, or judgments or penalties rendered or levied against any Indemnified Party in a legal action brought against such Indemnified Party for acts or omissions alleged to have been committed by any such Indemnified Party while acting within the scope of his or its authority as a director or officer of the Association (or as a member of the Architectural Control Committee, as applicable) or while exercising the powers of the Board, provided that the Board shall determine in good faith that such Indemnified Party did not act, fail to act, or refuse to act with gross negligence or with wrongful, fraudulent or criminal intent in regard to the matter involved in the action. Notwithstanding anything to the contrary expressed herein, the Board shall have the right to refuse indemnification as to expenses in any instance in which the person or entity to who indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board which are excessive and unreasonable in the circumstances and are so determined by the Board, and as to expenses, judgments, or penalties in any instance in which such person or entity shall have refused unreasonably to permit the Association, at its own expense and through counsel of its own choosing, to defend him or it in the action or to compromise and settle the action. The Association shall also

indemnify the employees and direct agents of the Association in the same manner and with the same limitations as provided above with respect to directors and officers. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such directors, officers, Architectural Control Committee members, or agents may be entitled.

*End of Article 5 Entitled
Duties and Powers of the Association*

ARTICLE 6
Utilities

6.1 Owners' Rights and Duties

The rights and duties of the Owners of Parcels within the Project with respect to utilities shall be as follows:

6.1.1 Whenever any utility lines or connections are located or installed within the Project, which connections serve more than one Parcel, the Owner of each Parcel served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service such Owners' Parcel.

6.1.2 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

6.1.3 All gas, electric, power, telephone, water, sewer, television and other utility and service connections conduits and lines shall be located either underground or concealed within or under buildings or other structure except when prohibited by law. Service pedestals, transformers, switch cabinets and similar installations may be located above ground.

6.2 Easements for Utilities and Maintenance

Easements over and under the Common Area for the installation, repair and maintenance of sanitary sewer, water, electric, gas, telephone lines and facilities, cable or master television antenna lines, drainage facilities, walkways and landscaping, as shown

on the Map of the Property and as hereafter may be required to service the Property, are created by the Map.

*End of Article 6 Entitled
Utilities*

ARTICLE 7
Use Restrictions

In addition to all of the covenants contained herein, the use of the Property and Project and each Parcel therein is subject to the following:

7.1 Use of Individual Parcels

No Parcel shall be occupied and used except for single family residential purposes by the Owners, their tenants and social guests. Any guest house, which may include guest houses with kitchens or servants' quarters, shall be for the use of bona fide guests or servants as the occupants of the main residence and shall not be rented or leased separately from the main Unit on the Parcel. "Home Occupations", as that term is defined in Section 103 and as further restricted by Section 109(a)(2)(L) of the Planning and Zoning Ordinance of Yavapai County, Arizona as well as limited boarding of horses for profit and the casual breeding of animals for profit are permitted to be conducted on any Parcel. Except as provided in the previous sentence of this Section, however, no trade or business shall be conducted thereon.

7.2 Nuisances

No noxious, illegal or offensive activities shall be conducted on any Parcel or on any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with, the quiet enjoyment of each Owner of his respective Parcel or which shall in any way increase the rate of insurance for the Project or cause any insurance policy to be canceled or cause a refusal to renew the same or which will impair the structural integrity of any improvement on the Property. Any increase in the insurance premiums for the Common Area caused by an Owner shall be paid for by such Owner.

7.3 Vehicle Restrictions

No trailer, camper, mobile home, recreational vehicle, commercial vehicle, truck (other than standard size pick-up truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Project other than temporarily (for purposes of loading and unloading of passengers or personal property), unless placed or

maintained within an enclosed garage or carport or in an area specifically designated for such purpose by the Board or stored in an unobtrusive and inoffensive manner and condition as may be authorized by the Board. Commercial vehicles shall not include sedans or standard size pick-up trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the Property. Owners shall keep their Parcel (including, but not limited to, garages/carports and driveway) neat, clean and free from clutter, debris or unsightly objects, and shall comply with all rules adopted by the Association in connection therewith.

7.4 Animals

Horses, cattle and domestic animals are allowed to be kept on each Parcel in reasonable numbers. The casual breeding, as well as the raising and breeding of animals, including, but not limited to, pigs for specific projects such as 4-H programs is permitted. The commercial raising of livestock is not permitted. The Board, in its sole discretion, may determine which uses are permitted or not permitted pursuant to this subsection and may issue rules and regulations to clarify this subsection. No ostriches, emus, fighting chickens, violent dogs or wild animals may be kept on any Parcel, notwithstanding anything in this Declaration to the contrary. All livestock and poultry shall be confined within a fenced area on each Parcel. All areas maintained for livestock or poultry shall at all times be kept clean and odor-free and otherwise in such a manner as not to disturb other Parcel Owners. Usual and ordinary household pets such as dogs, cats or birds may be kept, provided that they are kept under reasonable control at all times. Without limiting the foregoing, all cats and dogs shall be on leashes under control of the Owner or other Person while such animal(s) is (are) on the Project outside of the Owner's Parcel. The Board may enact reasonable rules respecting the keeping of such animals within the Project and may designate certain areas in which such animals may be taken.

7.5 Garbage and Refuse Disposal

All rubbish, trash and garbage shall be regularly removed from the Property and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans (other than those provided by the Association), woodpiles or storage piles shall be kept screened and concealed from view of the other Parcels, streets and the Common Area, except as may otherwise be authorized by the Board."

7.6 Right to Lease

The respective Parcels shall not be rented by the Owners thereof for transient or hotel purposes which shall be defined as (a) rental for any period less than thirty (30) days or (b) any rental if the occupants of the Parcel are provided customary hotel service such

as room service for food and beverages, maid service, laundry or linen service or bellboy service. Subject to the foregoing restrictions, the Owners of the respective Parcels shall have the absolute right to lease the Parcels, provided that the lease is for the entire Parcel, is in writing and is specifically made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration and the Bylaws and any rules and regulations published by the Association.

7.7 Clothes Lines; Window Coverings

No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes. Furthermore, no clothing, laundry or other personal items are to be hung out on the patios or yard areas of the Units or Parcels. No kind of foil shall be placed upon the windows of the Units, nor shall the patios or yard areas of the Units and Parcels be used for storage purposes, except as may be authorized by the Board.

7.8 Lights; Noise

No spotlights, flood lights or other external lighting shall be placed upon any Unit without the prior written consent of the Board. No outside speakers or amplifiers shall be permitted except with the prior approval of the Architectural Committee. All speakers, amplifiers, radios and other means of emitting sound, whether located inside or outside of a Unit, shall be subject to regulation by the Board as to noise levels and time of use. All outside lighting, except porch lights and other customary, indirect noncolored lighting shall be subject to prior approval by the Architectural Committee.

7.9 Liability of Owners for Damage to Common Area

The Owner of each Parcel shall be liable to the Association for all damages to the Common Area or improvements thereon caused by such Owner or any occupant, guest or invitee of or to his Parcel. The Association shall be entitled to commence an action law or in equity under Arizona law to enforce this obligation and/or recover damages for the breach thereof.

7.10 Storage Tanks; Well or Pump Equipment and Fences

Any water storage tanks located on a Parcel permitted by the Committee shall be painted an earth-tone color. Any water pumping equipment located outside the Unit shall be enclosed in a structure approved by the Architectural Control Committee. Each Parcel Owner shall only construct fences which have been approved by the Architectural Control Committee and which are of new material and are of sufficient height and strength to contain all permitted livestock or poultry.

7.11 No Warranty of Enforceability

While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 7 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Parcel in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Parcel agrees to hold Declarant harmless therefrom.

*End of Article 7 Entitled
Use Restrictions*

**ARTICLE 8
Architectural Control**

8.1 Prohibition of Alteration and Improvement

No building, fence, wall, obstruction, balcony, screen, patio, patio cover, solar collector, antenna, tent, awning, carport, carport cover, improvement or structure of any kind shall be commenced, erected, painted or maintained upon the Project, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by an Architectural Control Committee (the "Committee") appointed by Declarant or elected by the Board as provided in this article. There shall be no construction, alteration or removal of any structure or improvement in the Project which would impair or affect the integrity or stability of any existing structure and no changes to exterior color schemes in the Project shall be permitted without the prior written consent of the Committee as provided below.

8.2 Plans and Approval

Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements or alterations shall be submitted to the Committee for approval as to design and harmony of external design with existing structures and as to location in relation to surrounding structures, topography and finished grade elevation. The Committee shall grant or withhold approval of any proposal submitted to it in its reasonable discretion, taking into account the overall look and feel of the Project, the preservation of the rural Western character of the Project, the concerns and comments of other Owners and the best interests of the Project. No building shall be permitted in the no building area designed on the Map. The Committee's decision shall be final and there shall be no appeal therefrom. No permission or approval shall be required to rebuild in accordance with plans and specifications previously approved by the Committee. No landscaping of

patios or yards visible from the street or from the Common Area shall be undertaken by any Owner until plans and specifications showing the nature, kind, shape and location of the materials shall have been submitted to and approved in writing by the Committee. In the event the Committee fails to approve or disapprove such plans, specifications and proposed improvement or alteration within thirty (30) days after said plans and specifications have been submitted to it, written approval by the Committee will not be required and this article will be deemed to have been fully complied with. The restrictions contained in this paragraph shall not apply to the Declarant in any manner.

8.3 Architectural Control Committee

The number, appointment and term of members of the committee shall be as follows:

8.3.1 There shall be three (3) members on the Committee.

8.3.2 Declarant may appoint all of the original members of the Committee for so long as the Class B Membership exists. Thereafter, members of the Committee shall be appointed by the Board, and at any time the Board shall have the power to appoint replacements for or remove and replace any or all of the members of the Committee. Subject to the right and power of the Board to remove and replace, at any time, any member of the Committee, Committee members or replacements appointed by the Board shall serve one (1) year terms.

8.3.3 Committee members appointed by Declarant need not be Members of the Association. Committee members appointed by the Board shall be Members of the Association. Officers and Directors of the Association can be members of the Committee.

8.4 Other Approvals: Liability.

No approval by the Committee of any proposed construction, installation, modification, addition or alteration shall be deemed to replace or be substituted for any building permit or similar approval required by applicable governmental authority, nor shall any such approval be deemed to make the Committee (or the Board or the Association) liable or responsible for any damage or injury resulting or arising from any such construction, modification, addition or alteration. Approval by the Committee shall not be deemed or interpreted to be a warranty or confirmation of any kind concerning the engineering or structural integrity, quality or safety of construction of the proposed installation, modification, addition or alteration and the Person proposing the same and his agents and contractors shall be solely responsible therefor. Neither Declarant, the Association, the Board nor the Committee (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:

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

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

8.4.3 the development of any Parcel.

8.5 Fee

The Board may establish a reasonable processing fee to defer costs of the Committee in considering any request for approvals submitted to the Committee or for appeals to the Board, which fee shall be paid at the time the request for approval or review is submitted.

8.6 Inspection

Any member or authorized consultant of the Committee, 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 Parcel, after reasonable notice to the Owner or Occupant of such Parcel, in order to inspect the improvements constructed on such Parcel to ascertain that such improvements have been, or are being, built in compliance with this Declaration, the standards and procedures adopted by the Committee and any approved plans, drawings or specifications.

*End of Article 8 Entitled
Architectural Control*

ARTICLE 9
Maintenance, Mining, Grazing

9.1 Grazing Rights

Declarant, on its own behalf and on behalf of Goswick Cattle Company, an Arizona partnership, reserves the right to graze cattle on any part of any Parcel until such time as the Owner of such Parcel constructs an approved fence which excludes cattle from the Parcel. The foregoing right shall be assignable, shall not entitle the Owner of any Parcel to compensation for such grazing and shall include the right to access each Parcel for the purpose of managing cattle.

9.2 Maintenance. No Unit or any other structure or improvement on a Parcel shall be permitted to fall into disrepair. All Units or any other structure or improvement on

a Parcel shall be kept in good, clean condition and repair with surfaces adequately painted and with windows, doors, screens, awnings and the like properly cleaned and maintained. Outdoor grills and barbecues shall be the only outdoor burning permitted. Natural areas and drainage courses within the Common Area shall not be used for dumping or vehicular traffic and shall be maintained fully open and unobstructed.

9.3 Mining. No mineral exploration or mining operations of any kind shall be permitted whether involving discovery, exploration, location, removal, milling or refining and whether relating to water, oil, gas, hydrocarbons, gravel, uranium, geothermal steam or otherwise. Notwithstanding the foregoing, water wells for domestic use shall be permitted.

*End of Article 9 Entitled
Maintenance, Mining, Grazing*

ARTICLE 10

General Provisions

10.1 Invalidity of Any Provision

Should any provision of this Declaration be declared invalid or in conflict with any law of the State of Arizona, the validity of all other provisions shall remain unaffected and in full force and effect.

10.2 Amendments

Subject to the standards set forth in any applicable laws, regulations or ordinances of any governmental or quasigovernmental body or agency having jurisdiction over the Project, this Declaration and/or the Map may be amended only by the vote or written assent of the Owner(s) of seventy-five percent (75%) or more of the total votes held by the membership. Declarant may alter the size of and boundaries between Parcels at any time so long as (a) such altered Parcels are owned by Declarant, and (b) such alterations do not modify or change the size or the boundaries of any Parcels not owned by Declarant.

10.3 Encroachment Easements

Each Unit and Parcel within the Project is hereby declared to have an easement over all adjoining Units and Parcels and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of buildings or any other similar cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting, provided however, that in no event shall a valid

easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a Unit is partially or totally destroyed and then repaired or rebuilt, the Owners of all Parcels agree that minor encroachments over adjoining Units or Parcels or the Common Area shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

10.4 Entry for Repairs

The Board or its agents may enter any Parcel when necessary in connection with any repairs, maintenance, landscaping or construction for which the Association is responsible. Such entry shall be made upon reasonable notice, unless it would be impractical to give notice in an emergency, and with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the Association. No Owner shall do any act or create any obstruction which would unreasonably interfere with the right or ability of the Association to perform any of its obligations or exercise any of its rights under this Declaration.

10.5 Insurance; Damage or Destruction

10.5.1 Reconstruction by Parcel Owners

Subject to other provisions of this Declaration, in the event of damage to or destruction of any part of a Unit or Parcel, the Owner shall reconstruct the same as soon as reasonably practicable and substantially in accordance with the original plans and specifications therefor or shall remove all debris from the Parcel such that the Parcel does not have an unsightly appearance or otherwise constitute a nuisance to neighboring Parcels. Each Owner shall have an easement of reasonable access into any adjacent Parcel for purposes of repair or reconstruction of his Unit as provided in this Subsection.

10.5.2 Association Liability Insurance

The Association may obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant, the agents and employees of each and the Owners and their respective family members, guests and invitees against any liability incident to the ownership or use of the Common Area and facilities in the Recreational Common Area and areas within Parcels which the Association is responsible for maintaining, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners or the Association. Such insurance shall be in amounts deemed appropriate by the Board. The Association may purchase such other Insurance as it may deem necessary, including without limitation, workmen's compensation, directors liability and

errors and omissions insurance, and may purchase fidelity coverage against dishonest acts by any directors, managers, trustees, employees or volunteers of the Association who are responsible for handling funds belonging to or administered by the Association. Insurance premiums shall be a Common Expense to be included in the Assessments levied by the Association. Neither the Declarant, the Association nor any officer or director thereof shall be liable to any Owner or other party if any risk or hazard is not covered by insurance or the amount is inadequate. Each Owner is responsible for ascertaining the Association's coverage and for procuring such additional coverage as such Owner deems necessary.

10.5.3 Proceeds from Insurance

Any insurance proceeds payable from policies procured by the Association on account of any loss or damage shall be used to defray such loss or damage. With respect to the damage or destruction of any Common Area or improvements thereon, the Association, acting through its Board shall promptly repair, replace and rehabilitate all things damaged or destroyed. Construction and design of any improvements shall be substantially similar to the prior condition of the Common Area and improvements thereon. Should insurance proceeds not be sufficient or should the damage not be covered by insurance, repairs or replacements shall be effected and paid for by levying a special Assessment on all Parcel Owners to restore or rebuild said improvements. The Association's use of funds from its general account or levy of a special Assessment shall not constitute a waiver of the Association's or any Owners right to institute any legal proceeding or suit against the Person or Persons responsible, purposely or negligently, for the damage.

10.6 Condemnation

Upon receipt of notice of intention or notice of proceedings whereby all or any part of the Project is to be taken by any governmental body by exercise of the power of condemnation or eminent domain, all Owners shall be immediately notified by the Association thereof. The Association shall represent the Owners in any condemnation or eminent domain proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any part of the Common Area of the Project, and every Owner appoints the Association his/her attorney-in-fact for this purpose. The entire award made as compensation for such taking of Common Area, including but not limited to any amount awarded as severance damages, or the entire amount received and paid in anticipation and settlement for such taking, after deducting therefrom, in each case, reasonable and necessary costs and expenses, including but not limited to attorneys' fees, appraisers' fees and court costs (which net amount shall hereinafter be referred to as the "Award"), shall be paid to the Association as trustee for the use and benefit of the Owners. The Association shall, as it is practicable, cause the Award to be utilized for the purpose of repairing and restoring the Project, including, if the Association deems it necessary or desirable, the replacement of any improvements so taken or conveyed.

In the event of any taking of any Parcel in the Project by eminent domain, the Owner of such Parcel shall be entitled to receive the award for such taking, and after acceptance thereof he and all of his Mortgagees shall be divested of all interest in the Project if such Owner shall vacate his Parcel as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Project or take other action. The remaining portion of the Project shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking. In the event of a taking by eminent domain of more than one Parcel at the same time, the Association shall participate in the negotiations and shall propose the method of division of the proceeds of condemnation where Parcels are not valued separately by the condemning authority or by the court.

10.7 Limitation of Restrictions on Declarant; Additional Restrictions on Declarant

Declarant is undertaking the work of improvements upon the Property. The completion of that work and the sale of the Parcels are essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

10.7.1 Prevent Declarant, its contractors or subcontractors from doing on the Project or any Parcel whatever is reasonably necessary or advisable in connection with the completion of the work;

10.7.2 Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Project such structures as may be reasonable and necessary for the conduct of its business;

10.7.3 Prevent Declarant from conducting on any part of the Project its business of completing the work and of establishing a plan of Parcel ownership and of disposing of said Project in Parcels by sale, lease or otherwise; or

10.7.4 Prevent Declarant from maintaining such sign or signs on any portion of the Project as may be necessary for the sale, lease or disposition thereof.

10.8 Termination of Any Responsibility of Declarant

In the event Declarant shall assign all of its right, title and interest as Declarant to any Person then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder which accrues or relates to circumstances occurring after the date of such conveyance, and such Person shall be obligated to perform all such duties and obligations of the Declarant, to the extent accruing or relating to circumstances occurring from and after the date of such conveyance.

10.9 Owner's Compliance

Each Owner, tenant or occupant of a Parcel shall comply with the provisions of the Project Documents and all decisions and resolutions of the Association or its duly authorized representative(s), and failure to comply with any such provisions, decisions or resolutions shall be grounds for an action to recover sums due, for damages (including costs and attorneys' fees) and/or for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Bylaws shall be deemed to be binding on all Parcel Owners, their successors and assigns.

10.10 Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail. Thereafter, priority shall be given to Project Documents in the following order: Map, Articles, Bylaws and rules and regulations of the Association.

10.11 Persons Entitled to Enforce Declaration

The Association, any Owner and any governmental or quasigovernmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court, provided however, that an individual Owner shall have no right to enforce the collection of any Assessment levied against any other Owner under Article IV above.

10.12 Remedies for Violation of Declaration

The following provisions are in addition to and not in lieu of any other terms and conditions contained in the Declaration relating to remedies.

10.12.1 Violation of any of the covenants, conditions or restrictions, the breach of any of the covenants or agreements contained herein or the breach of any rules and regulations promulgated by the Board, whether by an Owner or occupant of any Parcel, shall enable the Association, acting through the Board or an authorized agent, to enter the Parcel as to which said violation or breach may exist and summarily enforce such covenants, conditions, restrictions, agreements, rules and regulations and to abate and remove the thing or condition which may exist thereon contrary to the provisions hereof, at the sole expense of the Owner of said Parcel, without being deemed guilty of having trespassed in any manner, provided however, that an appropriate court order shall be required before any items of construction can be removed or altered.

10.12.2 In the event of any default by an Owner or occupant under the provisions of this Declaration, the Articles, the Bylaws or the rules and regulations of the Association, the Association, its successors and assigns, acting through the Board or an authorized agent, shall have each and all of the rights and remedies which may be provided for in this Declaration, the Articles, the Bylaws and said rules and regulations or which may be available at law or in equity, including but not limited to an action for the appointment of a receiver for the Parcel without regard to the value of such Parcel or the solvency of such Owner, or for damages, injunction, specific performance or for a judgment for payment of money and collection thereof.

Nothing contained in this Declaration shall preclude the Association, its agents, the Board, Declarant, an aggrieved Owner, a First Mortgagee or other Person having an interest in the Project from exercising any available remedy at law or in equity. All cost and attorneys fees incurred by the Association in enforcing compliance with this Declaration (whether or not a lawsuit or other legal action is instituted or commenced) or in connection with any legal action or proceedings in connection with any default under this Declaration by an Owner or an occupant of any Parcel and all damages, liquidated or otherwise, together with interest as provided in Subsection 4.1, shall be charged to and paid by such defaulting Owner as provided in Subsection 4.1. The Association, acting through the Board or its authorized agent, shall have the authority to correct any default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and paid by such defaulting Owner, and such charges shall be part of and be secured by the lien against the defaulting Owner's Parcel as provided in Subsection 4.1. Any amounts charged to an Owner of a Parcel pursuant to this Subsection 4.1 or Subsection 4.9 shall be immediately due and payable upon notice to the Owner unless a specific due date is established thereof pursuant to this Declaration.

10.12.3 Anything to the contrary herein notwithstanding, any breach of any of the covenants, conditions, restrictions, reservations and servitudes provided for in this Declaration shall not defeat or adversely affect the lien of any First Mortgagee upon any Parcel but, except as herein specifically provided, each and all of said covenants, conditions, restrictions, reservations and servitudes shall be binding upon and effective against any lessee or Owner of a Parcel whose title thereto is acquired by foreclosure, trustee's sale, sale, deed in lieu of foreclosure or otherwise.

10.13 Waiver; Remedies Cumulative

No failure or delay on the part of any Person in exercising any right, power or privilege hereunder and no course of dealing between or among the Persons subject hereto shall operate as a waiver of any provision hereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which

any Person subject hereto would otherwise have. No notice to or demand upon any Person in any case shall entitle such Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of rights to any other or further action in any circumstances.

10.14 Judicial Proceedings

All Owners agree that any matter arising under this Declaration may be finally adjudged or determined in any court or courts of the State of Arizona or of the United States of America having jurisdiction in the State of Arizona, and such Owners hereby submit generally and unconditionally to the jurisdiction of such courts and of any of them in respect to any such matter. For the purpose of instituting or defending any action with respect to the Common Area, or with respect to any matter affecting the Owners with respect to the Common Area, and further in connection with enforcing this Declaration, the Articles, the Bylaws and any rules and regulations adopted pursuant to this Declaration, the Articles or the Bylaws, or in any other instance where the Board and/or the members of the Association deem it is necessary for the best interest of the Project as a whole, the Association, acting by and through its Board, shall be deemed the real party in interest and is hereby authorized to commence and prosecute any such proceedings or to defend any such action. Nothing contained in this shall be deemed or construed to impose upon the Association, its Members or the Board any liabilities or obligations nor grant to any third party or parties any rights that any of said above-named parties would not otherwise have if this article were not contained herein.

10.15 Governing Law

This Declaration and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Arizona.

*End of Article 10 Entitled
General Provisions*

10.15

10.15

IN WITNESS Whereof, the undersigned, being the Declarant herein, has executed this Declaration this 9th day of September, 2003.

"DECLARANT"

GOSWICK RANCH, LLC,
an Arizona limited liability company

By Giles W. Goswick
Its Manager

STATE OF ARIZONA)
) ss.
County of Yavapai)

On September 9, 2003, before me, the undersigned Notary Public in and for said state and county, personally appeared Giles W. Goswick, known to me to be the Manager of Goswick Ranch, LLC, an Arizona limited liability company, whose name is subscribed to the within Declaration of Covenants, Conditions and Restrictions and known to me to be the person who executed the within instrument on behalf of said corporation.

Dawn M. O'Dell
Notary Public



OFFICIAL SEAL
DAWN M. O'DELL
Notary Public - State of Arizona
YAVAPAI COUNTY
My Comm Expires June 30, 2008

SEAL