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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 OF
 SPYGLASS ESTATES

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SPYGLASS ESTATES

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SCHEDULE "A": DRIVEWAY APPROACH SPECIFICATIONS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

SPYGLASS ESTATES

PREAMBLE

THIS DECLARATION, is made as of the date hereinafter set forth by ANTIGUA CONSTRUCTION, INC., an Arizona corporation (hereinafter referred to as "Declarant").

STATEMENT OF PURPOSE, Declarant is owner of certain property in the City of Mesa, County of Maricopa, State of Arizona, and more particularly described as follows:

LOTS 1 to 66, inclusive, and TRACTS "A" and "B", SPYGLASS ESTATES, according to the plat recorded in Book 289 of Maps, page 17, records of Maricopa County, Arizona (sometimes hereinafter referred to as the "Neighborhood").

NOW THEREFORE, Declarant, the Developer of the Neighborhood, hereby declares that all of the property forming a part of the Neighborhood, shall be held, sold, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of the Neighborhood and which shall run with the real property and shall be binding on and for the benefit of all parties having or acquiring any right, title or interest in the Neighborhood or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each Owner thereof. All of this Declaration shall run with all of said real property belonging to the Neighborhood for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners and their successors in interest. By acceptance of a deed, lease or other instrument of conveyance, or acquiring any ownership or other interest in any of the real property now or hereafter forming a part of the Neighborhood or otherwise subject to this Declaration, each person or entity for themselves or itself, their heirs, personal representatives, successors, transferees, invitees and assigns, are bound and acknowledge, consent and agree to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereto. In addition, each such person or entity by so doing thereby acknowledge that this Declaration sets forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his, her, their or its interest that all the restrictions, conditions,

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covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees and transferees thereof. Furthermore, each such person or entity fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future owners.

SECTION 1

DEFINITIONS

1.1. "Angular Manor Homesites" are Manor Homesites located on the corner of two streets, on cul-de-sacs or on Manor Homesites which have front lot lines that are angular or curved.

1.2. "Architectural Committee" or "Committee" shall mean the committee created pursuant to Section 4 hereof dealing with the "Architectural Committee".

1.3. "Architectural Committee Rules" shall mean the rules adopted, from time to time, by the Architectural Committee.

1.4. "Articles" shall mean the Articles of Incorporation of the Association which are, or shall be, filed in the office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

1.5. "Association" shall mean and refer to SPYGLASS ESTATES HOMEOWNERS ASSOCIATION NO. 1, INC., an Arizona non-profit corporation, its successors and assigns, to be established pursuant to this Declaration.

1.6. "Association Rules" shall mean the rules adopted by the Board and/or Architectural Committee, as they may be amended from time to time.

1.7. "Board" shall mean the Board of Directors of the Association.

1.8. "Bylaws" shall mean the Bylaws of the Association, as such may be amended from time to time.

1.9. "City" shall mean the City of Mesa of the State of Arizona.

1.10. "Common Area" or "Common Areas" shall mean all real property, including any improvements thereto that are now or hereafter owned by the Association for the common use and enjoyment of the Owners. The Common Area designated to be owned by the Association at the time of the conveyance of the first Manor Homesite is described as follows:

Tracts "A" and "B", SPYGLASS ESTATES, according to the recorded plat therefor hereinbefore described, together with all lands and/or right-of-way easements within the Neighborhood which may

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be dedicated to the public or to the City, but which the Association is required or authorized to maintain for the common benefit of the Owners.

1.11. "Declarant" shall mean and refer to ANTIGUA CONSTRUCTION, INC., an Arizona corporation, or its specifically designated successors.

1.12. "Declaration" shall mean the covenants, conditions and restrictions hereinafter set forth in this entire document, as the same may be amended from time to time.

1.13. "Developer" shall mean Declarant or any successor to all or substantially all of the interest of Declarant.

1.14. "Grass Parkway" shall mean that area (approximately three and one-half (3.5) feet wide) of the Neighborhood that lies between the alignment of any public street or roadway and the sidewalk (proposed or existing) and which is intended to be planted with grass and maintained by the Association.

1.15. "Improvement" shall mean the buildings, pools, fences, walls, hedges, plantings, planted trees and shrubs and any and all structures and landscaping of any type and kind.

1.16. "Inside Perimeter Trees" shall have the same meaning given under Section 2.11 hereof.

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1.17. "Initial Maximum Annual Assessment" shall have the same meaning as given under Section 6.3 hereof.

1.18. "Lot" shall mean and refer to any separate parcel of real property shown upon any recorded subdivision map of the Neighborhood other than the Common Area or any tract.

1.19. "Maintenance Areas" shall mean those areas which may be maintained by the Association and as provided in Section 3.7 hereof dealing with Maintenance Areas.

1.20. "Manor Homesite" shall have the same meaning as Lot hereunder.

1.21. "Member" shall mean any person, corporation, partnership, joint venture or other legal entity who is a member of the Association.

1.22. "Mortgage" shall mean "Deed of Trust", "mortgagor" shall mean "Trustor", and "Mortgagee" shall mean "Beneficiary".

1.23. "Neighborhood" shall mean and refer to the real and/or personal property subject to this Declaration and as described in the Statement of Purpose within the Preamble at the beginning of this document, including the Common Area, any landscaped medians and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.24. "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, of equitable or beneficial title

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(or legal title if merged with equitable or beneficial title) of any Manor Homesite. "Owner" shall include the purchaser of an executory contract for the sale of property. The foregoing does not include persons or entities who hold an interest in any Manor Homesite merely as security for the performance of an obligation. Except as stated otherwise herein, "Owner" shall not include a lessee or tenant of any Manor Homesite. For purposes of Section 2 hereof dealing with Use Restrictions only, unless the context otherwise requires, "Owner" shall also include the family, guests, invitees, licensees and lessees of any Owner, together with any other person or parties holding any possessory interest granted by such Owner in any Manor Homesite. "Owner" shall include Declarant so long as Declarant owns any Manor Homesite within the Neighborhood.

1.25. "Perimeter Fence" shall have the same meaning given under Section 2.8 hereof.

1.26. "Project", "Property" or "Properties" shall have the same meaning as the definition of Neighborhood in Section 1.23 hereof.

1.27. "Reversionary Owner" shall mean any person or entity principally engaged in the making of real estate loans that acquires ownership of any Manor Homesite by foreclosure of a mortgage of record, exercise of a power of sale under a deed of trust or other similar legal process as is now in effect or as may hereinafter be established under the laws of the State of Arizona. A Reversionary Owner does not include any person or entity that receives ownership from a Reversionary Owner.

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1.28. "Trees To Screen Street Side Fencing" shall have the same meaning given under Section 2.10 hereof.

1.29. "Vacant Manor Homesite" shall mean a Manor Homesite upon which a principal permanent residence has not been completed and approved by final construction inspection by the City.

1.30. "Visible from Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of neighboring property within the Neighborhood at an elevation no greater than the elevation of the base of the object being viewed.

SECTION 2

USE RESTRICTIONS

Permitted uses, conditions and restrictions for all of the Neighborhood and all of the property covered by this Declaration shall be as follows:

2.1. Single Family Residential Use. All of the Manor Homesites shall be used, improved and devoted exclusively to single family residential use. No structure whatever, other than one private single family residence together with a private garage; a guest house; customary outbuildings, servants' quarters and other customary structures shall be

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erected, placed or permitted to remain on any Manor Homesite. No gainful occupation, profession, trade or other non-residential use shall be conducted on any portion of the Neighborhood. No boat, truck, mobile home, trailer, camper or recreational vehicle shall be used as a living area while located within the Neighborhood.

2.2. Minimum Livable Area. All single-family residences constructed within the Neighborhood shall contain a minimum livable area of three thousand five hundred (3,500) square feet. Where there is a second story or a basement, the ground level square footage livable must be at least three thousand (3,000) square feet. All square footage requirements shall be exclusive of open porches, guest houses, servants' quarters, carports, garages or other areas generally considered non-livable.

2.3. Setback Requirements. No building shall be erected on any Manor Homesite, any wall of which is less than the following distances from the respective boundaries of the Manor Homesite on which such building is erected:

- 45 feet from the front boundary,
- 35 feet from any rear boundary,
- 20 feet from any side boundary not facing a street, and
- 25 feet from any side boundary facing a street,

except that accessory buildings Unofficial Document erected by the Architectural Committee such as a private garage, customary outbuildings, a guest house, or servants' quarters shall not be closer than twenty (20) feet to the rear Manor Homesite boundary. Notwithstanding anything to the contrary herein contained, the Architectural Committee, special setbacks may be established by the Architectural Committee for Angular Manor Homesites. Furthermore, the Architectural Committee, in any event, may by affirmative action and in the exercise of its sole discretion, permit minor variances from the setback requirements set forth herein. Prior to requesting a variance from the Architectural Committee, the Owner shall, however, be required to obtain all necessary permits and variances from the City. Also, the Manor Homesites known as Lots 8, 9, 12 and 13 of the Neighborhood (which border on Hermosa Vista Drive) may use setbacks approved by the City and the Architectural Committee. All building setbacks shall furthermore be in compliance with the minimum requirements established by any applicable zoning ordinance.

2.4. Plat Discrepancies. In the event of any discrepancies between the provisions of this Declaration, as amended from time to time, and the recorded subdivision plat for the Neighborhood, the provisions of this Declaration shall prevail.

2.5. Consolidation of Manor Homesites. Two (2) or more adjoining Manor Homesites may be combined and their original boundary lines abandoned so as to permit construction to overlap such Manor Homesites. Thereafter any such consolidated Manor Homesites shall be treated as though their expanded dimensions had originally constituted only one Manor Homesite for all purposes except membership in the Association and voting rights therein and the calculation of assessments which may be levied hereunder by the Association.

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2.6. Restriction on Further Subdivision. No Manor Homesite within the Neighborhood shall be further subdivided or separated into smaller lots or parcels by any Owner, and no portion less than all of any Manor Homesite nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Architectural Committee. This provision shall not, in any way, limit Declarant from subdividing or separating into smaller lots or parcels any property owned by Declarant. This restriction shall not prevent the conveyance of part of a Manor Homesite to the Owner of any adjacent Manor Homesite provided that thereafter the Manor Homesites owned by each shall not contain less than 35,000 square feet. Any conveyance of a Manor Homesite or any portion thereof to an adjacent Owner must have the prior written approval of the Architectural Committee. Prior to requesting such approval from the Architectural Committee, the Owner making such request shall be required to obtain all necessary approvals from the City.

2.7. Plan Approval of Improvements and Alterations. No improvement, alteration, repair, excavation or other work which in any way alters the exterior appearance of any Improvement or any portion of any Manor Homesite from its natural or improved state as existing on the date of the Declaration and no building, fence, wall, drive approach or other structure shall be commenced, erected, maintained, improved, altered, made or done until the plans and specifications for the same in all construction details, including shape, height, materials, floor plans, colors, location and approximate cost shall have been submitted to and approved in writing by the Architectural Committee. The Architectural Committee shall have the right Unofficial Document to refuse to approve any plans or specifications or grading plans which are not suitable or desirable in its opinion, for aesthetic or other reasons and in so passing upon such plans, specifications and grading plans, and without any limitation on the foregoing, it shall have the right to take into consideration the suitability of the proposed improvements, the materials of which it is to be built, the site upon which it is proposed to be erected, the extent to which natural growth and terrain would have to be altered, the harmony thereof with the surroundings and the effect of the Improvement as planned on the outlook from the adjacent or neighboring property. All subsequent additions to or changes in or alterations in any Improvement, including exterior color scheme, shall be subject to the prior written approval of the Architectural Committee. No changes or deviations in or from such plans and specifications once approved, shall be made without the prior written approval of the Architectural Committee. All decisions of the Architectural Committee shall be final and no Owner or other party shall have recourse against the Architectural Committee for its refusal to approve any such plans and specifications. However, the approval of the Architectural Committee of any item submitted to it shall not be unreasonably withheld. The Architectural Committee shall not be liable for damages to anyone submitting plans for approval or making any other request of the Committee, nor to any Owner, lessee or sublessee of the Neighborhood or any portion thereof by reason of mistake in judgment, negligence or nonfeasance of itself, its agents, representatives or employees, arising out of, directly or indirectly, or in connection with the approval or disapproval, or failure to approve, any plans or other requests and each and every Owner agrees not to bring action or suit to recover any such damages against the Architectural Committee or any of the members thereof.

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2.8. Fences and Perimeter Fence. Each Owner shall enclose the back and side yards of his Manor Homesite with a masonry block wall six (6) feet in height (sometimes hereinafter called the "Perimeter Fence"). When requesting approval from the Architectural Committee for block fences, the manufacturer of the block, and the size, location and color of the block must be specified. The exterior color of such block fences must harmonize with the exterior colors of the home. No front yard fence within twenty (20) feet of the front line of a Manor Homesite shall exceed three (3) feet in height unless a variance from this requirement has been specifically issued by the Architectural Committee. Fences facing a street shall be set back ten (10) feet from the property line of the Manor Homesite on which they are located. The location, height, design, detail and type of materials used for all fences must be approved in advance by the Architectural Committee. No chainlink boundary fence, grape stake fence or other fence shall be erected on any Manor Homesite which fails to harmonize with the design of a single family residence. No fence at any time shall exceed six (6) feet in height, except as approved by the Architectural Committee in conjunction with approval of plans and specifications for a tennis court or satellite dish. Installation of a fence shall otherwise comply with applicable ordinances of the City. The Association may by its Bylaws, rules, regulations or otherwise, govern the use of party walls or fences by Owners, if necessary to prevent the imposition of annoyances between Owners, or in the event of destruction.

2.9. Removal and Replacement of Citrus Trees. No citrus trees located upon any Manor Homesite may be removed or replaced without the prior written approval of the Architectural Committee, which approval shall not be unreasonably withheld. All requests or applications for construction of any building, fence or structure must show the approximate location of any trees requested to be removed and in the front of each principal permanent residence. This provision shall not prohibit Owners from planting other types and varieties of trees on their respective Manor Homesites and such planting is encouraged.

2.10. Trees To Screen Street Side Fencing. Any fence facing the street (other than fence returns to the front elevation of a residence) must be screened by a continuous row of trees. If the proposed location of such a fence is not already screened by existing citrus trees (one tree approximately every twenty (20) feet along the length of such fence), then the Owner shall plant additional trees of a size not less than 15 gallon, approximately every twenty (20) feet along the length of such fence and as reasonably required by the Architectural Committee. Such trees shall be planted to the outside of such a fence facing the street.

2.11. Inside Perimeter Trees. Each Owner shall also plant a continuous row of trees within each yard along the length of any Perimeter Fence. Each tree in such a row shall be spaced approximately every twenty (20) feet from each other tree and shall be approximately twenty (20) feet from the inside of the Perimeter Fence.

2.12. Landscaping and Landscape Maintenance. All front yard landscaping and landscaping upon portions of the Neighborhood which are Visible From Neighboring Property shall only be installed by Owners in accordance with a landscaping plan which has been submitted to and duly

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approved by the Architectural Committee. Plans submitted to the Architectural Committee for the construction of the residence on a Manor Homesite must include the landscaping plan. All landscaping (pursuant to an approved plan) must be completed by the Owner of a Neighborhood within sixty (60) days following the final City inspection of construction of a residence. Notwithstanding, the Inside Perimeter Trees and Trees To Screen Street Side Fencing must be planted prior to occupancy of a residence upon any Manor Homesite. No substantial change may be made in any landscaping of a Manor Homesite without prior approval of the Architectural Committee. Each yard shall be leveled and planted with grass. Desert landscaping will not be permitted except that nominal amounts of decomposed granite may be used in tree wells and planters and the like provided it meets with the approval of the Architectural Committee. Each Owner shall at all times keep all shrubs, trees and plantings of every kind on his Manor Homesite neatly trimmed, properly cultivated, and free from trash, weeds, and other unsightly material. In the event any Owner fails to landscape or maintain the landscaping on his Manor Homesite in accordance herewith, the Association shall have the right (but not the obligation) to do so and shall charge such Owner the reasonable cost thereof, which charges together with interest at the highest lawful rate for contracting parties shall be paid by the Owner to the Association within thirty (30) days after demand therefor and shall create a claim enforceable in the same manner as other assessments provided for in the Declaration.

2.13. Mail Boxes and Pedestals. Each Owner shall be required to permit the construction and installation of a Mail Box and Pedestal which shall conform as to location, materials, design, height and color and otherwise as may be required by the Architectural Committee. Such construction and installation shall be done by the Association or its contractors, the costs of which shall be fully paid by each Owner to the Association. In this connection, each Owner shall deposit with the Association at the time each Owner purchases a Manor Homesite which does not yet have installed an approved Mail Box and Pedestal a sum equal to the costs thereof estimated by the Association, or in the absence of such estimate, the sum of \$500.00 (which is the maximum estimated cost of each Mail Box and Pedestal). Maintenance, repair and replacement of Mail Boxes and Pedestals shall be regulated by the rules and in the sole discretion of the Association from time to time.

2.14. Roofs and Flashings. All roofs must be of either tile or wood shake construction having a Dutch gable, gable or hip. No roof shall be permitted with a pitch of 3 feet, by 12 feet or less. Flat roofs may be permitted provided they are designed with parapets and otherwise are approved by the Architectural Committee for a specific plan. All roof materials, metal flashings, vents, gutters, down spouts, wires or pipes must be approved in advance by the Architectural Committee and are required to match or coordinate with the color and texture of exterior walls. Changes in color or material of the roof after the structure is built must have the advance written approval of the Architectural Committee.

2.15. Air-Conditioning and Solar Equipment. No heating, air conditioning or refrigeration units, air coolers, furnaces or similar equipment may be located anywhere other than on the ground; provided, however, that solar units meeting all governmental guidelines for

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residential use may be located on the roof if such unit is not viewable from the public street directly in front of the residence on which said solar units are located and further provided its construction does not violate the requirements of the Section 2.18 of this Declaration dealing with Reflective Materials; and such solar unit and its location is specifically approved by the Architectural Committee.

2.16. Outdoor Antennas. No outdoor antenna, or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be created, used or maintained outdoors on any Manor Homesite, whether attached to a building or structure or otherwise if it is Visible From Neighboring Property and unless and until it is approved by the Architectural Committee.

2.17. Tennis Courts and Satellite Dishes. Notwithstanding anything to the contrary herein contained, tennis courts and satellite dishes will be permitted only if, in the judgment of the Architectural Committee, after proper application by each Owner, the proposed tennis court or satellite dish is not detrimental to the view from surrounding properties and does not materially interfere with the harmonious and orderly development of the Neighborhood or necessitate unreasonable destruction to the natural growth and terrain of the Neighborhood. The granting by the Architectural Committee of the application of the plans and specifications of one Owner shall not entitle any other Owner to have his application granted or have his plan and specifications approved. The lighting and utilization of tennis courts shall conform to City ordinances and may be further regulated, restricted and controlled by affirmative action of the Architectural Committee.

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2.18. Lights and Reflective Material. Spot lights or other lights which may reflect upon or cause glare to neighboring property in the determination of the Architectural Committee will not be allowed. Foil or other light-reflective material may not be placed or maintained in the windows or glass areas of any structure erected on any portion of the Neighborhood. Other reflective articles, including reflective house sidings and roofing material are prohibited unless erected and maintained as not to be Visible From Neighboring Property. Notwithstanding the foregoing, the Architectural Committee may, in its sole discretion, approve additional building materials which it deems aesthetically acceptable and which, considering the state of the industry at a given time and which may not have been contemplated by the Declarant.

2.19. Aluminum Doors and Windows. All aluminum constructed doors, windows or arcadia doors shall be white in color or anodized in a natural earthtone color.

2.20. Location of Building Fronts; Prior Approval for Angular Manor Homesites. The location and angle of front elevation of all residences within the Neighborhood must run generally parallel (to the satisfaction of the Architectural Committee) to the front boundary line of each Manor Homesite. However, written approval of the location and angle of front elevations of all residences on Angular Manor Homesites must be obtained from the Architectural Committee.

2.21. Location and Construction of Driveway Cuts and Approaches. Prior to the commencement of construction, each Owner shall

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obtain written approval from the Architectural Committee and the City of the location of all driveway cuts and approaches and shall cause each and every driveway approach to be cut through curb, gutter and sidewalk at Owner's sole expense and in accordance with applicable building codes. Prior to the completion and occupancy of any residence within the Neighborhood, each Owner, at Owner's expense, shall cause to be constructed all driveway approaches to the respective Manor Homesite(s) of the Owner in accordance with the Driveway Detail attached hereto as Schedule "A" and in accordance with applicable building codes therefor and any rules of the Architectural Committee.

2.22. Garages and Garage Entry. Garages shall be used principally for the parking of vehicles and shall be furnished with garage doors. Any garage that is attached to the principal permanent residence shall be designed to permit vehicular entry from its frontage street through the side of such garage unless otherwise approved by the Architectural Committee in the exercise of its sole and absolute discretion. No Carports shall be allowed for the parking of vehicles or trailers. Garages shall not be used for any extended period for storage except such storage as is nominal and incidental and as otherwise meets the approval of the Architectural Committee. Garages shall not be converted for living or other indoor activities. The parking capacity of garages must be sufficient to house two and one-half automobiles and the maximum parking capacity is subject to approval by the Architectural Committee.

2.23. Restriction on Street Parking. No vehicle or trailer of any kind shall be parked on the street for any extended period of time in the determination of the Architectural Committee.

2.24. Trailers and Motor Vehicles. Except with the approval of the Architectural Committee, no mobile home, boat, recreational vehicle, trailer of any kind, truck, camper, or permanent tent or similar structure shall be kept, placed, or maintained, or constructed, reconstructed or repaired, nor shall any motor vehicle be constructed, reconstructed or repaired, upon any portion of the Neighborhood or any any street (public or private) within the Neighborhood, in such a manner as will be Visible From Neighboring Property; provided, however, that the provisions of this subsection shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Committee.

2.25. Utility Service. No gas, electric, power, telephone, water, sewer, cable television or other utility or service lines of any nature or kind shall be placed, allowed or maintained upon or above the ground on any Manor Homesite, except to the extent, if any, underground placement thereof may be prohibited by law or would prevent the subject line from being functional. The foregoing shall not prohibit service pedestals. No provisions hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Committee.

2.26. Underground Sprinkler System. Each Owner shall install an underground sprinkler system to water landscaping in the front of their principal permanent residence, according to the specifications of the

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Architectural Committee, and shall complete such installation prior to completion or occupancy of such residence.

2.27. Drainage. No Owner shall divert or cause the diversion of surface water from his Manor Homesite onto any other property. The provisions of this subsection shall be controlled and limited by the regulations of the City and Maricopa County governing such drainage.

2.28. Maintenance of Vacant Manor Homesites. All Vacant Manor Homesites shall be at all times kept free of rubbish, litter and any weeds shall be kept cut so as to present a tidy appearance. Citrus trees must be watered sufficiently to keep them alive and green.

2.29. Repair of Buildings. No building or structure upon any portion of the Neighborhood shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished.

2.30. Assessments. It is intended that the Neighborhood be compatible with a quality lifestyle and that the physical surroundings of the Neighborhood be compatible with this goal. In order to promote these conditions, and otherwise provide for the orderly management of affairs relating to Owners and the Neighborhood and as provided in this Declaration, the Association may levy assessments pursuant to this Declaration, all of which assessments shall create a claim enforceable and collectible in the manner provided under this Declaration. Such assessments may be levied against all Manor Homesites, or against a specific Manor Homesite or group of Manor Homesites when the charges in connection therewith may be attributed to such specific Manor Homesite or group of Manor Homesites in the determination of the Association. Such assessments may include, without limitation, costs and expenses of the Association: (a) relating to the maintenance by the Association of Common Areas, the Grass Parkway, any retention basin, or any landscaped median; (b) installation and/or reimbursement of any Mail Boxes and Pedestals required hereunder or any park benches; (c) basic landscape maintenance by the Association for Manor Homesites prior to construction of a principal permanent residence thereon; and, (d) in the event of substandard upkeep by an individual Owner in the determination of the Architectural Committee or the Association, landscape maintenance by the Association of a Manor Homesite or Manor Homesites during or following construction. Furthermore, The Architectural Committee and/or the Board may, but is not required to, assess and collect reasonable fines for the violation or other breach of the restrictions contained in this Section 2 of this Declaration provided, however, that the amount and type of such fines are approved by the Board. Such fines shall be in addition to all other remedies of Owners, the Architectural Committee and the Board in connection with such violations.

2.31. Disapproval by Architectural Committee. In addition to the right to disapprove any request, application or condition by the Architectural Committee in the sole exercise of its discretion, the Architectural Committee may also withhold approval on the grounds that an Owner has not paid assessments or charges due in connection with this Declaration or is otherwise not in compliance with one or more of the provisions of this Declaration. The Architectural Committee may also withdraw its approval of requests or applications not yet consummated by

an Owner on the same grounds as stated above.

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2.32. Animals. No animal, of any kind whatsoever, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Manor Homesite and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No such animal shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structures for the care, housing or confinement of any such animal shall be maintained so as to be Visible From Neighboring Property, unless otherwise approved by the Architectural Committee. Upon the written request of any Owner or Member, the Board or Architectural Committee shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this subsection, a particular animal is a generally recognized house or yard pet, whether such a pet is a nuisance or whether the number of such animals on any such property is reasonable. Any decision rendered by the Board or Architectural Committee shall be enforceable in the same manner as other restrictions contained herein.

2.33. Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any portion of a Manor Homesite nor shall a Manor Homesite be used in whole or in part for the storage of any property or thing that will cause a Manor Homesite or any part thereof to appear in any unclean, or untidy condition or that will be unsightly, offensive, obnoxious or detrimental; nor shall any substance, thing or material be kept or used upon a Manor Homesite or any part thereof that will emit a foul, offensive or obnoxious odor or that will cause any noise that will or might disturb the peace, quiet, comfort, serenity or tranquility of the occupants of neighboring property. No nuisance of whatever kind or description shall be permitted to exist or operate upon a Manor Homesite so as to be offensive, unsanitary, unsightly or detrimental to any other Manor Homesite in the vicinity thereof or to its occupants. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located used or placed on any portion of a Manor Homesite. The Architectural Committee in the exercise of its sole discretion, shall have the right to determine the existence of any nuisance whether described herein or not. No motorcycles or motor driven vehicles (except lawn maintenance equipment) shall be operated on any walkways or sidewalks within the Neighborhood. Noise caused by improperly muffled motor vehicles will not be permitted. Construction machinery and equipment must be operated within the manufacturers' recommendations and specifications and only during reasonable working hours.

2.34. Diseases and Insects. No Owner shall permit anything or condition to exist upon any portion of the Neighborhood which shall induce, breed or harbor infectious plant diseases or noxious insects.

2.35. Trash Containers and Collection. No garbage or trash shall be placed or kept on any property within the Neighborhood except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and, then, only for the shortest period of time reasonably necessary to effect such collection. All rubbish, trash, or

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garbage shall be removed from the Manor Homesites and shall not be maintained or used.

2.36. Burning and Incinerators. No open fires or burning shall be permitted on any Manor Homesite at any time and no incinerators or like equipment shall be placed, allowed or maintained upon any Manor Homesite. The foregoing shall not be deemed to preclude the use, in customary fashion, of outdoor residential barbecues or grills.

2.37. Temporary Occupancy. No trailer, tent, shack, garage or barn, and no temporary buildings or structures of any kind shall be used at any time for a residence on any portion of the Neighborhood either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling within the on any such Neighborhood shall be removed immediately after the completion of construction. Such temporary buildings may be used only after first obtaining a permit for same from the Architectural Committee, which permits shall be issued in their sole and absolute discretion. Such permits shall not run for a period of more than twelve (12) months.

2.38. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of any portion of the Neighborhood, and all valid laws, zoning ordinances and regulations of all government bodies having jurisdiction thereof shall be observed.

2.39. Leasing. Nothing herein shall be deemed to prevent the leasing of an entire Manor Homesite with all Improvements thereon from time to time by the Owner thereof, Unofficial Document subject to all of the provisions of the Declaration, provided the occupancy is only by the Lessee and his family, its servants and guests. No transient tenants may be accommodated, however, this restriction shall not be construed to prohibit an Owner from contributing to society through the incidental renting of rooms to clergymen, or one or two students, foster children or children residing through a placement service.

2.40. Clothes Drying Facilities. Outside clothes lines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any portion of the Neighborhood unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

2.41. Mineral Exploration. No portion of the Neighborhood shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, sand, gravel earth or any earth substance of any kind.

2.42. Machinery and Equipment. No machinery or equipment of any kind shall be placed, proxated or maintained upon or adjacent to any portion of the Neighborhood except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a residence, appurtenant structures, or other Improvements.

2.43. Signs. No signs whatsoever which are Visible From Neighboring Property shall be erected or maintained within the

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Neighborhood or any part thereof, except: (a) such signs as may be required by legal proceedings; (b) not more than one (1) residential identification sign; (c) during the time of construction of any building or other improvement, one (1) job identification sign; (d) one (1) customary sign advertising each Manor Homesite as for sale or rent; (e) two (2) public election signs for temporary periods only and which conform to laws and regulations respecting public election signs; and (f) such other signs, the nature, number and location of which have been specifically approved by the Architectural Committee; provided however, that all such signs are subject to the reasonable approval and control of the Architectural Committee, from time to time, as to size, height, color, construction, location, use and otherwise.

2.44. Tanks. No tanks of any kind shall be erected, placed or permitted on any Manor Homesites unless they are related to swimming pool or sauna equipment or approved by the Architectural Committee and then only if attractively screened and not Visible To Neighboring Property.

2.45. Items Prohibited From Being Visible to Neighboring Property. In furtherance of and not in limitation of the requirements set forth elsewhere in this Declaration, the following shall not be erected, used, maintained or kept on any portion of the Neighborhood so as to be Visible From Neighboring Property: clotheslines, pet facilities, air conditioners, coolers, pool filters, pool heaters, antennas, campers, trailers, boats, coaches, recreation vehicles, lawn and garden equipment, and storage tanks for water, gas, fuel oil, gasoline or oil. No exterior window covering shall be permitted and visible interior window coverings must be attractive and aesthetically acceptable. Notwithstanding the foregoing, the Architectural Unofficial Document Committee may permit exterior window coverings of a material, color and design which it deems acceptable in its sole and absolute discretion.

2.46. Conforming Design & Commencement of Construction. No private garage, customary outbuildings, guest house, servants' quarters or other accessory buildings or structures (other than a Perimeter Fence) shall be erected until construction of a principal permanent residence has been completed; provided, however, that such accessory buildings or structures may be constructed simultaneously with the principal permanent residence. Any such accessory building or structure and each entire wall and roof thereof erected on any Manor Homesite shall be of the same or conforming design and shall be constructed of the same or conforming materials as the principal permanent residence on that Manor Homesite to the reasonable satisfaction of the Architectural Committee. Construction of a principal permanent residence shall commence not later than thirty-six (36) months after acquisition by each Owner (other than the Declarant, Developer or Reversionary Owner) of the ownership of each Manor Homesite, and shall be completed no more than twelve (12) months thereafter. Furthermore, after completion of a principal permanent residence, any additional construction of any building, fence or other structure upon any Manor Homesite shall be completed within twelve (12) months after commencement. Nominal extensions in the time to complete a principal permanent residence or other building, fence or other structure may be given in the sole and absolute discretion of the Architectural Committee. Subsequent Owners of Manor Homesites (that is Owners who received title from previous owners other than the Declarant) must commence construction of a principal permanent residence within twenty-

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four (24) months after acquiring ownership of a Manor Homesite. Ownership shall be cumulative of all months in which a given Manor Homesite is under the ownership (beneficial, equitable and/or other form of constructive ownership) for a given Owner in connection with the twenty-four (24) or thirty-six (36) month cumulative maximum periods specified hereunder during which an Owner must commence construction of a principal permanent residence. Failure of any Owner to comply with the provisions of this subsection with respect to timely commencement of construction or completion of construction of a principal permanent residence shall entitle the Association, in its sole and absolute discretion, to assess such Owner annually an amount up to five (5) times the total of all other assessments otherwise made against such Owner and such assessment shall create a claim enforceable in the same manner as other assessments provided for in the Declaration.

2.47. Development Activities and Facilities. Notwithstanding anything to the contrary herein contained, it shall be expressly permissible for Developer in the sole discretion of Declarant, to erect, maintain, use and operate upon such portion of the Neighborhood as Declarant may choose and during the period of development, construction, improvement or sale of the original Manor Homesites, such facilities as may be reasonably required, convenient or incidental to the development, improvement or sale of the Neighborhood including, without limitation, a business office, storage area, construction yards, signs, model units and sales office(s).

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SECTION 3

COMMON AREAS, EASEMENTS AND MAINTENANCE AREAS

3.1. Owners' Enjoyment of Common Areas. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Manor Homesite, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner for any period during which any assessment against a Manor Homesite of such Owner remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members or Owners. No

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such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3rds) of each class of members has been recorded.

3.2. Delegation of Use of Common Areas. Any Owner may delegate, in accordance with the Bylaws, the respective right of enjoyment of such Owner to the Common Area and facilities to family members, tenants or contract purchasers of such Owner who reside on the Neighborhood.

3.3. Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under the Neighborhood for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. as such utilities are installed in connection with the initial development of the Neighborhood. Pursuant to this easement, a providing utility or service company or the Association may install and maintain facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the Manor Homesites and otherwise on the Neighborhood. Notwithstanding anything to the contrary contained in this Subsection 3.3, no sewers, electrical lines, water lines or other utilities or service lines may be installed or relocated on the Neighborhood except as initially developed and approved by the Declarant or the governing Architectural Committee. This easement shall in no way affect any other recorded easements on the Neighborhood. This easement shall be limited to improvements as originally constructed.

3.4. Avigation Easement. By acceptance of a deed, lease or other instrument of conveyance, or acquiring any ownership or other interest in any of the real property now or hereafter forming a part of the Neighborhood or otherwise subject to this Declaration, each Owner does hereby represent that they are aware that the land lies under the flight path of aircraft utilizing Falcon Field Airport; and each and every Owner does hereby give and grant to the City an easement for avigation purposes over and across the land in connection with flights from 300 feet above the surface to an infinite height above the same, which easement shall include, but not be limited to, the right of flight of aircraft over the land, together with its attendant noise, vibrations, fumes, dust, fuel and lubricant particles, and all other effects that may be caused by the operation of aircraft landing at, or taking off from, or operating on the Mesa Municipal Airport known as Falcon Field; and the Owner does further release and discharge the City, for the use and benefit of the public and agencies of the City, of and from any liability for any and all claims for damages of any kind to persons or property that may arise at any time in the future over or in connection with the Owner's property above 300 feet, to an infinite height above same, whether such damage shall originate from noise, vibration, fumes, dust, fuel and lubricant particles, and all other effects that may be caused by the operation of aircraft landing at, or taking off from, or operating at or on the Mesa Municipal Airport (Falcon Field). The Avigation Easement comprised of this subsection 3.4 does not release the owners or operators of aircraft from liability for damage or injury to person or property caused by falling aircraft or falling physical objects from aircraft, except as stated herein with respect to noise, fumes, dust, fuel and lubricant particles. This Avigation Easement shall be binding upon each

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Owner and his heirs, assigns and successors in interest to the Neighborhood and it is further agreed that this Avigation Easement is a covenant running with the Neighborhood.

3.5. Encroachment Easement. Each Manor Homesite and the Common Areas shall be subject to an easement for encroachments created by construction, reconstruction, repair, settling, shifting, movement and overhangs, as designed or constructed and for the maintenance of same, so long as it stands. In the event an improved structure is first partially or totally destroyed and then rebuilt, the Owners agree that minor encroachments on parts of adjacent Manor Homesites or Common Areas due to such reconstruction shall be permitted and that a valid easement for the encroachment of maintenance thereof shall exist, provided that each such encroachment shall not exceed one (1) foot.

3.6. Grass Parkway Easement, Maintenance & Indemnity. There is hereby created and reserved unto the Association over, under, across and upon the Grass Parkway an easement to plant, install and maintain grass and/or other vegetation or landscaping material and water lines or systems therefor, any Mail Boxes and Pedestals and any park benches or other facilities approved by the Association. This Grass Parkway Easement shall not be construed in any way to prohibit or restrict the normal installation, maintenance and use of private drives within the Neighborhood. In the event of any dispute or question regarding the Grass Parkway Easement, the ruling of the Association shall govern and control in all instances. The Owners and the Association hereby indemnify and agree to hold harmless the City in connection with this Grass Parkway Easement. The Association shall be empowered to collect from the Owners all sums necessary to cover the ^{Unofficial Document} costs and expenses associated with the Grass Parkway or this easement. No Owner or Member may assess or otherwise charge the Association or another Owner for any costs or expenses performed by or on behalf of said Owner, Member or the Association in connection with the Grass Parkway or otherwise in connection with this Declaration.

3.7. Maintenance Areas. In addition to the areas that may be maintained, improved and cared for by the Association and for the general appearance and betterment of the Neighborhood, the Association shall have the authority to improve and provide maintenance and care for such other areas or parcels of property, including without limitation, entry ways to the Neighborhood and landscaped medians which may be constructed within the dedicated rights-of-way within the Neighborhood, as may be designated by the Board in the exercise of its sole discretion; Common Areas; the Grass Parkway; and Vacant Manor Homesites (such areas being hereinafter referred to as "Maintenance Areas") and to perform such other maintenance or service customarily provided by homeowner associations or as may be reasonably necessary to carry out the provisions of this Declaration. The authority provided for herein shall be subject to authorization as may be required by the City and shall be valid and binding notwithstanding that such Maintenance Areas may not be owned by the Association or by any Owner.

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SECTION 4

ARCHITECTURAL COMMITTEE

4.1. Creation of Architectural Committee. An Architectural Committee is hereby established. It shall perform the functions set forth in this Declaration.

4.2. Committee Composition. The Architectural Committee shall consist of no more than six (6) members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership or appointment. A member need not be, but may be, a member of the Board or an officer of the Association. The majority of the Committee may designate a representative or representatives to act on its behalf. The following persons are hereby designated as the initial members of the Architectural Committee:

1. Mark Mabry
2. C. Michael Vance
3. Gary Gietz
4. Larkin A. Palmer
5. Rick W. Palmer
6. Kevin E. Palme Unofficial Document

After four (4) years following the sale of the last Manor Homesite, the Board may be appointed as the Architectural Committee if so determined by the majority vote of the members of the Association at a duly called meeting for this purpose.

4.3. Appointment and Removal. In the event of the death, incapacity, resignation or removal of any member of the Architectural Committee, the remaining members shall have full authority to designate successor members. If only one Architectural Committee member remains, he shall have the right and power to fill all vacancies on the Architectural Committee. In the event that the successor members are not designated by the Architectural Committee within sixty (60) days after such vacancies are created, the Board by majority vote shall have the power to appoint successor members. Any member of the Architectural Committee may be removed from the Architectural Committee by the unanimous vote of the remaining members of the Architectural Committee and the vacancy created thereby shall be filled as aforesaid. All changes in membership of the Architectural Committee shall be filled as aforesaid. All changes in membership of the Architectural Committee shall be evidenced by a duly recorded written instrument. At any time, if the Architectural Committee is inoperative, or if the designated members of the Architectural Committee are no longer residents of Maricopa County, Arizona, Declarant may, but shall not be required to, appoint one (1) or more new members of the Architectural Committee by duly recording a written instrument evidencing same. The Architectural Committee may appoint alternate members to act in the temporary absence of regular members.

4.4. Term of Office of Replaced Members. In the event the initial members of the Architectural Committee have resigned or been

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removed, the terms of office of each member of the Architectural Committee shall be for a period of at least one (1) year, or until the appointment of their respective successors. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned or been removed may be reappointed.

4.5. Decisions of the Architectural Committee -- Approval or Disapproval. All decisions of the Architectural Committee shall be by the affirmative vote of at least a majority of its then current members. The Architectural Committee's approval or disapproval of a request made pursuant to this Declaration shall be in writing and in the manner requested, from time to time. In the event the Architectural Committee fails to approve or disapprove any matter within thirty (30) days after final plans and specifications have been submitted to it, the applicant may give notice to the Architectural Committee that the applicant is demanding approval or disapproval. Such notice shall be given by certified or registered mail at the address specified in Section 7.10 hereof which deals with the Delivery of Notices and Documents. If the Architectural Committee fails to approve or disapprove any matter within fourteen (14) days after actual receipt of such demand, approval will not be required and the requirement of prior written approval of the Architectural Committee shall be deemed to have been fully complied with. If an application is amended, supplemented or modified, whether at the request of the Architectural Committee or not, the thirty (30) day period shall cease and shall begin to run anew commencing on the date such amendment, supplementation or modification of the application is received by the Architectural Committee.

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4.6. Purpose of Committee; Grounds for Denial. The declared purpose of the Architectural Committee provided for herein is to assure that the character, design, exterior materials, color, roof, proportions, elevation, location and use of each Improvement shall be in harmony with its surroundings and shall not be offensive or aesthetically detrimental to neighboring property using reasonable and generally accepted criteria of aesthetic and architectural judgment in addition to the specific limitations and powers set forth in these Restrictions. In addition to all other standards, the Architectural Committee may deny any application if it determines in its sole discretion that the quality, materials, amount of floor space, cost of construction, or probable fair market value, are not in keeping with the majority of residences in the subdivision at the time of the application. The Architectural Committee may further deny any application if in its determination the applicant is not in compliance with any of the provisions of this Declaration.

4.7. Interpretation of Covenants. Except for judicial construction, the Architectural Committee (or the Board in matters not requiring approval from the Architectural Committee) shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the provisions hereof.

4.8. Variances. Under the following conditions, the

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Architectural Committee shall have the power, but not the duty, to grant a variance from the requirements of these Restrictions (provided however, that all necessary permits or variances must first be obtained from the City, Maricopa County, the State of Arizona or any other agency or department thereof having jurisdiction):

(a) If a restriction would create an unreasonable hardship or burden on an Owner or that a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete; or that

(b) If the activity permitted under the variance will not have any substantial adverse affect on the Owners and residents of the Neighborhood and is consistent with the quality of life intended for Owners or residents.

If requested to do so by the Architectural Committee, an Owner requesting a variance must obtain written evidence from Owners of adjacent property within the Neighborhood which shows that such Owners approve of the subject request for variance. For purposes of this subsection, "Owners of adjacent property within the Neighborhood" shall mean Owners of property within two hundred (200) feet of the Manor Homesite owned by the Owner requesting such variance or any other Owners if specified by the Architectural Committee.

4.9. Rules and Regulations. The Architectural Committee shall have the power to establish such rules and regulations governing its activities and governing the procedures for applying to the Architectural Committee approval, as it may deem advisable.

4.10. Non-waiver; Separate Approvals Required. The approval by the Architectural Committee of any plans, drawings or specifications for any matter requiring prior written approval by virtue of this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval. Approval given to one Owner shall not constitute approval to another Owner for the same or similar request or application. The failure of the Architectural Committee to give a writing of approval or disapproval in connection with this Declaration shall not waive its right to do so at any time.

4.11. Non-liability. Neither the Board nor the Architectural Committee nor any member or representative thereof shall be liable to the Association, to any Owner or to any other party for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective or deficient; (b) the construction or performance of any work whether or not pursuant to approved plans, drawings and specifications; (c) the development of any portion of the Neighborhood; (d) the execution and filing of any estoppel certificate whether or not the facts therein are correct; or (e) the execution of their responsibilities in connection with this Declaration and any articles, bylaws or other rules; provided however, that with respect to the liability of a member of the Board or the Architectural Committee, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing provisions of this Subsection

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4.11, the Board or the Architectural Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications or any other proposals submitted to the Board of Directors or the Architectural Committee.

SECTION 5

ASSOCIATION

5.1. Establishment of the Association. The Association shall be established as a non-profit corporation by filing with the Corporation Commission of the State of Arizona the Articles of Incorporation of the Association in conformance with all applicable laws and regulations. When established as set forth above, the Association shall be governed by and in accordance with the requirements set forth herein and shall be organized for the purposes and with the powers set forth herein. By acceptance of a deed or by acquiring any ownership interest in any of the real property included within this Declaration, each person or entity for himself or itself, his heirs, Unofficial Document representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to automatically become members of the Association upon its establishment, subject to the rights and obligations set forth herein.

5.2. Membership and Voting Rights. Every Owner of a Manor Homesite shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Manor Homesite.

(a) The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Manor Homesite owned. When more than one (1) person holds an interest in any Manor Homesite, all such persons shall be members. The vote for such Manor Homesite shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Manor Homesite.

Class B: The Class B member shall be the Declarant and shall be entitled to six (6) votes for each Manor Homesite owned. The Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership equals six (6) votes.

The vote for each Manor Homesite must be cast as a unit, and fractional votes shall not be allowed. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they

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shall lose their right to vote on the matter in question. If an Owner or Owners casts a vote representing a certain Manor Homesite, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other owners of the same Manor Homesite. In the event more than one (1) vote is cast for a particular Manor Homesite, none of said votes shall be counted and said votes shall be deemed void.

(b) Each member shall have such other rights, duties and obligations as set forth in the Articles of Incorporation and Bylaws of the Association as they may be amended from time to time.

(c) The Association membership of each Owner of a Manor Homesite within the Neighborhood shall be appurtenant to said Manor Homesite. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to the Owner's Manor Homesite and then only to the transferee of ownership to such Manor Homesite or by intestate succession, testamentary disposition, foreclosure of a mortgage of record, exercise of a power of sale under a deed of trust or such other legal process as is now in effect or as may hereinafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Manor Homesite shall operate to transfer said membership to the new Owner thereof.

(d) The affairs of the Association shall be conducted by a Board of three (3) or more Directors with the assistance of such officers designated in the Articles or Bylaws.

(i) As long as Class B membership exists, the Board of Directors shall be appointed by the Architectural Committee.

(ii) As long as Class B membership exists, the officers shall be appointed by the Board of Directors.

(iii) As long as Class B membership exists, persons other than Owners may serve as officers and directors.

(iv) When Class B membership ceases to exist, the officers and directors shall be designated as provided in the Articles or Bylaws.

5.3. Control of Architectural Committee. In the event the responsibilities of the Architectural Committee are transferred to the Association as provided in Section 4.2 hereof, and notwithstanding any contrary provision of this Declaration, the Architectural Committee shall consist of such regular members and alternate members as may be determined by the Board of Directors of the Association and the Board of Directors of the Association may thenceforth in the exercise of its sole discretion, assume any or all of the duties, obligations or functions of the Architectural Committee as provided for in this Declaration, and

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shall have the power, at any time and from time to time to promulgate, adopt, amend and repeal reasonable rules and regulations governing the Architectural Committee, applications thereto, Architectural Committee procedures, and criteria for architectural control.

5.4. Professional Management. The Association may engage the services of a professional manager or managers or a professional management company to maintain the Maintenance Areas, to collect assessments, to attend to security within the Neighborhood and to perform such other duties and to fulfill such other functions as may be determined by the Board of Directors of the Association.

5.5. Dissolution of Association. At any time after thirty (30) years from the recording of this Declaration, the Association may be dissolved by the recording with the Maricopa County Recorder of a Declaration of Dissolution duly signed by Owners representing two-thirds (2/3) of the Manor Homesites, and by compliance with all applicable laws and regulations governing the dissolution of corporations.

SECTION 6

FUNDS AND ASSESSMENTS

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6.1. Creation of the Lien and Personal Obligation of Assessments. Each Owner, other than the Declarant, is deemed to covenant and agree to promptly pay to the Association all sums contemplated under this Declaration including, without limitation: Annual Assessments, Special Assessments for Capital Improvements, Minimum Regular Assessments, Supplementary Assessments, Reconstruction Assessments, and such other Assessments and expenses of the Association as may be incurred, fixed, established or collectable from time to time as herein provided. The Assessments, together with interest, costs, reasonable late fees, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Manor Homesite at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall pass to successors in title of the person owning the property at the time the assessment fell due. No Manor Homesite shall be sold, transferred or conveyed by any Owner without all Assessments having been paid in full, whether or not an Assessment lien has been filed or recorded.

6.2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the Neighborhood and for the improvement, maintenance and replacement of the Maintenance Areas and of improvements situated or to be situated thereon and as otherwise contemplated in this Declaration, and shall comply with all of the obligations of the Association hereunder, all in accordance with this Declaration and the Articles of Incorporation of the Association.

6.3. Annual Assessments - Maximum Amounts.

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(a) Until the first meeting of the Association to determine the First Maximum Annual Assessment, the Initial Maximum Annual Assessment for each Manor Homesite conveyed by Declarant to an Owner shall be an amount equal to \$900.00 for each Manor Homesite, whether improved, developed or underdeveloped. Such Annual Assessments shall be in addition to other assessments and fees, including, without limitation, costs and expenses for Mail Boxes and Pedestals.

(b) From and after January 1 of the year immediately following the first meeting of the Association to determine the First Maximum Annual Assessment, the maximum annual assessment may be increased each year not more than fifteen percent (15%) above the maximum assessment set for the previous year without a vote of the membership. Said maximum assessment may be increased above fifteen percent (15%) by a two-thirds (2/3) vote of the members who are voting in person or by proxy at a meeting duly called for that purpose.

6.4. Date of Commencement of Annual Assessments. The Annual Assessments provided for herein shall commence as to all Manor Homesites on the first day of the month following the conveyance of the first Manor Homesite by Declarant to an Owner. The First Maximum Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Manor Homesite have been paid.

6.5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment payable in not more than the next succeeding ten (10) years for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of any landscaping or other improvement installed by Declarant or the Association upon the Maintenance Areas, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for that purpose. The provisions of this subsection do not apply to other types of assessments contemplated in this Declaration, including, without limitation, assessments for Mail Boxes and Pedestals and for maintenance of Vacant Manor Homesites.

6.6. Meetings - Notice and Quorum for Action Authorized Under Sections 6.3 and 6.5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 6.3 or 6.5 hereof shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast more than fifty percent (50%) of all 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 preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6.7. Uniform Rate of Assessment. Both annual and special

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assessments must be fixed at a uniform rate for all Manor Homesites and may be collected on a monthly, quarterly, or annual basis as determined by the Board of Directors of the Association. This shall not preclude the Association from assessing one or more Manor Homesites for charges which are specifically attributed to such Manor Homesites. The Board of Directors shall determine when an assessment is due and payable and when the payment of an assessment shall be deemed delinquent.

6.8. Enforcement of Assessments. Each assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner or Owners against whom the same is assessed, and shall constitute a lien and charge upon the Manor Homesite to which the assessment relates. The Declarant, for each Manor Homesite owned within the Neighborhood, and each Owner by acceptance of a deed relating to a Manor Homesite or Manor Homesites or by acceptance of any other document or instrument conveying an ownership interest therein, whether or not it shall be so expressed in any such deed or other document or instrument, are and shall be deemed to covenant and agree to pay to the Association the assessments, both annual and special, provided for herein, and agree to the enforcement of the assessments in the manner herein specified. In the event the Association employs an attorney or attorneys for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner agrees to pay reasonable attorney's fees, accountants' fees, and costs thereby incurred in addition to any other amounts due from the Owner or any Unofficial Document relief or remedy obtained against said Owner. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, and in addition to any other remedies herein or by law provided, the Association may enforce each such obligation in any manner provided by law or in equity, or, without any limitation of the foregoing, by any one or all of the procedures contained in Subsections 6.9 and 6.10 hereof.

6.9. Enforcement by Suit. The Association may bring a suit at law against each Owner or Owners to enforce each such assessment obligation. Each Owner agrees that any judgment rendered in any such action shall include a sum for reasonable attorney's fees in such amount as the Court may adjudge against the defaulting Owner, plus all Court costs and necessary expenses and accounting fees incurred by the Association, plus interest on the amount of said assessment at the maximum lawful rate from the date the assessment becomes delinquent until paid in full.

6.10. Enforcement by Lien. The Association may give notice to each Manor Homesite Owner whose assessment is due and unpaid by mailing to said Owner a copy of a Notice and Claim of Lien which shall state the following: (a) the last known name of the delinquent Owners; (b) the legal description and street address of the Manor Homesite against which claim of lien is made; (c) the amount claimed to be due and owing (with any proper offset allowed); (d) that the claim of lien is made by the Association pursuant to the terms of the Declaration; and (e) that a lien is claimed against the Manor Homesite in an amount equal to the amount of the stated delinquency. The Association may record a duly executed original or copy of such Notice and Claim of Lien and the lien claimed therein shall immediately attach and become effective as a lien upon the

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Manor Homesite against which such assessment was levied. Each default in payment of an assessment shall constitute a separate basis for a claim of lien or a lien, but any number of defaults may be included within a single Notice and Claim of Lien. The amount of the lien shall include the amount of all unpaid assessments, plus interest on the amount of the assessment at the maximum lawful rate from the date the assessment becomes delinquent until paid in full, plus a lien charge to cover recording, legal and accounting expenses incident thereto. The amount of said lien charge may be increased or decreased by the Board of Directors in its sole discretion. Any such lien may be foreclosed by appropriate action in Court, or in the manner provided by law for the foreclosure of a realty mortgage, or the exercise of power of sale in a trust deed, as elected by the Association, as set forth by the laws of the State of Arizona, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Manor Homesite Owners. The Association shall have the power to bid in its interest at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Manor Homesite. In the event such foreclosure is by action in Court, reasonable attorney's fees, Court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner and also hereby expressly waives the defense of the Statute of Limitations applicable to the bringing of any suit or action thereon.

6.11. Notification. The Association may notify all Owners of the names of all persons who have defaulted in the payment of any assessment when due and the amount thereof, in the discretion of the Board of Directors.

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6.12. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or trust deed. Sale or transfer of any Manor Homesite shall not affect the assessment lien. However, the sale or transfer of any Manor Homesite pursuant to mortgage foreclosure, exercise of a power of sale pursuant to a deed of trust, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve a Manor Homesite Owner or a Manor Homesite from liability for any assessments thereafter becoming due or from the lien thereof.

6.13. Borrowing Power. The Association, by and through the Board, may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate in the determination of the Board.

6.14. Insurance. The Association shall maintain insurance, as may be generally available for reasonable costs, against liability for bodily injury, personal injury and property damage in a total amount of not less than One Million Dollars (\$1,000,000.00) or in such other amount approved by the Board. In addition, the Association may carry any other insurance coverage which the Board in its discretion deems necessary or desirable, including, without limitation, Directors and Officers Liability Insurance covering the Architectural Committee and the Board.

6.15. Association's Right in Spending and Reserving Funds From

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Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of Annual Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

6.16. Reserve Fund and Advance Collection. From the Annual Assessments received by the Association, the Board shall establish an adequate reserve fund for the maintenance, repair and replacement of the Common Areas. The Association, in addition to the Annual Assessment, may collect (up to twelve (12) months in advance) any amounts reasonably estimated, from time to time, to cover any anticipated assessment under this Declaration, including, without limitation, assessments to cover the costs of maintaining Vacant Manor Homesites.

6.17. Administration of Special Use Fees. The Association is authorized to bill for, sue for, collect, administer and disburse all special fees and the payment thereof shall be secured a lien upon the property benefited thereby as any other assessment hereunder.

6.18. Harvesting of Citrus Crops Upon Vacant Manor Homesites. Any citrus crop upon any Vacant Unofficial Document Homesite conveyed by the Declarant to an Owner may be harvested by the Association without notice to such Owner unless such Owner instructs the Association not to do so in writing prior to January 1 of each year or ten days prior to such harvesting. The proceeds, if any, of such harvesting shall be applied to reduce the cost of current and future annual assessments on all Manor Homesites except those Manor Homesites whose Owners have properly instructed the Association against such harvesting. In this connection, the Association, its representatives, contractors and assigns are hereby extended permission to enter upon such Manor Homesites and to harvest any such citrus crop in the discretion of the Association acting by and through its Board.

SECTION 7

GENERAL PROVISIONS

7.1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now

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or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

7.2 Attorneys' Fees. In the event the Association and/or the Architectural Committee employs an attorney or attorneys (a) to enforce the collection of any amounts due pursuant to this Declaration or in connection with any lien provided for herein, or the foreclosure thereof; or (b) to enforce compliance with or specific performances of the terms and conditions of this Declaration, the Owner, Owners and parties against whom the action is brought shall pay all attorneys' fees, costs and expenses thereby incurred by the Association and/or the Architectural Committee in the event the Association and/or Architectural Committee prevail in any such action.

7.3. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in nowise affect any other provision which shall remain in full force and effect.

7.4. No Legal Opinion. This Declaration affects the rights and obligations of Owners, Members and other parties. All Owners, Members and others, at their own expense, are encouraged to obtain a legal opinion from legal counsel of their choosing regarding their respective rights and obligations under this Declaration. Nothing in this Declaration nor any act or representation of Declarant, the Association and/or its Board or the Architectural Committee, is to be construed to imply that the rights and obligations of Owners, Members or others have been reviewed or examined by legal counsel or to imply that Declarant, the Association or the Architectural Committee, or Unofficial Document or part of them, express in any way a legal opinion of the rights and obligations of any party hereunder.

7.5. Amendment. The provisions of this Declaration shall run with and be binding upon the real property of the Neighborhood, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an affirmative vote of not less than ninety percent (90%) of the total votes of the Association and thereafter by an affirmative vote of not less than sixty percent (60%) of the total votes of the Association. Notwithstanding anything to the contrary herein contained, until such time as deeds to all of the Manor Homesites shall have been delivered by Declarant to individual purchasers, Declarant reserves the right to amend in its sole discretion this Declaration without prior notice. Any amendment, modification or rescission of this Declaration shall be effective upon recording such instrument.

7.6. Annexation. Additional residential property and Common Area may be annexed to the Neighborhood with the consent of at least fifty percent (50%) of each class of members.

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

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Neighborhood. However, any other provision to the contrary notwithstanding, only Declarant, the Association, the Architectural Committee, or any duly authorized agents of any of them, may enforce by self help any of the provisions of the restrictions contained in this Declaration.

7.8. Violation of Law. Any violation of any State, municipal, or local law, ordinance or regulation, including zoning laws, pertaining to the ownership, occupation or use of any property within the Neighborhood is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration.

7.9. Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

7.10. Delivery of Notices and Documents.

(a) Association, Architectural Committee & Declarant. Except as otherwise provided in this Declaration, any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows:

IF TO THE ASSOCIATION:

SPYGLASS HOMEOWNERS ASSOCIATION NO. 1
1220 North Spencer
Mesa, AZ 85203

IF TO THE ARCHITECTURAL
COMMITTEE:

Unofficial Document

Mark Mabry
SPYGLASS ARCHITECTURAL COMMITTEE
3751 East Minton
Mesa, AZ 85205

with a copy to:

Larkin A. Palmer
SPYGLASS ARCHITECTURAL COMMITTEE
1835 East Lockwood
Mesa, AZ 85203

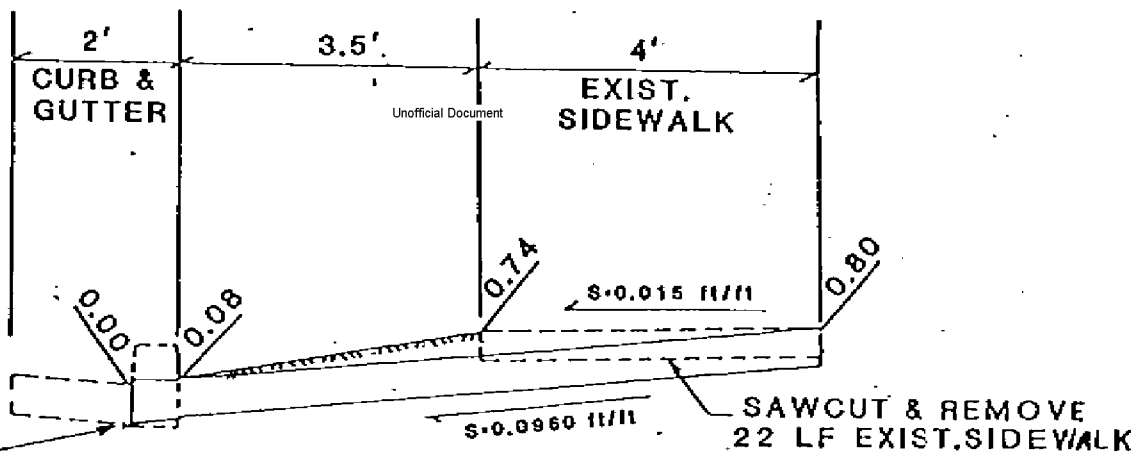
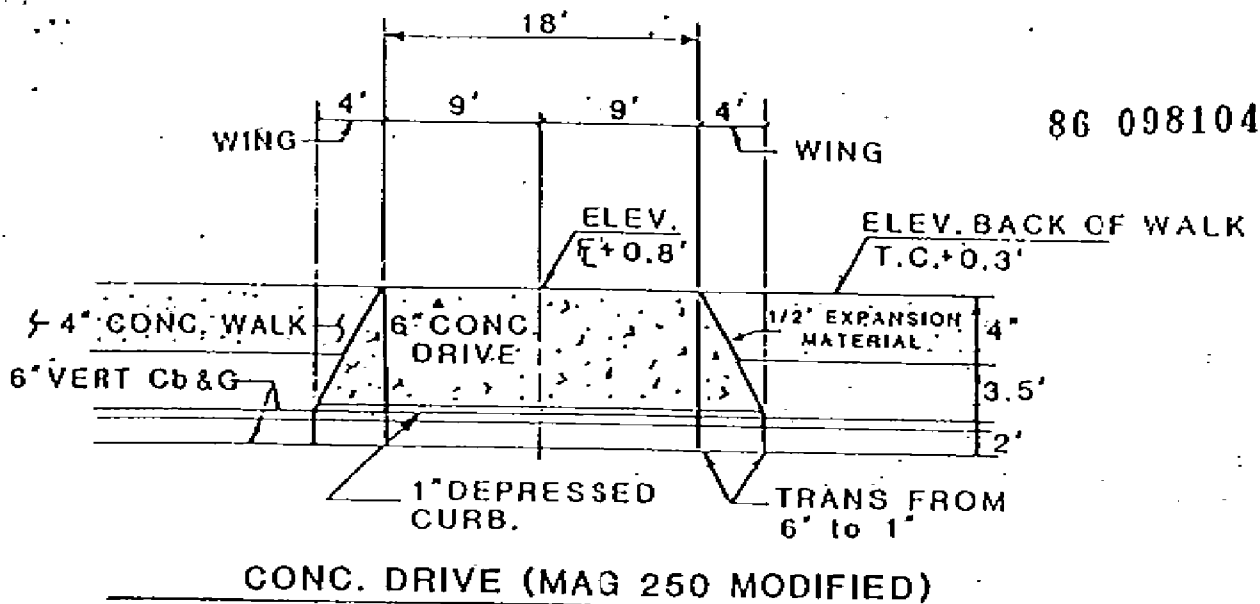
IF TO THE DECLARANT:

Larkin A. Palmer
ANTIGUA CONSTRUCTION, INC.
1220 North Spencer
Mesa, AZ 85203

(b) Owners. Each Owner of a Manor Homesite shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address. This shall apply to each subsequent Owner in like manner to each initial Manor Homesite Owner. Each such notice shall list the names of every person or entity who is the record owner of the equitable or legal title of such Manor Homesite.

(c) Change of Address. Any of the foregoing addresses may be changed at any time by the party concerned by recording a written notice of change of address and delivering a copy thereof to the Association.

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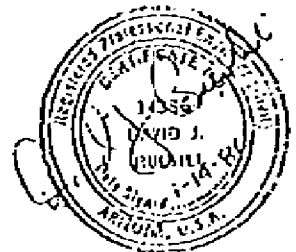
SAWCUT LINE PER MESA
DTL M-42A, SAWCUT &
REMOVE 26 LF EXIST. CURB

INSTALL DRIVEWAY
PER MAG DTL 250
18' WIDTH, 4' WINGS

SECTION

SCHEDULE A

DRIVEWAY DETAIL



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7.11. Captions and Titles. All captions, titles or headings contained in this instrument are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent of context thereof.

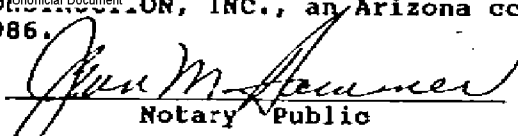
IN WITNESS WHEREOF, the Declarant has executed this instrument as of the 11th day of February, 1986.

ANTIGUA CONSTRUCTION, INC.,
an Arizona corporation

By 
Larkin A. Palmer,
President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was executed before me by LARKIN A. PALMER, President of ANTIGUA CONSTRUCTION, INC., an Arizona corporation, on this 11th day of February, 1986.


Notary Public

My Commission Expires:
My Commission Expires Sept. 1, 1986