 HELEN L. WOODS
COCOONING COUNTY RECORDER
OFFICIAL RECORDS OF
COCOONING COUNTY
INST#190-11951 PEX:6 15.68
AT THE REQUEST OF:
FIRST AMERICAN TITLE
DATE: 06/18/90 TIME: 11:18
DKT: 1343 PG: 12; #PAGE: 11

DECLARATIONS OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR
TURQUOISE RANCH

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RESTRICTIONS (the "Declaration") is made and entered into as of the 10th day of May, 1990, by First American Title Insurance Company of Arizona, an Arizona corporation, as Trustee (hereinafter called "Declarant"), and by Turquoise Ranch Company, an Arizona corporation (hereinafter called "Developer").

WHEREAS, Declarant, as trustee, is the record owner of those parcels of real property situated in Coconino County, Arizona, and described as follows:

Lots 1 through 11 inclusive, 13 through 15, inclusive, and 17 through 46 inclusive, of TURQUOISE RANCH, according to the plat of record of Coconino County, Arizona, recorded in Book 7 of Surveys, Page 46.

WHEREAS, Declarant, as trustee, is the record owner of those parcels of real property situated in Coconino County, Arizona, described above; and

WHEREAS, Declarant and Developer desire to submit and subject the parcels and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto (all of which constitute a part of the "Property" as hereinafter defined), to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights contained herein and

WHEREAS, Developer desires that the Property be developed in accordance with the Survey, as hereinafter defined, for residential use and related facilities, or as otherwise designated; and

WHEREAS, Developer deems it desirable to establish covenants, conditions and restrictions upon the Property and each and every portion thereof, and certain mutually beneficial restrictions and obligations with respect to the proper use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and enhancing the quality of life of the Property to create an owners' association, which will be the Turquoise Ranch Landowner's Association, to which will be delegated and assigned the powers of managing, maintaining

and administering these covenants, conditions, assessments and charges hereinafter created, and the performance of such other acts as are herein provided or which generally benefit its members, the Property, and the owners of any interests therein; and

WHEREAS, Turquoise Ranch Landowner's Association, a non-profit corporation, has been, or will be, incorporated under the laws of the State of Arizona for the purpose of exercising such powers and functions; and

WHEREAS, Declarant or Developer may, but is not obligated to, annex to the Property, in addition to the Parcel, some adjoining properties, and thereby subjecting such property to the plan of this Declaration, and to bind the owners of any interests therein to the covenants, conditions, restrictions and easements contained in this Declaration, which owners will become members of the Association, as hereinafter defined, as provided herein; and

WHEREAS, Developer desires and intends that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the Property;

NOW THEREFORE, Declarant and Developer, for the purposes above set forth, declare that the Property shall be used for Single Family Residential Use, or as otherwise designated, and shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereafter set forth, all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part thereof, and shall inure to the benefit of each Owner, as hereinafter defined, of the Association.

ARTICLE I

1. DEFINITIONS

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

1.1 "Articles" means the Articles of Incorporation of the Association, as amended from time to time, or of any successor thereto.

1.2 "Assessments" include the following:

1.2.1 "Regular Assessments" means the amount which is to be paid by each Owner as such Owner's proportionate share of the maintenance and road repair costs.

1.2.2 "Special Assessments" means a charge against a particular Owner or a Parcel, directly attributable to such Owner or Parcel, to reimburse the Association for costs incurred in bringing the Owner of the Parcel into compliance with the provisions of this Declaration, the Articles, Bylaws, Association Rules, or any other charge together with attorneys' fees and other charges payable by such Owner.

1.3 "Association" means Turquoise Ranch Landowner's Association, an Arizona corporation, its successors and assigns.

1.4 "Association Rules" means the rules and regulations adopted by the Association.

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

1.6 "Bylaws" means the Bylaws of the Association adopted in accordance with the Articles, as amended from time to time, or of any successor thereto.

1.7 "Declarant" means the above recited Declarant, its successors and assigns.

1.8 "Declaration" means this instrument and all Supplemental Declarations, as from time to time amended.

1.9 "Developer" means Turquoise Ranch Company, an Arizona corporation, its successors and assigns, or any Person to whom Developer's rights hereunder are hereafter assigned by recorded

instrument, or any Mortgages of Developer which acquires title to portion of the Property by reason of the foreclosure (or conveyance in lieu of foreclosure) or trustee's sale under the Mortgage of said Mortgagee.

1.10 "Majority of Members" means the Members holding more than 50% of the total votes entitled to be cast with respect to a given matter. Unless otherwise specified any provision herein requiring the approval of the Members means the approval of a Majority of Members.

1.11 "Member" means every Person who is a member of the Association.

1.12 "Mortgage" means any recorded, filed or otherwise perfected instrument, which is not a fraudulent conveyance under Arizona law, given in good faith and for valuable consideration as security for the performance of an obligation, including without limitation a deed of trust. "Mortgagee" means the holder of a note secured by a mortgage, including the trustee and beneficiary under any deed of trust. "Mortgagor" means the party executing a Mortgage as obligor. "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property. "First Mortgage" means the holder of a First Mortgage.

1.13 "Occupant" means any Person, other than an Owner, in rightful possession of a Parcel, whether as a guest, tenant or otherwise.

1.14 "Owner" means the record owner, whether one or more Persons, of fee simple title, whether or not subject to any Mortgage, of any Parcel, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation. In the event that fee simple title to any Parcel is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq. legal title shall be deemed to be in the trustor.

1.15 "Parcel" means those parcels of real property referred to in the Recitals hereof and described in the legal description.

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

1.17 "Plat" means the plats of unsubdivided land of the Parcel as first recorded in the official records of Coconino County, Arizona, in Book 7 of Surveys, Page 46 on May 15, 1989, and as thereafter from time to time amended or supplemented.

1.18 "President" means the duly elected or appointed president of the Association.

1.19 "Property" means the Parcel and any additional real property made subject to this Declaration by annexation, but only after completion of such annexation.

1.20 "Record" or "Recording" means an instrument of record in, or the act of recording an instrument with, the office of the County Recorder for Coconino County, Arizona.

ARTICLE II

ASSOCIATION

The Developers shall establish an Arizona Non-Profit Corporation named "Turquoise Ranch Landowner's Association", (hereinafter called "Association") charged with the duties and invested with the powers prescribed by law and set forth in the Articles of Incorporation, the Bylaws for the Association, and this Declaration.

Section 1. ESTABLISHMENT OF THE ASSOCIATION. By acceptance of a deed, or by acquiring any ownership interest in any lot, each person or entity for himself or itself, his heirs, personal representatives, successors, transferees and assigns binds himself, his heirs, personal representatives, successors, transferees and assigns to be members of the Association automatically.

Section 2. MEMBERSHIP AND VOTING RIGHTS. Every owner of a lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot.

(a) The Association shall have (1) one class of voting membership:

- (a.1) The members shall all be owners and shall be entitled to one (1) vote for each lot owned. When more than one (1) person holds an interest in any lot, all such persons shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.
- (a.2) In the event of a lot split, each owner shall have one (1) vote per parcel.
- (b) Each member shall have such other rights, duties and obligations as shall be set forth in the Articles of Incorporation, the Bylaws and the Rules of the Association, as they may be amended from time to time.

Section 3. PURPOSE OF THE ASSOCIATION FEE. The Association Fee levied by the Association shall be used exclusively to promote the health, safety, and welfare of the owners of the lots. The initial purpose of the Association Fee is to maintain the roads shown on the Turquoise Ranch survey.

Section 4. DATE OF COMMENCEMENT OF ANNUAL ASSOCIATION FEES: DUE DATES. The first annual Association Fee payment on all lots shall be due January 1, 1991 and each year thereafter following the sale of any parcel.

Section 5. EFFECT OF NON-PAYMENT OF ASSOCIATION FEES: REMEDIES OF THE ASSOCIATION. Any Association Fee not paid within 30 days after the due date may become a lien upon the parcel assessed. If not paid within 30 days after it's due date, each such assessment shall have added to it a late charge equal to 10% of the amount of the assessment or such other charge as the Board may specify from time to time. A delinquent Owner shall also be liable for attorneys' fees and other related costs incurred by the Association as a result of such delinquency, and if any suit, action or arbitration proceeding is brought to collect any such Assessment or charge, then there shall be added to the amount thereof costs of suit and reasonable attorneys' fees to be fixed by the court and included in any judgment or award rendered thereon.

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Section 6 SUBORDINATION OF LIEN. Any lien which arises against a Lot by reason of failure or refusal of an Owner to make timely payment of any Assessment shall be subordinate to the lien of a prior recorded First Mortgage on the Parcel, acquired in good faith and for value, except to the extent said lien secures the amount of any unpaid Assessment (together with any interest, costs, reasonable attorneys' fees and any late charges related thereto) which accrues from and after the date on which a First Mortgagee comes into possession of or acquires title to the Parcel, whichever occurs first, and if any lien for unpaid Assessments which become payable after recordation of the First Mortgage and prior to the date the First Mortgagee comes into possession of or acquires title to the Parcel is not extinguished, to the extent it secures said unpaid Assessments, by the process by which such First Mortgagee acquired title to the Parcel, neither such First Mortgagee nor a third party purchaser shall be liable for said unpaid Assessments, and, upon written request to the Association by such First Mortgagee or purchaser, such lien shall be released in writing by the Association to the extent it secures said unpaid Assessments. Nevertheless, in the event the Owner against whom the original Assessment was made is the Purchaser or redemptionor, the lien shall continue in effect and may be enforced by the Association, or by the Board.

ARTICLE III

USE RESTRICTION

Section 1 No unsightly vehicles or junk of any sort or unsightly mechanical equipment are permitted on the property. Any trash or junk shall be deposited in sanitary containers. Parcels shall be kept in a clean and tidy condition. No tarpaper shacks or dilapidated, unkept buildings are to be constructed or placed on the property. All trailers, mobile homes, and buildings are to be of a professional quality and workmanship.

The Landowner's Association shall have the sole discretion to determine the existence of any unreasonable annoyance or nuisance or unsightly trash and owner shall be given 30 days to rectify the problem. If the problem is not rectified within the time given, the Board may, at it's option bring the parcel into compliance with this Declaration and charge the owner for reimbursement of said costs.

Section 2 No building structure, trailer, tent or mobile home, on any lot, shall be nearer than 65 feet to the street line, nor nearer than 25 feet to the side lot line, nor nearer than 25 feet from the back lot line. This shall also apply to any parcel split.

Section 3 No obnoxious, offensive noise, business nor commercial ventures may be conducted on any of these single family residential lots, being lots 17 through 46 inclusive. Business shall be conducted on Commercial and Industrial parcels only, and in accordance with Coconino county zoning.

Section 4 There shall be no commercial raising of livestock. Other animals shall be confined within the boundaries of each parcel; they shall not be allowed to graze on adjoining properties. Livestock must be kept in sanitary conditions.

Section 5 None of the parcels shall be re-subdivided nor conveyed into less than 10 acres in size, except for public or private utilities; in which event, the remaining portion of said parcel shall be treated as a whole lot for the purposes of this provision.

ARTICLE IV

GENERAL PROVISIONS

Section 1 INTERPRETATION OF RESTRICTIONS. The Board Members of the Association shall have the exclusive right to construe and interpret these restrictions; and their decision shall be final, conclusive and binding upon all persons and the property.

Section 2 SEVERABILITY. Any determination by any court of competent jurisdiction that any provision in this instrument is invalid or unenforceable, shall not affect the validity or enforceability of the remaining provisions of this instrument, and the same shall remain in full force and effect.

Section 3 WAIVER OR ABANDONMENT. Except as otherwise specifically set forth in Article 2, Section 5 hereof, the failure to enforce any breach or violation of any of the provisions of this instrument shall not constitute an abandonment or waiver of any right to enforce such provision, or of any of the other restrictions herein set forth.

Section 4 AMENDMENT. The Covenants, Conditions, and Restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be extended automatically for successive periods of ten (10) years. This Declaration may be amended from time to time, by recording in the Office of the County Recorder of Coconino County, Arizona, an instrument in writing, reciting said Amendment, and signed (with signatures properly acknowledged) by two-thirds (2/3) of the members and attested to by President and Secretary of the Association. No such amendment shall be valid with respect to a mortgage, or trust deed of any such lot unless the mortgagee or beneficiary has consented, in writing, to such amendment.

In addition, this Declaration may become amended in the event this land is annexed to become part of another subdivision and becomes a part of an overall Declaration for the entire Turquoise Ranch plan.

IN WITNESS WHEREOF, Declarant and Developer have caused this Declaration to be duly executed.

FIRST AMERICAN TITLE INSURANCE
COMPANY OF ARIZONA, an Arizona
corporation, as Trustee

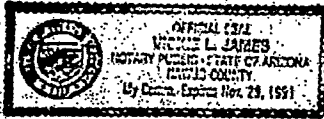
TURQUOISE RANCH COMPANY,
an Arizona corporation

By Stanley S. Williams
Its Trust Officer

By Bill E. Clark
Its President

STATE OF ARIZONA)
COUNTY OF NAVAJO) ss.

The foregoing instrument was acknowledged before me this
14th day of June, 1990, by Bill E. Clark, the President
of Turquoise Ranch, an Arizona corporation, being authorized to
do so on behalf thereof.

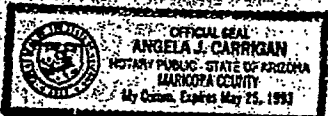


William L. James
Notary Public

My commission expires:

STATE OF ARIZONA)
COUNTY OF MARICOPA) ss.

The foregoing instrument was acknowledged before me this
16th day of June, 1990, by Stanley Williams, a Trust
Officer of First American Title Insurance Company of Arizona,
an Arizona corporation, as Trustee, being authorized to do so
on behalf thereof.



Angela J. Carrigan
Notary Public

My Commission expires:

