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Krupnik & Speas, PLLC  
3411 N. 5th Ave., Suite 316  
Phoenix, AZ 85013

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**SECOND AMENDED AND RESTATED DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
RANCHO MIRADA**

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**SECOND AMENDED AND RESTATED DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS**

**OF**

**RANCHO MIRADA**

THIS SECOND AMENDED AND RESTATED DECLARATION is made on the date hereinafter set forth by RANCHO MIRADA HOMEOWNERS ASSOCIATION (“Association”).

**WITNESSETH:**

WHEREAS, the Association recorded the Amended and Restated Declaration of Covenants, Conditions and Restrictions of Rancho Mirada on March 27, 1989, in the office of the Maricopa County, Arizona Recorder at Instrument No. 89-134944, the Amendment to Declaration of Covenants, Conditions and Restrictions of Rancho Mirada on June 28, 2004, in the office of the Maricopa County, Arizona Recorder at Instrument No. 2004-0733311, and the Certificate of Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions of Rancho Mirada on September 6, 2019, in the office of the Maricopa County, Arizona Recorder at Instrument No. 2019-0697322 (collectively referred to herein as the “Previous Declaration”);

WHEREAS, the Previous Declaration governs the following real Property (“Property”) located in the County of Maricopa, State of Arizona:

Lots 1 through 33, both inclusive, and Tracts A, B, and C of RANCHO MIRADA, according to a plat thereof recorded in the office of the Maricopa County Recorder in Book 284 of Maps, at Page 50 (hereinafter referred to as the “Property”);

WHEREAS, the Association, by and through its Members, wishes to amend and restate the Previous Declaration as set forth herein;

NOW, THEREFORE, the Association hereby declares that the Property described above shall be held, sold and conveyed subject to the following amended and restated easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. All of the terms and conditions of the Previous Declaration are hereby amended in their entirety and replaced by this Second Amended and Restated Declaration of Covenants, Conditions and Restrictions.

ARTICLE I

**DEFINITIONS**

1.1 “Architectural Committee” shall mean and refer to the committee established by the Board pursuant to Section 4.7 of this Declaration.

1.2 “Articles” shall mean and refer to the Articles of Incorporation of the Association filed with the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

1.3 “Board” shall mean and refer to the Board of Directors of the Association.

1.4 “Bylaws” The bylaws of the Association, as such bylaws may be amended from time to time.

1.5 “Common Area” shall mean the real property owned by the Association for the use and benefit of the Owners, including, but not limited to, Tracts A, B, and C designated “Common Areas” as shown on the plat for the Property recorded in the office of the Maricopa County Recorder, which tracts have been or will be conveyed to the Association, and become part of the “Common Areas”.

1.6 “Declaration” shall mean and refer to this Second Amended and Restated Declaration of Covenants, Conditions and Restrictions.

1.7 “Dwelling” shall mean and refer to any building situated upon a Lot and designed and intended for independent ownership and for use and occupancy as a residence by a Single Family, including any appurtenant garage, casita, and/or storage area.

1.8 “Governing Documents” shall mean and refer to this Declaration and the Articles, Bylaws, Rules, Design Guidelines, and any other documents governing the Association.

1.9 “Improvement” shall mean and refer to buildings, roads, driveways, parking areas, fences, walls, rocks, solar energy devices, items affixed to the Lot or any improvement thereon, hedges, plantings, planted trees and shrubs, and all other structures or landscaping improvements of every type and kind.

1.10 “Lot” shall mean and refer to any plot of land shown upon the recorded plat of Rancho Mirada, as such may be amended from time to time.

1.11 “Member” shall mean and refer to any person, corporation, partnership, joint venture or other legal entity who is a member of the Association per Section 4.1 herein.

1.12 “Owner” shall mean and refer to the record owner of fee simple title of any Lot, including without limitation, one who is buying a Lot under a recorded contract for sale within the meaning of A.R.S. §33-741, but excluding others having an interest merely as security for the performance of an obligation. In the case of a Lot owned by a revocable trust, the Owner shall be deemed to be the trustor and in the case of a Lot owned by an irrevocable trust, the Owner shall be deemed to be the trustee. The term “Owner” shall exclude in all cases any party holding an interest merely as security for the performance of an obligation.

1.13 “Single Family” shall mean and refer to an individual living alone, a group of two or more persons each related to the other by blood, marriage or legal adoption, or a group of not more

than three persons not all so related, together with their domestic employees, who maintain a common household in a dwelling.

1.14 “Single Family Residential Use” shall mean and refer to the occupation or use of a Dwelling in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.

1.15 “Visible from Neighboring Property” shall mean and refer to that an object is or would be visible to a person six feet (6') tall standing on a neighboring Lot, Common Area, or street at an elevation not greater than the elevation of the base of the object being viewed.

## ARTICLE II

### RESTRICTIONS ON USE

2.1 Building Type and Size. No building except a Dwelling shall be erected, maintained, or permitted on any Lot or portion thereof. The Dwelling on a Lot shall contain at least three thousand (3,000) square feet of enclosed living area floor space. The term “living area floor space” is exclusive of floor space in porches, pergolas, garages, or carports. All buildings shall be constructed of brick, cement block or other substantial constructions, or insulated frame construction. Unless approved in writing by the Board or the Architectural Committee, no prefabricated building or structure of any nature whatsoever, permanent or temporary, attached or detached from a dwelling, shall be moved or placed upon or assembled or otherwise maintained on any Lot so as to be Visible From Neighboring Property. No building shall be more than one story in height. No more than one Dwelling shall be built on any one Lot, and no temporary or permanent building of any nature detached from the Dwelling shall be built, erected, placed or maintained on said Lot. Provided, however, that a single detached garage or carport, limited in size to three car capacity or a single casita of no more than 650 square feet and not containing a kitchen or facilities for the cooking of food may be erected upon any Lot. No garage, carport, or casita shall be commenced or erected upon any Lot until construction of the primary residential unit, complying with these restrictions, shall have been commenced by a licensed contractor pursuant to a bona fide building contract.

2.2 Residential Use. Except as otherwise provided herein, all Lots shall be improved and used only for Single Family Residential Use. No gainful occupation, profession, trade or other commercial activity shall be conducted on any Lot; provided, however, that an Owner or other resident of a Lot may conduct a business activity on the Lot so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside of the Lot; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Property; (iii) the business activity does not involve persons coming onto the Lot or the door-to-door solicitation of Owners or other residents in the Property; and (iv) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other residents in the Property, as may be determined from time to time in the sole discretion of the Board. Furthermore, no advertising or directional signs may be placed upon the Lot or any portion of the Common Area regarding the business activity. Notwithstanding the foregoing, garage sales, yard sales and estate sales may be held only to the extent permitted by the Rules and subject to any restrictions set forth in the Rules. The terms “business” and “trade” as used in this section shall be construed to have ordinary,

generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license is required for such activity.

### 2.3 Vehicles and Parking.

(A) No truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, motorbike, off-road vehicle, all-terrain vehicle, snowmobile, jet ski, boat trailer or other vehicle or equipment of any kind shall be parked, kept or maintained on any Lot so as to be Visible From Neighboring Property or on the Common Area except for (i) vehicles that are, by law, permitted to be parked on streets and driveways, (ii) motor vehicles which do not exceed 222 inches in length, 75 inches in height and 84 inches in width, which are parked as provided in subsection (C) below and are used on a regular and recurring basis for basic transportation, (iii) temporary parking of motor vehicles which are owned by any Owner or for the purposes of loading, unloading, and cleaning, and in accordance with any time limits imposed by the Rules, and (iv) temporary parking of vehicles of persons providing goods and/or services to a Lot, the Owner(s) of the Lot and/or resident(s) of a Lot for so long as they are providing such goods and/or services, and in accordance with any restrictions set forth in the Rules. No inoperable vehicle (one that is not running, is up on blocks, is not properly licensed, or is not currently registered) or vehicle which because of flat tires, missing fenders, bumpers, hoods or other parts or because of lack of proper maintenance is, in the sole opinion of the Board of Directors, unsightly or detracts from the appearance of the Property shall be stored, parked or kept on any Lot or the Common Area except completely within an enclosed garage. No commercial vehicle shall be stored, parked or kept on any Lot or the Common Area so as to be Visible From Neighboring Property. For purposes of this Section, a commercial vehicle shall mean any vehicle that meets any one or more of the following criteria: displays any type of exterior signage, design or lettering for advertising in aggregate of 288 square inches; commercial utility racks located on the vehicle, or work equipment stored on the vehicle that is visible from outside of the vehicle.

(B) Except for emergency vehicle repairs which can be completed in twenty-four (24) hours or less, no motor vehicle or equipment of any kind or type shall be constructed, reconstructed or repaired on any Lot or the Common Area except completely within an enclosed garage.

(C) It is the intent of the Association to eliminate on-street parking in the Property as much as possible. Except for vehicles that are, by law, permitted to be parked on streets and driveways, all vehicles of Owners and of their lessees, employees, guests and invitees shall be kept in garages or residential driveways of the respective Owners' Lots wherever and whenever such facilities are sufficient to accommodate the number of vehicles on a Lot; provided, however, this Section shall not be construed to permit the parking in the above described areas of any vehicle whose parking is otherwise prohibited by this Declaration. No parking is permitted on any street within the Property except as permitted by the Rules or approved by the Board. No overnight on-street parking is permitted. The Association may adopt additional parking rules and restrictions, including, but not limited to, defining what is overnight parking.



2.4 Towing of Vehicles. The Association shall have the right to have any truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer or similar equipment or vehicle or any automobile, motorcycle, motorbike, or other motor vehicle parked, kept, maintained, constructed, reconstructed or repaired in violation of the Governing Documents towed away at the sole cost and expense of the Owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the Owner of the vehicle or equipment. If the vehicle or equipment towed is owned or operated by an Owner, then the cost incurred by the Association in towing the vehicle or equipment shall be assessed against the Owner and their Lot as an Individual Assessment.

2.5 Garages. Garages shall not be used for or converted to living quarters or recreational activities without the prior written approval of the Architectural Committee. No garage may be used for storage or any other use which restricts or prevents the garage from being used for parking by the number of vehicles it was designed to hold. Garage doors shall be left open only as needed for ingress and egress.

2.6 Animals and Pets. No swine, horses, cows, goats or other livestock, and no pigeons, chickens, ducks, turkeys, or other poultry shall ever be kept upon the Lots or tracts of Rancho Mirada. Dogs, cats, or other common household pets may be kept provided they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers. In no event shall a combination of more than three (3) dogs and/or cats be kept on the premises at any one time. No animal that is an annoyance or nuisance to other residents may be kept on a Lot. All animals kept on a Lot must be confined to their Owner's Lot or on a leash held by a person capable of controlling the animal, and not permitted to run free. No animals may be fed outdoors. Each Owner shall be responsible for the immediate removal and disposal of the waste or excrement of all the Owner's animals from the yard of the Owner's Lot, any other Lot, Common Area, or public right-of-way. Owners shall be liable for all damage caused by their animals. The Board may establish a system of fines or charges for any infraction of the foregoing, and the Board will be the sole judge for determining whether an animal is a common household pet or whether any animal is an annoyance or nuisance. The keeping and maintaining of animals shall also be subject to such rules and regulations as may, from time to time, be adopted by the Association.

2.7 Noxious and Offensive Activity. No noxious or offensive activity shall be allowed on the Lots nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the Association, the Property, or the residents thereon, or which shall in any way interfere with the quiet enjoyment of each of the Owners and residents of their respective Lots.

2.8 Use of Machinery and Equipment; Construction Hours. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures or improvements thereon. Hours of construction and hours permitted for use of machinery and equipment will be as set forth in the Design Guidelines.

2.9 Storage. All equipment, service yards, wood piles, or storage piles shall be kept screened by a solid wall, a solid fence or a hedge so as not to be Visible From Neighboring Property. No outside clothesline shall be allowed or maintained.

2.10 Trash. All rubbish, trash or garbage shall be regularly removed at least once a week from each Lot and shall not be allowed to accumulate thereon. In the case of an Owner who allows trash to accumulate on the Owner's Lot, the Association may arrange and contract for the removal and cleanup of the trash, and the costs shall become an Individual Assessment to that Owner. No incinerators shall be kept or maintained on any Lot and no trash, rubbish, or garbage may be burned. Refuse containers may be placed on a Lot so as to be Visible From Neighboring Property only on trash collection days and then only for the shortest period of time reasonably necessary for trash collection. Except as permitted in the previous sentence, refuse containers shall be stored in an enclosed garage or on another portion of a Lot that is not Visible From Neighboring Property.

2.11 Hazardous Materials. Except as may be necessary for normal household, landscaping, or automotive uses, no Owner shall permit any hazardous wastes (as defined under all applicable federal and state laws), asbestos, asbestos containing materials or any petroleum products or by-products to be kept, dumped, maintained, stored, or used in, on, under, or over any Lot. No gasoline, kerosene, cleaning solvents, or other flammable liquids may be stored in the Common Area. No fuel tanks of any kind shall be erected, placed, or maintained on the Property except for propane or similar fuel tanks as may be permitted under the ordinances of the county or municipality having jurisdiction over the Property.

2.12 Drilling and Mining. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or in any Lot nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted on any Lot. No derrick or other structure designed for use in boring for or removing water, oil, natural gas or other minerals shall be erected, maintained or permitted upon any Lot.

2.13 Antennas and Satellite Dishes. No antenna, satellite dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be placed upon a Lot or improvement thereon so as to be Visible From Neighboring Property, unless approved by the Architectural Committee, except those devices covered by 47 C.F.R. § 1.400 (Over-the-Air Reception Devices Rule), as amended, repealed, or recodified, will be permitted without prior approval. Any such device shall comply with the applicable antenna installation rules of the Association and shall be mounted, to the extent reasonably possible, so as to not be Visible From Neighboring Property. The devices governed by 47 C.F.R. § 1.400 (Over-the-Air Reception Devices Rule) as of the date of the recording of this Declaration are as follows: (i) Direct Broadcast Satellite ("DBS") antennas one meter in diameter or less, and designed to receive direct broadcast satellite service, including direct-to-home satellite service, or receive or transmit fixed wireless signals via satellite; (ii) Multi-point Distribution Service ("MDS") antennas one meter or less in diameter or diagonal measurement, designed to receive video programming services (wireless cable) or to receive or transmit fixed wireless signals other than via satellite; (iii) Antennas designed to receive local television broadcast signals ("TVBS"); and (iv) Antennas designed to receive and/or transmit data services, including Internet access. If the FCC expands the types of antennas that fall under the FCC Rule, this Section 2.13 shall encompass those antennas as well.

2.14 Signs. No emblem, logo, sign, or billboard of any kind shall be displayed on any of the Lots so as to be Visible From Neighboring Property, except for: (i) signs required by law to be allowed on the Lot; (ii) one residential identification sign with a total face area of eighty square inches or less; (iii) signs as may be permitted by the Rules; and (iv) signs as may be approved in

advance by the Architectural Committee in terms of number, type, and style. No emblem, logo, sign, or billboard of any kind shall be placed on the Common Area unless permitted by the Rules or approved by the Board of Directors.

2.15 Architectural Control.

(A) No excavation or grading work shall be performed on any Lot without the prior written approval of the Architectural Committee.

(B) No Improvements shall be commenced, constructed or installed on any Lot without the prior written approval of the Architectural Committee.

(C) No addition, alteration, repair, change or other work which in any way alters the exterior appearance, including but without limitation, the exterior color scheme, of any Lot, or the Improvements located thereon, shall be made or done without the prior written approval of the Architectural Committee.

(D) Any Owner desiring approval of the Architectural Committee for the construction, installation, addition, alteration, repair, change or replacement of any Improvement which would alter the exterior appearance of the Lot or the Improvements located thereon, shall submit to the Architectural Committee a written request for approval specifying in detail the nature and extent of the construction, installation, addition, alteration, repair, change or replacement of any Improvement which the Owner desires to perform. Any Owner requesting the approval of the Architectural Committee shall also submit to the Architectural Committee any additional information, plans and specifications which the Architectural Committee may request. In the event that the Architectural Committee fails to approve or disapprove an application for approval within sixty (60) days after the application, together with all supporting information, plans and specifications requested by the Architectural Committee has been submitted to it, approval will not be required and this Section will be deemed to have been complied with by the Owner who had requested approval of such plans; however, any such work and improvements must comply with all provisions of the Governing Documents.

(E) The approval by the Architectural Committee of any construction, installation, addition, alteration, repair, change or other work pursuant to this Section shall not be deemed a waiver of the Architectural Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change or other work subsequently submitted for approval.

(F) Upon receipt of approval from the Architectural Committee for any construction, installation, addition, alteration, repair, change or other work, the Owner who had requested such approval shall proceed to perform, construct or make the construction, installation, addition, alteration, repair, change or other work approved by the Architectural Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Committee.

(G) The approval of the Architectural Committee required by this Section shall be in addition to, and not in lieu of, any approvals, consents or permits required under the

ordinances or rules and regulations of any county or municipality having jurisdiction over the Property.

2.16 Flags and Flagpoles. An Owner may install one (1) flagpole on the Lot with the prior written approval of the Architectural Committee in accordance with Section 2.15 herein. Flags required by law to be permitted on the Lot may be flown on the Lot Visible From Neighboring Property in accordance with the Federal Flag Code (P.L. 94-344); however, the Rules may limit the number of flags displayed to two (2) at a time. Other flags may be flown only with the prior written approval of the Board or as specifically permitted by the Rules.

2.17 Windows and Window Covering. Draperies or suitable window treatments designed and intended to be used as window treatments shall be maintained on all windows facing the street. Sheets, newspapers, and similar items may not be used as window coverings, even temporarily. No aluminum foil, reflective screens, awnings, reflecting glass, mirrors, or similar reflecting materials of any type shall be placed or installed inside or outside of any windows of a Single Family Residence or structure so as to be Visible From Neighboring Property without the prior written approval of the Architectural Committee.

2.18 Leasing. No Owner shall lease their Lot except in accordance with the terms and conditions of this Section 2.18. For purposes of this Section, a Lot will be deemed to be leased or rented when (i) the Lot is occupied without the Owner present by anyone other than the Owner's family members, as defined in A.R.S. § 42-12053 (as amended, repealed, or recodified) or (ii) where the Owner receives monetary compensation from any occupant(s). A Lot is not considered leased or rented when temporarily occupied by a house or pet sitter compensated by the Owner for performing their duties on the Lot.

(A) Provisions That Govern Rentals While Being Leased. The entire Lot may be rented or leased only to a Single Family. A casita, room(s) in the Dwelling, or other portion of a Lot may not be rented separately from the entire Lot. All advertising for leasing shall limit leasing to only a Single Family. A completed rental registration form adopted by the Board must be delivered to the Association within ten (10) days of the commencement of the lease term or renewal term. All leases and rental agreements must be in writing, be made subject to the Governing Documents and provide that any failure by the lessee to comply with the terms thereof shall be a default under the lease or rental agreement and grounds for eviction. Each Owner shall provide the lessee/tenant with copies of this Declaration, the Bylaws, Articles, and Rules. An Owner who leases his or her Lot shall be responsible for assuring compliance by the lessee(s) with all of the provisions of the Declaration and Rules and shall be jointly and severally responsible for any violations by such lessee(s). If a tenant violates the provisions of any of the above documents, the Association may provide notice to the Owner of the tenant's violations and require that the Owner evict the tenant for the violations. If the Owner fails to evict the tenant, the Association may exercise any remedies available under the Declaration and Arizona law.

(B) Minimum Lease Term. All leases must be for a minimum of a sixty (60) consecutive calendar days. No new lease may begin less than sixty calendar (60) days after the start date of the prior lease. No advertising offering a lease or rental for less than sixty (60) days shall be allowed. No subleases are permitted. Notwithstanding the foregoing, for any persons owning Lots as of September 6, 2019, this minimum lease term shall apply beginning on September 6, 2021.

However, if any of such Lot changes ownership before September 6, 2021, this minimum lease term shall apply immediately to the new Owner(s) of the Lot.

2.19 Restriction on Further Subdivision and Time Shares. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner, and no portion less than all of any such lot shall be conveyed or transferred by any Owner without the prior written approval of the Board. No Owner shall transfer, sell, assign or convey any time share in any Lot, and any such transaction shall be void. No Lot or Dwelling thereon may be used and/or occupied by any person pursuant to any timesharing plan, fractional ownership interest plan, fractional private residence club plan, membership residential privilege plan, or other similar type of plan or arrangement.

2.20 Increased Risk. Nothing shall be done or kept in or on any Lot, Dwelling, or Common Area which will increase the rate of insurance on the Common Area without the prior written consent of the Board. No Owner shall permit anything to be done or kept on or in the Owner's Lot, Dwelling, structure, or in the Common Area which will result in the cancellation of insurance on any part of the Common Areas or which would be in violation of any law.

### ARTICLE III

#### PROPERTY RIGHTS AND EASEMENTS

##### 3.1 Owner's Easements of Enjoyment.

(A) Every Owner shall have a right and easement of use in and to the common areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(i) The right of the Association to suspend the voting rights and right to use of the Common Areas and recreational facilities by an Owner for any period during which any Assessments or other amounts due under any of the provisions of the Governing Documents is fifteen (15) or more days delinquent; and for a reasonable time period as determined by the Board for each infraction of the Governing Documents, and for so long as such infraction remains;

(ii) The right of the Association to dedicate or transfer all or any part of the Common Areas and recreational facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the Members has been recorded.

(iii) The right of the Board to lease, convey easements, or grant concessions consistent with the overall character and use of the Property with respect to parts of the Common Areas and to change the character, description and use thereof, subject to the provisions of the Governing Documents. Any funds received by the Association from leases, concessions or other sources shall be held and used for the benefit of the Association and the Members pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

(B) Any Owner may delegate, subject to compliance with the Governing Documents, their right of use of the Common Areas and recreational facilities to their guests, the members of their family, their tenants, or contract purchasers who reside on the property. All parties to whom these rights are delegated shall be subject to compliance with the Governing Documents. No such delegation shall relieve the Owner of their obligations to comply with all terms and conditions of the Governing Documents, nor shall such delegation relieve the Owner of responsibility for payment for all Assessments applicable to their Lot.

3.2 Maintenance Easements. Authorized representatives of the Board and of the managing agent employed by the Association, and all contractors and repairmen employed or engaged by the Association shall be entitled to access at any time to each of the Lots as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or any equipment, facilities or fixtures affecting or serving other Lots and/or on the Common Areas.

3.3 Blanket Easement for Utilities. There is hereby created a blanket easement for ingress, egress, over and under the Common Areas for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to water, sewer, gas, telephones, television, internet, and electricity, and irrigation facilities. By virtue of this easement, it shall be expressly permissible for the providing utility or communications company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of Dwellings. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Property, except as initially programmed and approved by the Board of Directors of the Association. This easement shall in no way affect any other recorded easements on the Property.

3.4 Easements for Encroachments. If any portion of the Common Areas or any Improvement constructed thereon shall actually encroach upon any Lot, or if any Improvement constructed upon any Lot shall actually encroach upon any portion of the Common Areas, or if any Improvement constructed upon any Lot shall actually encroach upon any other Lot, whether such encroachment results from the initial construction or from subsequent repair, reconstruction, settlement or shifting, there shall be deemed to be mutual easements in favor of the Association as Owner of the Common Areas and the respective Lot Owners involved to the extent of such encroachment so long as the same shall exist provided, however, that such easement shall not result from any alteration, addition or improvement made by an Owner without the prior written approval of the Architectural Committee. Notwithstanding any provision herein to the contrary, any encroachment permitted herein shall not exceed one (1) foot. The Association shall, at all times, have the right to maintain any Common Areas now existing or hereafter constructed, regardless of any encroachment now or hereafter existing on any such Common Areas upon any Lot.

## ARTICLE IV

### ASSOCIATION, MEMBERSHIP, AND VOTING

4.1 Identity of Members. Membership in the Association shall be limited to Owners of Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a Member of the Association and shall remain a Member of the Association until such time as their ownership ceases for any reason, at which time their membership in the Association shall automatically cease.

4.2 Transfer of Membership. Membership in the Association shall be appurtenant to each Lot and a membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale or transfer of a Lot by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process and then only to such new Owner of the Lot. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the Association. The Association shall have the right to charge a reasonable transfer fee, in an amount permitted by law, to cover the administrative costs of the Association or its agent associated with such transfer of ownership of the Lot to the new Owner of the Lot.

4.3 Voting. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. The vote or votes for each such Lot 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 shall lose their right to vote on the matter in question. If any Owner casts a ballot representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one ballot is cast by an Owner for a particular Lot and there is a conflict among the votes, none of said votes shall be counted and said votes shall be deemed void.

4.4 Corporate Owners' Membership and Voting. In the event any Lot is owned by a corporation, partnership or other association, the corporation, partnership or association shall be a Member and may designate in writing an individual who shall have the power to vote said membership; in the absence of such designation and until such designation is made, the president, general partner or chief executive officer of such corporation, partnership or association shall have the power to vote the membership.

4.5 Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any Assessments or other amounts due under any of the provisions of the Governing Documents for a period of fifteen (15) days, such Owner's right to vote as a Member of the Association shall be suspended until all payments, including accrued interest and attorneys' fees, are brought current. In addition, in the event any Owner is in violation of any of the terms of Governing Documents, such Owner's right to vote as a Member of the Association may be suspended for a reasonable time frame as determined by the Board of Directors, and for so long as such violation continues.

4.6 Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers and committees as the Board may elect or appoint in accordance with the Articles and the Bylaws. Unless the Governing Documents or applicable law specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board of Directors. A majority vote of the directors shall entitle the Board to carry out an action on behalf of the Association.

4.7 Architectural Committee. The Board shall establish an Architectural Committee consisting of not less than three (3) members to regulate the external design, appearance and use of the Property and to perform such other functions and duties as may be imposed upon it by this Declaration, the Bylaws or the Board. The Board shall have the right to appoint and remove

members of the Architectural Committee and the chairperson of the Architectural Committee shall be a member of the Board.

4.8 Design Guidelines. The Architectural Committee may recommend to the Board and the Board may adopt, amend, and repeal procedural rules, regulations, restrictions, architectural standards, and design guidelines (the “Design Guidelines”). The Design Guidelines are hereby incorporated herein and shall be deemed to be a part of this Declaration and shall be binding on all Owners and other persons having any interest in the Property as if expressly set forth herein.

4.9 Rules. The Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations (“Rules”). The Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by any guest, agent, or lessee of such Owner except that the Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. Upon adoption, the Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

4.10 Borrowing Power. The Association may borrow money in such amounts as are approved by the Owners, subject to the procedures set forth herein. In connection therewith, the Association may assign its right to future income, including the right to receive Assessments. The Board, after consulting with one or more lending institutions, shall submit to the Owners a borrowing plan containing the proposed amount, rates, terms, and security of the loan. The borrowing plan must be approved by the vote of Owners holding more than fifty percent (50%) of the votes cast on the matter. The rates, terms, and security, and periods of time of the loan are subject to change pursuant to changes in available credit from the time the borrowing plan was obtained from the lending institution and when the borrowing plan was approved by the Owners. The amount borrowed, however, may not be an amount greater than approved by the Owners.

4.11 Board’s Determination Binding. Except for judicial construction, the Association, by and through the Board of Directors, shall have the exclusive right to construe and interpret the provisions of the Governing Documents. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association’s construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and Property benefited or bound by this Declaration.

4.12 Management Agreements. The Association, through its Board of Directors, is authorized to employ a manager or other persons and to contract with independent contractors as managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent shall provide for the right of the Association to terminate the same. Subject to the terms of the management agreement, it shall be the primary purpose of such managing agent to provide for the administration, management, repair and maintenance of the Common Area and all Improvements thereon, and to assess, collect and apply Assessments, and to enforce the Declaration. The terms of said management agreements shall be as determined by the appropriate Board of Directors to be in the best interests of the Association and shall be subject to the Governing Documents. Notwithstanding the above, any and all such management agreements shall be written for a term not to exceed one year, subject to renewal by agreement of the parties for successive one year periods, and shall further provide that said management agreement may be cancelled and terminated by the appropriate Board of Directors for any reason whatsoever upon giving thirty (30) days written notice



of such cancellation and termination to the management agent. Each Owner shall be bound by the terms and conditions of all management agreements entered into.

4.13 Additional Provisions in Articles of Incorporation and By-Laws of the Association. The Articles and Bylaws may contain any provision not inconsistent with law or with this Declaration relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and Members.

## ARTICLE V

### COVENANTS FOR MAINTENANCE ASSESSMENTS OF THE ASSOCIATION

5.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association Annual Assessments, Special Assessments Individual Assessments, and the Working Capital Fee (collectively and individually referred to as "Assessments"). Such Assessments are established and collected as hereinafter provided. The Assessments, together, with interest, fees, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made (the "Assessment Lien"). Each such Assessment, together with interest, fees, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

5.2 Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents of Rancho Mirada and for the improvement and maintenance of the Common Areas and recreational facilities thereon, and to permit the Board of Directors to carry out their obligations consistent with this Declaration and the purposes of the Association.

5.3 Annual Assessment. For each fiscal year of the Association, the Board shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board believes to be required during the ensuing fiscal year to pay all expenses of the Association. The Board shall give notice of the "Annual Assessment" to each Owner in accordance with the limitations set forth below at least thirty (30) days prior to the beginning of each fiscal year of the Association, but the failure to give such notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment equal to the Annual Assessment for the year immediately preceding until the Owner has been given thirty (30) days' notice of the new Annual Assessment amount.

(A) Until January 1, 2020, the maximum Annual Assessment for each Lot shall be Two Hundred and Five Dollars (\$205.00). From and after January 1, 2020, the maximum Annual Assessment may be increased by the Board by ten percent (10%) over the maximum Annual Assessment for the immediately preceding fiscal year without the vote of the Members. From and after January 1, 2020, the maximum Annual Assessment may be increased more than ten percent (10%) over the maximum Annual Assessment for the immediately preceding fiscal year with the vote of Members entitled to vote and casting at least two-thirds (2/3) of the votes cast by Members

who are voting in person or by absentee ballot at a meeting duly called for such purpose. The Board of Directors may establish the Annual Assessment at an amount not in excess of the maximum.

(B) Notwithstanding the foregoing, the Board shall not impose an Annual Assessment in any fiscal year that is more than twenty percent (20%) greater than the immediately preceding fiscal year's Annual Assessment without the approval of the majority of the Members, or as otherwise provided by Arizona law.

(C) If the Board determines during any fiscal year that its funds budgeted or available for that fiscal year are, or will, become inadequate to meet all expenses of the Association for any reason, including, without limitation, nonpayment of Assessments by Members, it may increase the Annual Assessment for that fiscal year within the limitations set forth above and the revised Annual Assessment shall commence on the date designated by the Board.

5.4 Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy Special Assessments for any lawful Association purpose, provided that any such Special Assessment shall be approved by a majority of votes cast in person and by absentee ballot by Members entitled to vote at a meeting called for this purpose.

5.5 Notice for any Action Authorized Under Section 5.3 and 5.4. The notice and quorum requirements for any action authorized under Sections 5.3 and 5.4 shall be as set forth in the Bylaws of the Association.

5.6 Uniform Rate of Assessment. Both Annual Assessments and Special Assessments must be fixed at a uniform rate for all Lots.

5.7 Due Dates for Assessments. Both Annual Assessments and Special Assessments shall be collected on an annual, monthly, or other periodic basis as determined from time to time by the Board of Directors.

5.8 Individual Assessments. Individual Assessments shall be levied by the Association against an Owner for:

(A) Costs incurred by the Association in bringing an Owner or the Owner's Lot into compliance with the provisions of the Governing Documents, including, but not limited to, attorneys' fees, interest and other costs or charges which are incurred in connection therewith, regardless of whether suit is filed;

(B) Costs incurred by the Association as a consequence of the conduct of the Owner or resident of a Lot, or their licensees, invitees, or guests;

(C) Any other charge designated as an Individual Assessment in the Governing Documents; and

(D) In the event the Board undertakes to provide materials or services which benefit individual Owners or Lots and which can be accepted or not by individual Owners, such Owners, in accepting such materials or services, agree that the costs thereof shall be an Individual Assessment.

5.9 Working Capital Fee. To support the Association in maintaining operating, maintenance, and capital improvement reserves, in meeting its expenses, and/or purchasing necessary equipment or services, each new Owner of a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a Working Capital Fee in an amount that is a minimum of One Thousand Five Hundred Dollars (\$1,500) and a maximum of the equivalent of eight (8) months of the then-current rate of Annual Assessments, as determined by the Board from time to time. Such fee shall be due upon the close of escrow or upon transfer of ownership, whichever occurs first. Notwithstanding the foregoing, no such fee shall be assessed on a Lot that is either (1) transferred within a family as defined in A.R.S. § 42-12053 (as amended, repealed, or recodified) or (2) transferred into a revocable living trust for the benefit of the trustor, where the owner(s) of the Lot becomes the trustor(s) of the trust. Funds paid to the Association pursuant to this Section may be used by the Association for the operation, maintenance, repair, and replacement of the Common Areas and any public rights-of-way maintained by the Association. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any other Assessments levied by the Association pursuant to this Declaration.

5.10 Transfer Fee. In addition to the Assessments provided for herein, each new Owner of any Lot shall pay the Association an administrative transfer fee in such amount as is established from time-to-time by the Board in accordance with any limits provided by law.

5.11 Statement of Payment of Assessments. The Association shall, upon written request, furnish to a person acquiring an interest in any Lot and to a lienholder, escrow agent, Owner or person designated by an Owner, a written statement signed by an officer or agent of the Association setting forth whether the Assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these statements. Such statement will be provided within the time period required by law. Such statements shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

5.12 Effect of Non-payment of Assessments; Remedies of the Association.

(A) Any Assessment, or any installment of an Assessment, not paid within fifteen (15) days after the Assessment, or the installment of the Assessment, first became due (i) shall bear interest from the due date at the rate of eighteen percent (18%) per annum and (ii) may be subject to a reasonable late charge as determined by the Board of Directors. The Board of Directors may cause to be recorded a "Notice of Claim of Lien" which shall set forth (i) the name of the delinquent Owner as shown on the records of the Association, (ii) the legal description of the Lot against which the claim of lien is made, (iii) the amount claimed as of the date of the recording of the notice including late charges, interest, lien recording fees, reasonable collection costs and reasonable attorneys' fees, and (iv) the name and address of the Association. The Association shall not be obligated to release the Assessment Lien until all delinquent Assessments, late charges, interest, lien recording fees, reasonable collection costs and reasonable attorneys' fees have been paid in full, whether or not all of such amounts are set forth in the Notice of Claim of Lien.

(B) The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with late charges, interest, lien recording fees, reasonable collection costs, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law including, but not limited to, (i) bringing an action at law against the Owner

personally obligated to pay the delinquent Assessment Lien securing the delinquent Assessments or (ii) bringing an action to foreclose the Assessment Lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. Subject to the approval requirements below, the Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale. By exercising any of the remedies hereinafter set forth the Association does not prejudice or waive its right to exercise any other remedies.

5.13 Subordination of the Lien to First Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any bona fide first mortgage or first deed of trust. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to a first mortgage or first deed of trust foreclosure 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 such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

5.14 Reserves. The Board of Directors shall maintain a separate reserve account on behalf of the Association for capital improvements and their repair, replacement and reconstruction, and for extraordinary operating and regular maintenance expenses not covered by the operating account. The amount of reserves and contributions to reserves are within the discretion of the Board; however, the Board shall use reasonable efforts to ensure that the reserve account is adequately funded.

5.15 No Exemptions. No Owner may exempt themselves from personal responsibility for compliance with this Declaration or for the payment of Assessments duly levied by the Association, nor release the Lot owned by such Owner from the liens and charges hereof, by waiver of the use and enjoyment of the Common Areas, or by the facilities thereon, or by the abandonment of their Lot, or by the delegation of their right of use of such areas and facilities.

5.16 No Offsets. All Assessments and other amounts payable to the Association shall be payable in accordance with the provisions of the Governing Documents, and no offsets against such Assessments or other amounts shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Governing Documents.

## ARTICLE VI

### MAINTENANCE

6.1 Maintenance, Repairs and Replacements by Owners. Except as otherwise provided herein, each Owner shall maintain their Lot and all Improvements thereon in good condition and repair. The yards and landscaping on all Lots shall be neatly and attractively maintained, free of trash, weeds and unsightly material and shall be cultivated and planted to the extent required to maintain an appearance in harmony with other improved Lots in the Property. Each Owner shall be responsible for the maintenance, repair and replacement of any wall or fence on the Lot and/or on or near the boundary line between the Lot and Common Area or public right-of-way, except for the portions of such walls maintained by the Association. During prolonged absence, an Owner shall arrange for the continued care and upkeep of their Lot. No Improvement shall be permitted to fall

into disrepair and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any Improvement is damaged or destroyed, then, subject to the approvals required by Section 2.15, such Improvement shall be immediately repaired, rebuilt, or demolished. Each Lot shall be separately metered for water, sewer and electrical service and all charges for such services, and maintenance of all utility lines servicing the Lot, to the extent not maintained by the relevant utility company, shall be the sole obligation and responsibility of the Owner of each Lot.

6.2 Maintenance, Repairs and Replacements by the Association. The Association shall furnish and be responsible for, as a Common Expense, all of the maintenance, repairs and replacements to the Common Areas and all landscaped or unlandscaped right of ways adjacent to the Property. The Board shall be the sole judge as to the appropriate level of maintenance of all Common Areas.

(A) Boundary Walls. Walls located on or adjacent to the boundary line between a Lot and Common Area or a Lot and public right-of-way shall be Boundary Walls. Owners will be primarily responsible for Boundary Walls; however, the Association will paint and make minor repairs to (patching stucco, etc.) the exterior surfaces of Boundary Walls facing 110<sup>th</sup> Street, 112<sup>th</sup> Street, Mountain View Rd., Common Area Tract B, and Common Area Tract C.

6.3 Improper Maintenance and Use of Lots. In the event that any Owner fails to maintain their Lot, including all Improvements thereon in accordance with the standards set forth herein, then the Association may, at its option, cause such maintenance or repairs to be accomplished and charge such Owner for the complete cost thereof. Furthermore, if any Lot presents a public or private nuisance or an unreasonable condition, or substantially detracts from the appearance or quality of the surrounding Lots or other areas of the Property, or in the event any portion of a Lot is being used in a manner which violates the Governing Documents, then the Association may, at its option, cause corrective action to be taken and charge such Owner for the complete cost thereof. The amount payable for such action by the Association shall be an Individual Assessment against such Owner and their Lot and shall be secured by the Assessment Lien. The Association will not be liable for trespass for entering on to a Lot to exercise its rights under this Section.

6.4 Assessment of Certain Costs of Maintenance and Repair. If, due to the willful or negligent act of an Owner, their agents, tenants, licensees, residents, guests, family, or animals, damage shall be caused to the Common Areas or other areas maintained by the Association, then such Owner, upon receipt of a statement from the Board, shall pay for such damage and for such maintenance, repairs or replacements as may be determined by the Board. The amount payable for such maintenance, repairs or replacements shall be an Individual Assessment against such Owner and their Lot and shall be secured by the Assessment Lien.

6.5 Party Walls. Each wall, including patio and Lot line walls, any part of which is placed on or immediately adjacent to the dividing line between separate Lots, and that benefits such Lots and/or the Owners and residents of such Lot shall constitute a party wall ("Party Wall"). With respect to any such Party Wall, each of the adjoining Owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto. Notwithstanding the

generality of the foregoing, the rights and duties of the Owners of Lots with respect to Party Walls shall be governed by the following:

(A) In the event any such Party Wall is damaged or destroyed by the act of one of the adjoining Owners, their agents, tenants, licensees, residents, guests, family, or animals (whether or not such individual is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair such Party Wall without cost to the other adjoining Lot Owner(s).

(B) In the event any such Party Wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, their agents, tenants, licensees, residents, guests, family, or animals (including ordinary wear and tear and deterioration from lapse of time), then, in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint expense, each in proportion to their use thereof.

(C) Notwithstanding any other provision of this Article, an Owner who causes any Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(D) These covenants shall be binding upon the heirs and assigns of any Owners, and the right of any Owner to contributions from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

(E) In addition to meeting the other requirements of the Governing Documents and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions, extensions, or other alteration of any Party Wall, shall first obtain the written consent of the Owner of the adjoining Lot.

## ARTICLE VII

### INSURANCE

7.1 Insurance Requirements Generally. The Association shall obtain and maintain in full force and effect at all times certain casualty, liability and other insurance as hereinafter provided. All such insurance shall be obtained, to the extent possible, from responsible companies duly authorized to transact insurance business in the State of Arizona. All such insurance, to the extent possible, shall name the Association or its authorized representative or trustee as the insured. The Board shall review all such insurance on a periodic basis and shall adjust the amounts thereof as it deems necessary or appropriate. The cost and expense of all insurance obtained by the Association shall be a Common Expense. To the extent possible, such insurance shall:

(A) Provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees and agents and against each Owner and the members of each Owner's household, and any other person for whom the Association or any Owner may be responsible and shall provide for recognition of any authorized representative or trustee of the Association, if applicable;

(B) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by any Owner or mortgagee of all or any part of the

Property or any Lot and that the insurance policy shall not be brought into contribution with insurance maintained by any Owner or mortgagee of all or any part of the Property or any Lot;

(C) Provide that the policy of insurance shall not be terminated, canceled or substantially modified without at least thirty (30) days prior written notice to the Association;

(D) Contain, if available, an agreed amount and inflation guard endorsement;

(E) Contain a “severability of interest endorsement” which shall preclude the insurer from denying the claim of any Lot Owner or the Association due to the negligent acts of the Association or any Owner(s).

7.2 Casualty Insurance. The Association shall obtain and maintain casualty insurance covering the Common Areas covering loss or damage by fire and such other hazards as are covered under standard extended coverage policies, for not less than one hundred percent (100%) of the replacement cost of the Common Areas after application of the deductible (exclusive of the land, foundations, excavations and other items normally excluded from coverage), as determined on a periodic basis by the Board. Such policy or policies of casualty insurance shall, to the extent available, contain a standard all risk endorsement and shall insure against all other perils which are customarily covered with respect to projects which are similar in construction, location and use.

7.3 Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive public liability and property damage insurance, including medical payments insurance, covering liability for bodily injury, including death, and liability for property damage occurring in, upon or about the Common Areas. The Association shall be insured with respect to such liability arising out of the ownership, maintenance, repair or operation of the Property and the Common Areas. The limits of liability for such coverage shall not be less than \$1,000,000.00 for each occurrence and not less than \$2,000,000.00 aggregate with respect to bodily injury, death or property damage.

7.4 Workers’ Compensation and Employer’s Liability Insurance. The Association shall obtain and maintain workers’ compensation and employer’s liability insurance as may be necessary to comply with applicable law.

7.5 Fidelity Bonds or Insurance. The Association shall obtain and maintain fidelity bonds or insurance covering all persons or entities which handle funds of the Association, including, without limitation, any professional manager employed by the Association and any of such professional manager’s employees, in amounts not less than the maximum funds that will at any time be in the possession of the Association or any professional manager employed by the Association or the total estimated Assessments received for a three (3) month period with respect to all Lots, whichever is greater. With the exception of a fidelity bond or policy obtained by a professional manager covering such professional manager’s employees, all fidelity bonds or policies shall name the Association as an obligee. In addition, all such bonds or insurance shall provide that the same shall not be terminated, canceled or substantially modified without at least thirty (30) days prior written notice to the Association.

7.6 Insurance by Owners. Each Owner shall be responsible for obtaining property insurance for their own benefit and at their own expense covering their Lot, and all Improvements

and personal property located thereon. Each Owner shall also be responsible for obtaining at their expense personal liability coverage for death, bodily injury, property damage, or theft arising out of the use, ownership or maintenance of their Lot.

7.7 Other Insurance by the Association. The Association shall also have the power and authority to obtain and maintain other and additional insurance coverage, including but not limited to casualty insurance covering personal property of the Association, and a directors' and officers' liability policy.

7.8 Payment of Insurance Proceeds. With respect to any loss to the Common Area covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 7.9 of this Article, the proceeds shall be disbursed for the repair or restoration of the damage to Common Area.

7.9 Repair and Replacement of Damaged or Destroyed Common Areas. In the event of damage or destruction of any portion of the Common Areas, restoration of the Common Areas shall be undertaken by the Association without a vote of the Owners. Such restoration shall be performed substantially in accordance with this Declaration and the original plans and specifications for the Common Areas unless other action is approved by Owners of Lots to which seventy percent (70%) of the votes entitled to be cast with respect to the affairs of the Association are appurtenant. The cost of repair or replacement in excess of insurance proceeds and reserves set aside for that portion of the Common Area shall be paid by the Association, and the Association may levy a Special Assessment against the Owners for the cost thereof, and a vote of the Owners shall not be necessary to approve such Special Assessment. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall be retained in the reserves of the Association.

## ARTICLE VIII

### GENERAL PROVISIONS

8.1 Enforcement. Deeds of conveyance of the Property may incorporate this Declaration by reference to the Declaration, but whether such reference is made in such deeds, this Declaration shall be binding upon the respective grantees. The Association and each Owner shall have the right (but not the obligation) to enforce the Governing Documents, as amended from time to time, by any proceeding at law or in equity, including, but not limited to, an action to obtain an injunction to compel removal of any improvements or structures constructed or altered in violation of this Declaration or to otherwise compel compliance with the Governing Documents. Notwithstanding the foregoing, no Owner shall have the right to enforce the obligation to pay Assessments or other amounts due to the Association under the Governing Documents or applicable law. Violators of any one or more provisions of the Governing Documents may be restrained by any court of competent jurisdiction and damages awarded against such violators, provided, however, that nothing herein shall be construed as meaning that damages are an adequate remedy where equitable relief is sought. Each remedy provided by this Declaration is cumulative



and not exclusive. Failure by the Association or any Owner to enforce the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

(A) Fines. Notwithstanding the generality of the foregoing, the Association, acting through its Board of Directors, shall have the right, after giving the Owner notice and an opportunity to be heard, to impose fines for violation of any provision of the Governing Documents by any Owner or other persons for which such Owner is responsible.

(B) Notice of Violation. Notwithstanding the generality of the foregoing, the Association shall have the right to record a written notice of a violation by any Owner or resident of any restriction or other provision of this Declaration or the Rules. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (i) the name of the Owner or resident violating, or responsible for the violation of, this Declaration or the Rules; (ii) the legal description of the Lot against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner or occupant to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner and resident(s), and any subsequent purchaser of the Lot, that there is such a violation. If, after the recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall record a notice of compliance which shall state the legal description of the Lot against which the notice of violation was recorded, and the recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or that the violation did not exist.

(C) Costs of Enforcement. In the event the Association acts to enforce the Governing Documents, regardless of whether suit is filed, the Association shall be entitled to recover, in addition to any other remedy, reimbursement for attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith including but not limited to the Association's administrative costs and fees. Such attorneys' fees, costs and expenses shall be imposed as an Individual Assessment and shall be secured by the Assessment Lien. If, however, a lawsuit is filed, and the Owner is the prevailing party in such lawsuit, the Owner shall not be required to pay the Association's attorneys' fees, court costs, costs of investigation and other related expenses incurred therewith. If any lawsuit is filed by any Owner to enforce the Governing Documents, the prevailing party in such action shall be entitled to recover from the other party all attorneys' fees incurred by the prevailing party in the action.

8.2 Amendments. This Declaration may be amended at any time with the written approval of the Board of Directors and the Owners of not less than three-fourths (3/4) of the Lots, without regard to whether an Owner's right to vote is suspended. No amendment shall be effective until recorded. No amendment shall relieve an Owner from mandatory membership in the Association or from payment of any Assessments.

8.3 Term; Method of Termination. Unless amended or terminated as hereinafter provided, this Declaration shall continue in full force and effect in perpetuity. This Declaration may be terminated at any time if such termination is approved in writing by the Board of Directors and by Owners holding not less than ninety percent (90%) of the Lots. If the necessary consents are obtained, the Board shall cause to be recorded a certificate of termination. Thereupon this

Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles and/or Arizona statutes.

8.4 Restriction Against Partition. The Common Areas shall remain undivided, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Common Areas. No Owner shall have the right to bring an action for partition.

8.5 Indemnification. To the fullest extent permitted by law, every Director and every officer of the Association, and the members of the Architectural Committee shall be indemnified by the Association, and every other person serving as an employee or direct agent of the Association, or on behalf of the Association as a member of a committee or otherwise, may, in the discretion of the Board, be indemnified by the Association, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon such person in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of such person being or having served in such capacity on behalf of the Association, or any settlement thereof, whether or not such person is a Director, officer or member of the Architectural Committee or serving in such other specified capacity at the time the expenses are incurred. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law; provided, however, that the Association shall have the right to refuse indemnification if the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in the action. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which those persons may be entitled at law or otherwise.

8.6 Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections of any of the Governing Documents shall not affect remaining portions of the Governing Documents or any parts thereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid or should operate to render this agreement invalid, this agreement shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section or sections had not been inserted.

8.7 Annexation. Additional Common Area may be annexed with the approval of Owners of two-thirds (2/3) of the Lots.

8.8 Construction. The Article and Section headings have been inserted for convenience only and shall not be considered in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, as the context or sense requires.

8.9 Interpretation. Except for judicial construction, the Association, by and through the Board of Directors, shall have the exclusive right to construe and interpret the provisions of the Governing Documents. 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 Properties benefited or bound by this Declaration.

8.10 Violation of Law. Any violation of any state, municipal, or local law, ordinance or requisition, pertaining to the ownership, occupation or use of any property within the Property 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.

8.11 Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail, postage prepaid, addressed as follows: if to an Owner, addressed to that Owner at the address of the Owner's Lot or to any other address last furnished by the Owner to the Association; or if to the Association or Architectural Committee, addressed to the Board of Directors or the Architectural Committee at the address of record for the Association on file with the Arizona Corporation Commission or other state or county agency as required or permitted by law. If notice is sent by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage pre-paid. If personally delivered, notice shall be effective on receipt. Notwithstanding the foregoing, if application for approval, plans, specifications and any other communication or documents shall not be deemed to have been submitted to the Architectural Committee, unless actually received by the Architectural Committee.

8.12 Responsibility for Others. Owners hereby acknowledge and agree that they are fully responsible for the actions and inactions of the Owner's family, residents, guests, licensees, invitees, vendors, tenants, and pets. If an Owner's family, resident guest, licensee, invitee, vendor, tenant, or pet commits a violation of the Governing Documents, the Owner will be responsible in the same manner as if the Owner had committed such violation.

8.13 Joint and Several Liability. In the case of joint ownership of a Lot, the liabilities and obligations of each of the joint Owners set forth in, or imposed by, the Governing Documents shall be joint and several.

8.14 Survival of Liability. The termination of membership in the Association shall not relieve or release any such former Owner from any liability or obligation incurred under, or in any way connected with, the Association during the period of such ownership or membership, or impair any rights or remedies which the Association may have against such former Owner arising out of, or in any way connected with, such ownership or membership and the covenants and obligations incident thereto.

8.15 Attorneys' Fees. In addition to the Association's right to attorneys' fees in Section 8.1 herein, in the event the Association incurs legal expenses and costs, including, but not limited to, attorney's fees, in bringing claims against Owners or defending claims brought by Owners in any type of action or proceeding, including but not limited to, proceedings in Superior Court, proceedings before an Administrative Law Judge, and any appeals therefrom, the Association shall be entitled to recover its attorney fees and costs from the Owner involved in the action or proceeding.

CERTIFICATION

IN WITNESS WHEREOF, the President of the Association hereby certifies that the provisions contained with this Second Amended and Restated Declaration have been approved by the required number of Owners.

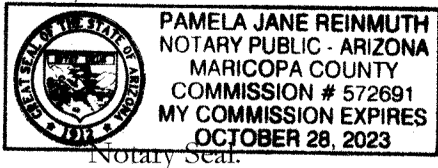
DATED this 13<sup>th</sup> day of April, 2020.

RANCHO MIRADA HOMEOWNERS ASSOCIATION

By *MB*  
Its: President

STATE OF ARIZONA        )  
  ) ss.  
County of Maricopa        )

On this 13<sup>th</sup> day of April, 2020, before me personally appeared Michael Bauer, whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed this document.



*Pamela Jane Reinmuth*  
Notary Public