

WHEN RECORDED RETURN TO:

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
ASSESSMENTS, CHARGES, SERVITUDES, LIENS, RESERVATIONS
AND EASEMENTS**

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
ASSESSMENTS, CHARGES, SERVITUDES, LIENS, RESERVATIONS**

THIS DECLARATION of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements (the "Declaration") is made this 7th day of February, 2005, by Countrywalk Homes, Inc. (the "Declarant").

WITNESSETH:

WHEREAS, Declarant are the sole owners of the lots in Casa Grande, Pinal County, Arizona, known as Countrywalk Homes and legally described as follows:

[SEE EXHIBIT "A" ATTACHED HERETO]

(the "Property" or "COUNTRYWALK ESTATES")

WHEREAS, it is the intent of the Declarant to confirm the creation of the COUNTRYWALK ESTATES HOMEOWNERS ASSOCIATION, an Arizona non-profit corporation ("Association") as the association to manage and maintain the common area landscaping, drainage areas and lighting (as defined herein) in the Property; and

WHEREAS, the Declarant intends to continue to subject all of the Property to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations, and easements ("Covenants") hereinafter set forth and empower the Association to be entitled to enforce this Declaration; and

WHEREAS, it is the intent that these Covenants continue to run with the Property and to be binding upon the Property and the Owners and Lessees thereof from and after the date of recordation of this Declaration; and by accepting Deeds, Leases, easements or other grants or conveyances to any portion of the Property, the Owners, Lessees, and to the transferees for themselves and their heirs, executors, administrators, trustees, personal representatives, successors and assigns, agree that they

shall be personally bound by all of the Covenants (including, but not limited, to the obligation to pay Assessments) hereinafter set forth, except to the extent such persons are specifically excepted therefrom.

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

ARTICLE 1 DEFINITIONS

The following words, phrases or terms used in this Declaration shall have the following meanings:

A. **"Annual Assessment"** shall mean the charge levied and assessed each year by the Association against each Lot, Owner or Lessee pursuant to Section 7.2 hereof.

B. **"Approved Preliminary Plat"** shall mean that certain preliminary plat for the Property, attached hereto as Exhibit "B", which has been approved by the Pinal County Planning & Zoning Commission.

C. **"Articles"** shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.

D. **"Assessable Property"** shall mean any Lot, except such part or parts thereof as may from time to time constitute Exempt Property.

E. **"Assessment"** shall mean an Annual Assessment, Special Assessment and/or Maintenance Charge.

F. **"Assessment Lien"** shall mean the lien created and imposed by Article 7.

G. **"Assessment Period"** shall mean the term set forth in Section 7.7.

H. **"Association"** shall mean and refer to COUNTRYWALK ESTATES HOMEOWNERS ASSOCIATION, an Arizona non-profit corporation, which has been incorporated under the laws of the State of Arizona, to manage and maintain the "Common Area", and to exercise all other rights, powers and duties set forth in this Declaration and its Articles and Bylaws.

I. **"Board"** shall mean the Board of Directors of the Association.

J. **"Bylaws"** shall mean the Bylaws of the Association as the same may from time to time be amended or supplemented.

K. **"Common Area and Common Areas"** shall mean the common area landscaping, drainage areas and other open area space located within COUNTRYWALK ESTATES.

L. "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth in this Declaration.

M. "Declarant" shall mean _____, Inc., an Arizona corporation, the current owners of the Property.

N. "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements, as amended or supplemented from time to time.

O. "Deed" shall mean a deed or other instrument conveying the fee simple title in a Lot.

P. "Designee" shall mean a person designated by a Member pursuant to Section 6.7 to exercise certain rights of a Member.

Q. "Dwelling Unit" shall mean any building or portion of a building situated upon a Lot designed and intended for use and occupancy as a residence by a single family.

R. "Land Use Classification" shall mean the single family land use classification as defined by the Pinal County Planning & Zoning Commission.

S. "Lease" shall mean a lease, whether oral or written, and regardless of the term thereof whereby the owner of a Dwelling Unit lets such Dwelling Unit to a Lessee. A Lease (when the term is so capitalized) shall not, for purposes of this Declaration, include any subleases or any leasing arrangements involving property other than a Dwelling Unit.

T. "Lessee" shall mean the Lessee under a Lease, including an assignee of a Lease but excluding any person who has assigned all of his interest in a Lease.

U. "Lot" shall mean any area of real property within the Property designated as a Lot on the Final Plat recorded for COUNTRYWALK ESTATES.

V. "Maintenance Charges" shall mean any and all costs assessed pursuant to Sections 10.2 or 10.3.

W. "Member" shall mean any person holding a Membership in the Association pursuant to this Declaration.

X. "Membership" shall mean a membership in the Association and the rights granted to the Owners pursuant to Article 6 to participate in the Association.

Y. "Owner" shall mean (when so capitalized) the record holder of legal title to the fee simple interest in any Lot including contract sellers, but excluding others who hold such title merely as security. In the case of Lots in which the fee simple title is vested of record in a trustee pursuant to Arizona Revised Statutes, Sections 33-801 *et. seq.*, legal title shall be deemed to be in the Trustor.

An Owner shall include any person who holds record title to a Lot in joint ownership with any other person or holds an undivided fee interest in any Lot.

Z. "Party Walls or Party Fences" shall mean each wall or fence, any part of which is placed on a dividing line between separate contiguous Lots.

AA. "Property" shall mean the real property described above, including the twenty-seven (27) lots located in COUNTRYWALK ESTATES.

BB. "Recording" shall mean placing an instrument of public record in the office of the County Recorder of Pinal County, Arizona, and "Recorded" shall mean having been so placed of public record.

CC. "Relinquishment" shall mean the sale, conveyance and transfer by the Declarant, or by any successor or assignee of Declarant's rights as a Declarant under this Declaration, of all of the Lots included in the Property then owned by Declarant and any such successors and assigns of Declarant, or earlier, upon the recording in the office of the County Recorder of Pinal County, Arizona, of a delegation or relinquishment in writing by Declarant of the Declarant's rights under this Declaration.

DD. "Residents" shall mean:

1. Each buyer under a contract of sale covering any part of COUNTRYWALK ESTATES, regardless of whether the contract is recorded, and each tenant actually residing on any part of COUNTRYWALK ESTATES; and
2. Members of the immediate family of each Owner and of each buyer and tenant referred to in subparagraph 1 actually living in the same household with such Owner or such buyer or tenant.

Subject to such rules and regulations as the Association may hereafter specify (including the imposition of special non-resident fees for use of the Association land if the Association shall so direct), the term "Resident" also shall include the guests or invitees of any such Owner, buyer or tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

EE. "Rules" shall mean the rules for the Property adopted by the Board pursuant to Section 5.3.

FF. "Single Family" shall mean a group of one or more persons related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not all so related, who maintain a common household in a Dwelling Unit.

GG. "Special Assessment" shall mean any assessment levied and assessed pursuant to Section 7.5.

HH. "Special Use Fees" shall mean special fees authorized by this Declaration which an Owner, Resident or any other person is obligated to pay to the Association over, above and in addition to any Annual or Special Assessments or Maintenance Charges imposed or payable hereunder.

II. "Tenant" shall mean any person who occupies property located on the Property under any type of rental or letting arrangement.

JJ. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing at ground level on any part of such neighboring property.

ARTICLE 2

PROPERTY SUBJECT TO DECLARATION

Section 2.1 General Declaration. Declarant hereby declare that all of the Property is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration and the recorded Final Plat applicable thereto, as amended or modified from time to time; provided, however, property which is not part of a Lot and which is dedicated to the public or a governmental entity for public purposes shall not be subject to this Declaration and the Covenants herein contained while owned by the public or the governmental entity, although restrictions imposed in this Declaration upon the Owner and Residents concerning the use and maintenance of such public areas shall at all times apply to the Owners and Residents. This Declaration and the Final Plat are declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of COUNTRYWALK ESTATES, including the Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of COUNTRYWALK ESTATES, including the Property and every part thereof. This Declaration shall run with all Lots and Association land for all purposes and shall be binding upon and inure to the benefit of the Declarant, the Association, all Owners and Residents and their successors in interest.

Section 2.2 Association Bound. Upon the Recording of this Declaration, the Covenants shall be binding upon and shall benefit the Association.

ARTICLE 3

EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMON AREAS

Section 3.1 Easements of Enjoyment. Every Owner and other Member of the Association shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot and Lease, subject to the following provisions:

A. The right of the Association to charge reasonable admission and other Special Use Fees for the use of any recreational or other facility situated upon the Common Areas. Fees shall be uniform among Members.

B. The right of the Association to suspend the voting rights and right to use of the recreational facilities and other Common Areas by any Member (i) for any period during which any Assessment against his Lot or Lease remains delinquent; (ii) for a period not to exceed 60 days for any infraction of this Declaration, the Final Plat or the Association Rules, and (iii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period.

C. The right of the Association to regulate the use of the Common Areas through reasonable rules and regulations. The Association Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Common Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents

D. The right of the Association to lease the Common Areas for profit (rental and other fees), providing that the Association maintains its non-profit status.

Section 3.2 Delegation of Use. Any Member may, in accordance with the Association Rules and the limitations therein contained and this Declaration, (a) delegate his right of enjoyment in the Common Areas and facilities to the members of his family, his tenants, or his guests or invitees; or (b) designate another person to exercise all of his rights (but not liabilities or voting rights), which other person shall, during the period of such designation, have the sole right to delegate rights of enjoyment pursuant to subsection (a) of this Section.

Section 3.3 Waiver of Use. No Member may exempt himself from personal responsibility for compliance with this Declaration or for the payment of assessments levied by the Association, nor release the Lot owned by such Member from the liens and charges hereof, by waiver of the use and enjoyment of the Common Areas or the facilities thereon, or by the abandonment of his Lot or Lease or by the delegation of his right of use of such areas and facilities.

ARTICLE 4

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

Section 4.1 Covenants, Conditions, Restrictions and Easements Applicable to Lots Within All Land Use Classifications. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots and Leases, the Owners, Lessees, and all Residents thereof, regardless of Land Use Classifications.

A. **Architectural Control.** No improvements, alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any part of the Property, or the improvements located thereon, from its natural or improved state existing on the date the Final Plat for such Property was first recorded shall be made or done without the prior approval of the Association, except as otherwise expressly provided in this Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered, or made without the prior written approval of the Association. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots, shall be subject to the prior written approval of the Association. No changes or deviations in or from the plans and specifications once approved by the Association shall be made without the prior written approval of the Association.

B. Animals. No horse, cow, sheep, goat or other animal, bird, fowl, poultry or livestock of any kind shall be maintained on any Lot, unless they are generally recognized house or yard pets, and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes ("Permitted Pet"). No Permitted Pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of a Permitted Pet shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Member or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal, bird, fowl, poultry, or livestock is a generally recognized house or yard pet, whether such a pet is a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

C. Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structure used during the construction of a dwelling on any property shall be removed immediately after the completion of construction.

D. Maintenance of Lawns and Plantings. Each Owner of a Lot shall within ninety (90) days of acquiring title install suitable landscaping and shall thereafter keep all shrubs, trees, hedges, grass and plantings of every kind located on:

1. his Lot (including setback areas);
2. planted areas between sidewalks (or bikepaths) and the street curb in front of his property, if any;
3. any other area which abuts the Owner's Lot and which is located between the boundary line of his Lot and the paved area of any street, sidewalk, bikepath or similar area; and
4. any other area adjacent to his Lot,

neatly trimmed, and shall keep all such areas properly cultivated and free of trash, weeds and other unsightly material; provided, however, that such Owner shall not be responsible for maintenance of any area over which (1) the Association assumes the responsibility in writing; (2) the Association has been given such responsibility by a Recorded instrument as provided in Article 10, Section 10.1, of this Declaration; or (3) Pinal County or the City of Casa Grande assumes responsibility, for so long as the Association or Pinal County or the City of Casa Grande assumes or has responsibility as provided in Subsection (1), (2) or (3) hereof. The Association may require landscaping by the Owner of the areas described in Subsections (2), (3) and (4) above.

E. Nuisances: Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or

activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved by the Association. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the Association, which may also require screening of the storage areas. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

F. Diseases and Insects. No Owner shall permit anything or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

G. Repair of Building. No building or structure on any Lot shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection (A) above, such building or structure shall be immediately repaired or rebuilt or shall be demolished.

H. Antennas. Except for small "dish" style antenna of 18" or less, or other antenna approved by the Association as to size, kind and location, no antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any Lot, whether attached to a building or structure or otherwise. This restriction is not intended to preclude any Owner's right to possess an antenna, as may be granted by the Association.

I. Mineral Exploration. No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

J. Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style which are approved by the Association. Trash containers are to be stored out of view, if possible, but in no event shall trash containers be stored in front of the front plane of the house. All rubbish, trash, or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot.

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

L. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except (i) 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 other improvements; or (ii) that which Developer or the Association may require for the operation and maintenance of COUNTRYWALK ESTATES.

M. Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot except:

1. Signs required by legal proceedings.
2. Not more than two (2) identification signs for individual residences, each with a face area of seventy-two square inches or less.
3. Signs (including "for sale" and "for lease" signs) the nature, number, and location of which have been approved in advance and in writing by the Association.
4. Signs of builders on any Lot approved from time to time by Developer as to number, size, color, design, message content, location and type.
5. Such other signs which are in conformance with the requirements of Pinal County or the City of Casa Grande and which have been approved in writing by the Association as to size, colors, design, message content and location.

N. Restrictions on Further Subdivision, Property Restrictions and Rezoning. No Lot shall be further subdivided or separated into smaller lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Board, which approval must be evidenced on the Final Plat or other instrument creating the subdivision, easement or other interest. No portion of a Lot but for the entire Lot, together with the improvements thereon, may be rented, and then only to a single family. No further covenants, conditions, restrictions or easements shall be recorded by any Owner, Lessee, or other person against any Lot without the provisions thereof having been first approved in writing by the Board and any covenants, conditions, restrictions or easements recorded without such approval being rezoning of any Lot and no applications for variances or use permits, shall be filed with any governmental authority unless the proposed use of the Lot has been approved by the Board and the proposed use otherwise complies with this Declaration and the Final Plat.

O. Utility Easements. There is hereby created a blanket easement upon, across, over and under each Lot for ingress to, egress from, and the installation, replacing, repairing and maintaining of all utility and service lines and systems, including, but not limited to water, sewers, gas, telephones, electricity, television cable, internet communication lines and systems as such utilities are installed in connection with the initial development of the Lot and the construction of the first

Dwelling Unit or other building thereon. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Lot except as they exist as of the date of recordation of this Declaration or as approved by the Association, or, if installed after recordation of this Declaration or after sale by Declarant to an Owner, approved by the Owner and the Association.

P. **Party Walls** Except as hereinafter provided, the rights and duties of Owners with respect to Party Walls between Lots or Party Fences between Lots shall be as follows:

1. The Owners of contiguous Lots who have a Party Wall or Party Fence shall both equally have the right to use such Party Wall or Party Fence, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.
2. In the event that any Party Wall or Party Fence is damaged or destroyed through the act of an Owner or any of his tenants, Lessees, agents, guests, or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Party Wall or Party Fence without cost to the Owner of the adjoining Lot. Any dispute over an Owner's liability for such damage shall be resolved as provided in subsection (5) below, but any liability imposed on Owner hereunder shall not prevent the Owner from seeking indemnity therefor from the persons causing such damage.
3. In the event any Party Wall or Party Fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his tenants, Lessees, agents, guests or family, it shall be the obligation of all Owners whose Lots adjoin such Party Wall or Party Fence to rebuild and repair such Wall or Fence at their joint expense, such expense to be allocated among the Owners in accordance with the frontage of their Lots on the Party Wall or Party Fence.
4. Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall or Party Fence without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.
5. In the event of a dispute between Owners with respect to the construction, repair and rebuilding of a Party Wall or Party Fence, or with respect to the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board, the decision of which shall be binding.

Anything in the foregoing to the contrary notwithstanding:

1. In the case of Party Fences (1) between Common Areas and Lots, or (2) previously constructed by the Association on Common Areas within a Lot,

the Association shall be responsible for all maintenance thereof, subject to the provisions of Sections 10.2 and 10.3, except that each Owner of a Lot shall be responsible for painting the portion of the Party Fence facing his Lot or the portion thereof which is not a portion of the Common Area, and

2. The provisions of this Subsection (P) shall not apply to any Party Wall which separates the interiors of two Dwelling Units and the rights of the owners of such Dwelling Units with respect to Party Walls shall be governed by plats to be recorded by the developer of the Dwelling Units.

Q. Utility Service. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Association. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Association.

R. Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or other area from ground level to a height of eight (8) feet without the prior approval of the Association.

S. Trucks, Trailers, Campers and Boats. No motor vehicle classed by manufacturer rating as exceeding one-ton, mobile home, motor home, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer, or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired in the front yard of any Lot or on any street in the Property so as to be Visible From Neighboring Property, the Common Areas or the streets except for temporary periods, not to exceed forty-eight (48) hours, as may occasionally arise when preparation for use or maintenance after use requires a brief exception to be made for the convenience of the owner. Notwithstanding the foregoing, all such vehicles referenced in this sub-section S may be parked on a Lot so long as they are in the back yard behind the gate and fence of a Lot. In addition, the provisions of this Section may be amended by Rules adopted by the Declarant, or Association following Relinquishment, to allow one or more of the prohibited activities set forth above in the sub-section S.

T. Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot or street in the Property and no inoperable vehicle may be stored or parked on any such Lot or street, so as to be Visible From Neighboring Property or to be visible from Common Areas or streets; provided, however, that the provisions of this Section shall not apply to (i) emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Association; (ii) the parking of such vehicles during normal business hours in areas designated for such parking; (iii) vehicles parked in garages on Lots so long as such vehicles are in good operating condition and appearance and are not under repair; and (iv) the storage of such vehicles in an area designated for such purposes on the Final Plat or on a site plan approved by the Association; (v) the general repair and maintenance of an Owner's vehicle, provided such

repair or maintenance activities do not exceed twenty four (24) hours and further provided such repair or maintenance does not disturb or interfere with any other Owner's quiet enjoyment of the Property.

U. Parking. It is the intent of the Declarant to restrict on-street parking as much as possible. Vehicles of all Owners, Lessees and Residents, and of their employees, guests and invitees, are to be kept in garages, carports, residential driveways of the Owner, and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a Lot; provided, however, this Section shall not be construed to permit the parking on the above described areas of any vehicle whose parking on the Property is otherwise prohibited or the parking of any inoperable vehicle.

V. Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot, any member of the Association, any member of the Board, or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot, and the improvements thereon, except for the interior portions of any completed residence, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

W. Health, Safety and Welfare. In the event additional uses, activities, and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, Lessees and Residents, the Board may make rules restricting or regulating their presence on the Property as part of the Association Rules or may direct the Association to make rules governing their presence on Lots as part of the architectural guidelines.

X. Business Activities. No store, office or other place of business of any kind, and no hospital, sanatorium, or other place for the treatment of the physically or mentally ill, nor any theater, saloon, or other place of entertainment shall be erected or permitted upon any Lot. No business of any kind or character whatsoever shall be conducted in or from the buildings or Lots located within the Property which in any way is visible to the other lots, can be heard on the lots, causes additional on street parking from customers, invitees or vendors, emits any offensive odor, and does not cause increased traffic to the subject business.

Y. Walls and Fences. No wall, fence, hedge, or similar improvement shall be erected, placed or maintained closer to the front Lot line than the walls, attached open porch, garage, carport, or balcony, of the dwelling erected on said Lot. No side or rear wall, fence, or hedge other than the wall of a building constructed on a Lot shall be more than six (6) feet in height measured from the graded ground elevation to the highest point of the fence or the fence posts, wall or wall posts or the hedge.

Z. Solar Units. No solar heating or cooling unit or other type of solar unit shall be constructed, erected, placed or maintained upon any Lot or structure within the Property, nor shall any changes or additions thereto be made, until the plans and specifications showing the nature, kind, shape, height, material, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to the Lot and structure and to surrounding structures and topography by the Association. In considering the plans and

specifications for approval, the Association shall not permit any solar unit to be placed so as to be visible from the front or side street of the Lot. The Association shall further require that all roof-top solar units consist of flat plate collectors lying flush with the roof structure and protruding therefrom no more than six (6) inches.

AA. Incidental Uses. The Board may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within the Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Board may wish to impose, in its sole discretion, for the benefit of COUNTRYWALK ESTATES as a whole.

Section 4.2 Variances. The Board may, at its option and in extreme extenuating circumstances, grant variances from the restrictions set forth in Article 4 of this Declaration or in the Final Plat if the Board determines in its discretion (a) either (i) that a restriction would create an unreasonable hardship or burden on an Owner or Resident, or (ii) that a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete and (b) that the activity permitted under the variance will not have any substantial adverse effect on the Owners and Residents of the Property and is consistent with the high quality of life intended for residents of the Property. The burden of proof shall be on the Owner or Resident seeking the variance.

ARTICLE 5

ORGANIZATION OF ASSOCIATION

Section 5.1 Formation of Association. The Association is a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 5.2 Board of Directors and Officers. The affairs of the Association are conducted by the Board and such officers as the Board has elected or appointed in accordance with the Articles and the Bylaws as the same may be amended from time to time. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the Manager or any other employee or agent of the Association.

Section 5.3 The Association Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the Association Rules. The Association Rules may restrict and govern the use of any area by any Member, Resident or Lessee, by the family and Designees of such Member, or by any invitee, licensee or tenant of such Member; provided, however, that the Association Rules shall not discriminate among Members and shall not be inconsistent with this Declaration, the Articles or Bylaws. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

Section 5.4 Personal Liability. No member of the Board or of any committee of the Association, no officer of the Association, and no Manager or other employee or agent of the

Association shall be personally liable to any Member, or to any other person, including the Association, the Board, the Manager, employee or agent of the Association, or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 5.4 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

ARTICLE 6 MEMBERSHIPS AND VOTING

Section 6.1 Owners of Lots. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. In the case of the Owner of a Parcel with a land use classification of Single Family Residential or Cluster Residential, one membership for each Dwelling Unit permitted upon the Lot under the Master Development Plan then in effect for COUNTRYWALK ESTATES. If a subdivision plat or other instrument creating Lots is recorded covering all or part of the area within the Lot, the Lot shall be reduced in size by the area so platted and the number of memberships held by the Owner, as Owner of the Lot, shall be reduced by a number equal to the number of Lots in the recorded subdivision plat. All memberships attributable to the Lot shall cease when the land area ceases to be a Lot because all of the area in the Lot has been platted or otherwise dedicated to the public and no unplatted Single Family Residential or Cluster Residential area remains within the Lot.

Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot to which the Membership is attributable. There shall be only one Membership for each Lot, and for each acre (or fraction thereof) in a Lot, which Memberships shall be shared by any joint owners of, or owners of undivided interests in, such Lots.

Section 6.2 Voting. Each Owner shall be entitled to one (1) vote for each Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof.

Section 6.3 Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Membership must be cast as a unit, and fractional votes shall not be allowed. In the event that a Membership is owned by more than one person or entity and such 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 Member casts a vote representing a certain Membership, 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 Membership unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular Membership, none of the said votes shall be counted and all said votes shall be deemed void.

Section 6.4 Cumulative Voting for Board Members. In any election of the members of the Board, every owner of a Membership entitled to vote at such an election shall have the number of votes for each Membership equal to the number of directors to be elected. Each member shall

have the right to cumulate his votes for one candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

Section 6.5 Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 6.6 Transfer of Membership. Except as provided in Section 6.7, the rights and obligations of the owner of a Membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot, as applicable, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as is now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Lot shall operate to transfer the Membership(s) appurtenant to said Lot to the new Owner thereof.

Section 6.7 Use of Membership: Designees. Subject to the Association Rules, all of the owners of a Membership may designate one or more non-Members (herein referred to as a "Designee") to exercise all of the rights of the Membership under this Declaration except the Member's voting rights, but such designation shall not relieve the Member of any liabilities or obligations as an Owner or Lessee or with respect to the Membership. So long as such designation is in effect, the Member shall be permitted to exercise only his voting rights and the Board may, among other things, in its discretion, set maximum or minimum periods for which such designation may be in effect and limit the number of persons who may be so designated by any Member at any one time. The Designee need not be a Resident and need not live on the Property unless the Board adopts rules requiring such residence.

ARTICLE 7 COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 7.1 Creation of Lien and Personal Obligation for Assessments and Maintenance Charges. The Declarant, for each Lot hereafter established within the Property, hereby covenant and agrees, and each Owner is deemed to covenant and agree, to pay to the Association the following assessments and charges: (1) Annual Assessments established by this Article 7, (2) Special Assessments for capital improvements or other extraordinary expenses or costs established by this Article 7, and (3) Maintenance Charges established by Sections 10.2 and 10.3, all such Assessments to be established and collected as hereinafter provided. The Annual Assessments, Special Assessments and Maintenance Charges, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing servitude and lien upon the Lot against which each such Assessment is made. The Annual and Special Assessments against each Lot shall be based on the number of Memberships appurtenant to the Lot. Each such Annual and Special Assessment and Maintenance Charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when

the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

Section 7.2 Annual Assessments. In order to provide for the uses and purposes specified in Article 9 hereof, including the establishment of replacement and maintenance reserves, the Board in each year, commencing with the year in which this Declaration is recorded, shall assess against each Lot an Annual Assessment. The amount of the Annual Assessment, subject to the provisions of Section 7.4 shall be in the sole discretion of the Board but shall be determined with the objective of fulfilling the Association's obligations under this Declaration and providing for the uses and purposes specified in Article 9.

Section 7.3 Uniform Rate of Assessment. The amount of any Annual or Special Assessment against each Lot shall be fixed at a uniform rate unless otherwise permitted herein. Annual Assessments may be collected on a monthly, quarterly or annual basis and Special Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the Special Assessment.

Section 7.4 Maximum Annual Assessment. The Annual Assessment to be established by the Board may not exceed a certain amount, hereinafter referred to as the "Maximum Annual Assessment", which Maximum Annual Assessment shall be determined and shall vary in accordance with the reasonable judgment of the Board.

Section 7.5 Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Association may levy, in any Assessment Period, a Special Assessment applicable to that period only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Property of COUNTRYWALK ESTATES, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expense, provided that any such assessment shall have the assent of two-third (2/3) of the votes of the Members of the Board who are voting in person or by proxy at a meeting duly called for such purpose. The costs associated with any improvements to the Property "A" of COUNTRYWALK ESTATES shall be divided equally among all Lot Owners.

Section 7.6 Notice and Quorum for Any Action Authorized Under Sections 7.4 and 7.5. The notice and quorum requirements for any action authorized under Sections 7.4 and 7.5 shall be as set forth in the Bylaws of the Association.

Section 7.7 Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year. The Board in its sole discretion from time to time may change the Assessment Period by recording with the County Recorder of Pinal County, Arizona, an instrument specifying the new Assessment Period.

✱ Section 7.8 Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making the Assessment provided herein and for the billing and collection of the Annual and Special Assessment and the Maintenance Charges imposed pursuant to Sections 10.2 and 10.3, provided that said

procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement, at the address of the Member on the records of the Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment Period.

Section 7.9 Collection Costs and Interest on Delinquent Assessments. Any Assessment or installment thereof not paid when due shall be deemed delinquent and shall bear interest from the due date until paid at a rate equal to twelve percent (12%) per annum, and the Member shall be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting the same, both prior to filing a lawsuit, during the lawsuit and subsequent to judgment in the lawsuit. The Board may also record a Notice of Delinquent Assessment against any Lot as to which an Assessment is delinquent and constitutes a lien and may establish a fixed fee or fees to reimburse the Association for the Association's cost, including attorneys' fees, in recording such Notice, processing the delinquency and recording a notice of payment, which fixed fee shall be treated as a collection cost of the Association secured by the Assessment Lien.

Section 7.10 Evidence of Payment of Annual and Special Assessments and Maintenance Charges. Upon receipt of a written request by a Member or any other person, the Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all Annual and Special Assessments and Maintenance Charges (including interest, costs and attorneys' fees, if any, as provided in Section 7.9 above) have been paid with respect to any specified Lot as of the date of such certificate, or (b) if all Annual and Special Assessments and Maintenance Charges have not been paid, the amount of such Annual and Special Assessments and Maintenance Charges (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the Lot.

Section 7.11 Transfer Fee. Each Owner of a Lot(s) shall pay to the Association immediately upon becoming an Owner of Lot(s) a transfer fee in the amount of Two Hundred Fifty and 00/100 Dollars (\$250.00), which amount may be amended from time to time by the Board to compensate the Association for the administrative cost resulting from the transfer of the Lot(s). The transfer fee is not intended to compensate the Association for the costs associated in the preparation of the statement which the Association is required to mail or deliver to a purchaser under A.R.S. §33-1804A and, therefore the transfer fee shall be in addition to the fee which the Association is entitled pursuant to A.R.S. §33-1804C.

ARTICLE 8
ENFORCEMENT OF PAYMENT OF ANNUAL AND SPECIAL ASSESSMENTS
AND MAINTENANCE CHARGES AND OF ASSESSMENT LIEN

Section 8.1 Association as Enforcing Body. The Association, as the agent and representative of the Members, shall have the non-exclusive right to enforce the provisions of this Declaration by any appropriate action, whether at law or in equity.

Section 8.2 Association's Remedies to Enforce Payment of Annual and Special Assessment and Maintenance Charges. If any Member fails to pay the Annual or Special Assessments or installments when due, or to pay Maintenance Charges assessed pursuant to Sections 10.2 and 10.3, the Association may enforce the payment of the Annual or Special Assessment, Maintenance Charges and/or the Assessment Lien by taking either or both of the following actions, concurrently or separately (and, by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

A. Bring an action at law and recover judgment against the Member personally obligated to pay the Annual or Special Assessments or the Maintenance Charges;

B. Foreclose the Assessment Lien against the Lot in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the Lot may be redeemed after foreclosure sale as provided by law.

Section 8.3 Subordination of Assessment Lien to First Mortgage or Deed of Trust. Priority of Lien. The Assessment Lien provide for herein shall be subordinate to any first mortgage lien held by, or deed of trust of which the beneficiary is a lender who has lent funds with the Lot as security, or held by the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a mortgage or deed of trust to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot free of the Assessment Lien for all Annual and Special Assessments and Maintenance Charges that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; but upon the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure, the Assessment Lien immediately shall become and remain superior to any and all other charges, liens or encumbrances (except liens for taxes or other public charges which by applicable law are expressly made superior), and such mortgage or deed of trust foreclosure sale purchaser or grantee shall take subject to all Annual and Special Assessments, Maintenance Charges and the Assessment Lien thereof accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

Section 8.4 Costs to be Borne by Member in Connection with Enforcement of Payment of Annual and Special Assessments and Maintenance Charges. In any action taken pursuant to Section 8.2, the Member shall be personally liable for, and the Assessment Lien shall be deemed to

secure the amount of, the Annual and Special Assessments and Maintenance Charges together with interest and the Association's collection costs and attorneys' fees, including those costs and fees specified in Section 7.9.

ARTICLE 9 USE OF FUNDS: BORROWING POWER

Section 9.1 Purposes for Which Association's Funds may be Used. The Association shall apply all funds and property collected and received by it (including the Annual and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of COUNTRYWALK ESTATES and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without COUNTRYWALK ESTATES, which may be necessary, desirable or beneficial to the general common interests of COUNTRYWALK ESTATES, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefits: social interaction among Members and Residents, maintenance of landscaping on Common Areas, recreation, liability insurance, communications, ownership and operation of vehicle storage areas, education, transportation, health, utilities, public services, safety and indemnification of officers and directors of the Association. The Association also may expend its funds for any purposes for which a municipality may expend its funds under the laws of the State of Arizona or such municipality's charter.

Section 9.2 Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate.

Section 9.3 Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

Section 9.4 Administration of Special Use Fees. The Association is authorized to bill for, sue for, collect, administer and disburse all Special Use Fees and the payment thereof shall be secured by the Assessment Lien; provided, however, that all Special Use Fees collected shall, if imposed in connection with a particular improvement, be separately accounted for as to each separate improvement pertaining to which they are collected and shall be expended on the particular improvement to which they pertain.

Section 9.5 Reserve Contribution.

9.5.1 Each who becomes the Owner of a Lot shall pay to the Board, immediately upon becoming the owner of a Lot, a Reserve Contribution in the amount of \$100.00. The amount of the Reserve Contribution may be increased by the Board from time to time after two (2) years, provided such increase is approved by Members holding more than seventy-five percent (75%) of the votes in the Association.

9.5.2 No Reserve Contribution shall be payable with respect to: (a) the transfer or conveyance of a Lot by devise or intestate succession; (b) a transfer or conveyance of a Lot to a family trust, family limited partnership or other Person for bona fide estate planning purposes; (c) a transfer or conveyance of a Lot to a corporation, partnership or other entity in which the grantor owns a majority interest unless the Board determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the Reserve Contribution in which event a Reserve Contribution shall be payable with respect to such transfer or conveyance; (d) the conveyance of a Lot by a trustee's deed following a trustee's sale under a deed of trust; or (e) a conveyance of a Lot as a result of the foreclosure of a realty mortgage or the forfeiture or foreclosure of a purchaser's interest under a Recorded contract for the conveyance of real property subject to A.R.S. § 33-741, et seq.

9.5.3 All Reserve Contributions shall be deposited in the Reserve Account established pursuant to Section 9.6. Reserve Contributions shall be non-refundable and shall not be considered as an advance payment of Assessments.

9.5.4 The Reserve Contribution payable hereunder shall not become effective until the date which is the beginning of the first fiscal year following two (2) years after the Recording of this Declaration.

Section 9.6 Reserves. Effective upon the date which is the first day of the fiscal year following two (2) years after the Recording of this Declaration, the Assessments shall include reasonable amounts as determined by the Board, collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Areas, or any other purpose as reasonably determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account (the "Reserve Account") to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. The Board shall not expend funds designated as reserve funds for any purpose other than those purposes for which they were collected, and in no event shall the Reserve Accounts be used for purposes of litigation involving the Board, the Association, or the Property, except as otherwise provided in the Bylaws of the Association. Withdrawal of funds from the Association's reserve account shall require the signatures of either (a) two (2) members of the Board; or (b) one (1) member of the Board and an officer of the Association who is not also a member of the Board. After Relinquishment, the Board shall obtain a reserve study at least once every five (5) years, which study shall at a minimum include (a) identification of the major components of the Common Areas which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years; (b) identification of the probable remaining useful life of the identified

major components as of the date of the study; (c) an estimate of the cost of repair, replacement, restoration, or maintenance of the identified major components during and at the end of their useful life; (d) an estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the identified major components during and at the end of their useful life, after subtracting total reserve funds as of the date of the study. The Board shall modify the budget in accordance with the findings of the reserve study.

Section 9.7 Insurance. The Association, shall maintain, to the extent reasonably available, the following insurance coverage:

a. Property insurance on the Common Area insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Common Area with deductibles and other provisions as determined by the Board;

b. Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than Three Million Dollars (\$3,000,000). Such insurance shall cover all occurrences commonly insured against including death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area, and shall also include hired automobile and non-owned automobile coverage with cost liability endorsements to cover liabilities of the Owners as a group to an Owner and provide coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party;

c. Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

d. Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners;

e. The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

i. That there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their household;

ii. No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy;

iii. That the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deeds of trust;

iv. A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners;

v. The Association shall be named as the Insured;

vi. For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least thirty (30) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy;

vii. "Agreed Amount" and "Inflation Guard" endorsements.

9.7.1 The Board may select deductibles applicable to the insurance coverage to be maintained by the Association pursuant to this Section 9.7 in order to reduce the premiums payable for such insurance. The deductible, if any, on any insurance policy obtained by the Association shall be included in the Annual Assessment, but the Association may assess to an Owner any deductible amount necessitated by the negligence, misuse or neglect for which such Owner is responsible.

9.7.2 Notwithstanding any of the other provisions of this Section to the contrary, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish such purpose. Each Owner appoints the Association, or any insurance trustee or substitute insurance trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (a) the collection and appropriate disposition of the proceeds thereof; (b) the negotiation of losses and execution of releases of liability; (c) the execution of all documents; and (d) the performance of all other acts necessary to accomplish such purpose.

Section 9.8 Payment of Premiums. Premiums for all insurance obtained by the Association pursuant to this Article shall be included in the Annual Assessment.

ARTICLE 10 MAINTENANCE

Section 10.1 Common Areas. The Association or its duly delegated representative, shall maintain and otherwise manage all Common Areas, including, but not limited to, the landscaping, walkways, parking areas, drives, recreational facilities and the roofs, interiors and exteriors of the buildings and structures located upon said properties; provided, however, the Association shall not be responsible for providing or maintaining the landscaping or structures on any Common Areas which are part of Lots unless (i) such landscaping or structures are available for use by all Owners and Residents or are within easements intended for the general benefit of the Property and (ii) the Association assumes in writing the responsibility for such maintenance or such responsibility is set forth in a recorded instrument as hereinafter provided. The Association shall also maintain any landscaping and other improvements not on Lots which are within the exterior boundaries of the Property, which are within areas shown on the Final Plat or other plat of dedication for the Property, and which are intended for the general benefit of the Owners, Lessees and Residents of the Property,

except the Association shall not maintain areas which (i) Pinal County, the City of Casa Grande or any other governmental entity is maintaining or (ii) are to be maintained by the Owners of a Lot pursuant to Section 4.1(D) of this Declaration unless the Association elects to maintain such areas and as to which the Association has not made such an election to maintain. Specific areas to be maintained by the Association are identified on the Final Plat. Duties of the Association include, but are not limited to:

A. Reconstruct, repair, replace or refinish any improvement or portion thereof upon Association land;

B. Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of the Common Area used as a road, street, walk, driveway or parking area;

C. Replace injured and diseased trees and other vegetation in any Common Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

D. Place and maintain upon any Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof;

E. Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in accordance with the general purposes specified in this Declaration.

The Board shall be the sole judge as to the appropriate maintenance of all Common Areas and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

The Board shall have the sole discretion to determine whether it would be in the best interest of the Owners, Lessees, and Residents of the Property for the Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article 10 and, in order to promote uniformity and harmony of appearance, the Board may also cause the Association to contract to provide maintenance services to Owner of Lots having such responsibilities in exchange for the payment of fees upon which the Association and Owner may agree.

Section 10.2 Assessment of Certain Costs of Maintenance and Repair of Common Areas and Public Areas. In the event that the need for maintenance or repair of Common Areas and other areas maintained by the Association is caused through the willful or negligent act of any Member, his family, guests, invitees, Lessees or Designees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Member and the Member's Lot is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot pursuant to Section 10.1 in connection with a contract entered into by the Association with

an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

Section 10.3 Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of COUNTRYWALK ESTATES which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration or the Final Plat applicable thereto, or in the event the Owner of any Lot is failing to perform any of its obligations under this Declaration, the Final Plat, or the architectural guidelines and standards of the Association, the Board may by Resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If, at the expiration of said 14-day period of time, the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof, and all reasonable attorneys' fees, shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Assessment Lien. The Association reserves the right to impose changes for late payment of assessments and, after notice and an opportunity to be heard, impose reasonable monetary penalties upon Owners for violations of the Declaration, Bylaws and Rules of the Association, including payment of reasonable attorneys' fees.

Section 10.4 Taking of Common Area. If part of the Common Area is acquired by eminent domain, the portion of the award attributable to the Common Area taken shall be paid to the Association for the benefit of the Owners.

ARTICLE 11

RIGHTS AND POWERS OF ASSOCIATION

Section 11.1 Association's Rights and Powers as Set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Declarant, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. A copy of the Articles and Bylaws of the Association shall be available for inspection at the office of the Association during reasonable business hours.

Section 11.2 Association's Rights of Enforcement of Provisions of This and Other Instruments. The Association, as the agent and representative of the Owners and Lessees, shall have the right to enforce the Covenants set forth in this Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant

to, or subject to, the provisions of this Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association.

Section 11.3 Contracts With Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors or officers of the Association, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such director, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he is a member which shall authorize any contract, or any competitor thereof and may vote at such meeting to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

Section 11.4 Change of Use of Association Land and Procedure Therefor. Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Association land or of the Association's interest in other Common Areas is no longer in the best interests of the Owners, Lessees and Residents and (b) the approval of such resolution by a majority of the votes of the Members who are voting in person or by proxy at a meeting duly called for such purpose, the Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Owners, Lessees and Residents, and (ii) shall be consistent with any deed restrictions (or zoning regulations) restricting or limiting the use of the Association land.

ARTICLE 12

TERM; AMENDMENTS; TERMINATION

Section 12.1 Term; Method of Termination. This Declaration shall be effective upon the date of Recording and, as amended from time to time, shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is Recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting seventy-five percent (75%) of the total votes cast at an election held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from the holders of Recorded first mortgages or deeds of trust to which the Assessment Lien is subordinate pursuant to Section 8.3 above, on seventy-five percent (75%) of the Lots upon which there are such Recorded first mortgages and deeds of trust. If the necessary votes and consents are obtained, the Board shall cause to be recorded with the County Recorder of Pinal County, Arizona, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these

Covenants shall have no further force and effect, and the Association may be dissolved pursuant to the terms set forth in its Articles, unless it is still necessary to continue its operation pursuant to the Existing Covenants.

Section 12.2 Amendments. This Declaration may be amended by recording with the County Recorder of Pinal County, Arizona, a Certificate of Amendment, duly signed and acknowledged as required for a Certificate of Termination in Section 12.1. The Certificate of Amendment shall set forth in full the amendment adopted, and shall certify that at an election duly called and held pursuant to the provisions of the Articles and Bylaws, the Members casting not less than seventy-five (75%) of the votes at the election voted affirmatively for the adoption of the amendment. The Final Plat may be amended in the same manner as this Declaration, but in addition to the approvals required to change this Declaration, a vote of not less than seventy-five (75%) of the Members within the affected Tract must also approve the change.

ARTICLE 13 **MISCELLANEOUS**

Section 13.1 Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the Covenants and provisions hereof.

Section 13.2 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 13.3 Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the Rule against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be (a) those which would be used in determining the validity of the challenged interest, plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

Section 13.4 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 13.5 Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

