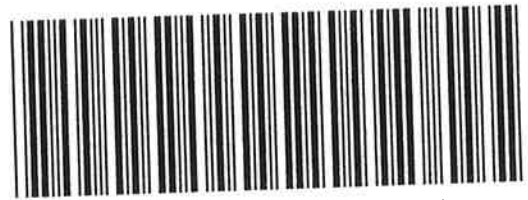


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(2) DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

TEMPE HOMESTEAD HOMEOWNERS ASSOCIATION

THIS DECLARATION made this 15th day of March, 1994,
by Clair W. Lane, dba Clair William Lane Development Company, the
Subdivision Developer, (hereinafter referred to as the Declarant).

W I T N E S S E T H:

WHEREAS, Declarant is the beneficial owner of certain
property in the County of Maricopa, State of Arizona, which is more
particularly described as follows, to-wit:

Lots 1 through 28, THE HOMESTEAD, according to
Book 373 of Maps, Page 49, records of
Maricopa County, Arizona

WHEREAS, Declarant will convey the properties described
above, subject to certain protective covenants, conditions,
reservations, liens and charges as hereinafter set forth; and

WHEREAS, Declarant has incorporated under the laws of the
State of Arizona, a non-profit corporation, TEMPE HOMESTEAD
HOMEOWNERS ASSOCIATION, for the purpose of exercising the functions
hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that all of the
properties described above shall be held, sold and conveyed subject
to the following easements, restrictions, covenants and conditions,
all of which are for the purpose of enhancing and protecting the
value, desirability and attractiveness of the properties described
above. These easements, covenants, restrictions and conditions
~~shall be~~ deemed easements, covenants, restrictions and conditions
running with the land and shall be binding on all parties having or
acquiring any right, title or interest in the properties described
above, or any part thereof, and shall inure to the benefit of each
owner thereof.

ARTICLE I

DEFINITIONS

The following words when used in this Declaration shall
have the following meanings:

Section 1. "Association" shall mean and refer to TEMPE HOMESTEAD HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Board of Directors" shall mean and refer to the Board of Directors of TEMPE HOMESTEAD HOMEOWNERS ASSOCIATION.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described.

Section 4. "Common Area" shall mean and refer to those areas of land shown as Tract "A" on the recorded subdivision plat of the Properties and intended to be devoted to the common use and enjoyment of the owners of the properties.

Section 5. "Lot" shall mean and refer to any plot of land shown on the recorded subdivision plat of the Properties.

Section 6. "Dwelling" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Properties, including vendees under a contract for sale, but excluding those persons or entities having such interest merely as security for the performance of an obligation.

ARTICLE II

MEMBERSHIP

Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including a vendee under a recorded agreement for sale, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of a Lot shall be the sole qualification for membership.

ARTICLE III

VOTING RIGHTS

A member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership by Article

II herein; provided that as of the earlier of (i) three years from the date of the first sale of a Lot by the declarant or (ii) the date when twenty (20) of the Lots have been sold by the Declarant, the Declarant shall be entitled to no more than one (1) vote, regardless of the number of Lots which it owns. When more than one person holds such interest in 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 (1) vote be cast with respect to any Lot.

ARTICLE IV

DEFINITION OF THE COMMON PROPERTIES

Section 1. Subject Property - The property subject to the provisions of this Article shall be the 28 individual Lots, the private streets, and common areas shown on the recorded subdivision plat of the Properties as Tract "A", and the easements granted to the City of Tempe for exterior streets and landscaping.

Section 2. Title to the Common Area - The Declarant hereby covenants for itself, its heirs and assigns, that fee simple title to the Common Area shall be vested in the owners of the 28 Lots shown on the recorded subdivision plat of the Properties.

Section 3. Owner's Easements of Enjoyment - Every owner shall assume a right and easement of enjoyment in and to the Common Area and such easement shall pass with the title to every assessed Lot.

Section 4. Maintenance Responsibility - The Homeowners Association shall assume the responsibility for the maintenance of the Common Area in Tract A and the Carver Road frontage along the property located at 333 E. Carver Road.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments - Each Owner of a Lot within the Properties, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon at the rate of ten percent (10%) and costs of collection as hereinafter provided shall be a charge upon a Lot and shall be a continuing lien upon a Lot against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person

who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of Assessments - The assessments levied by the Association shall be used for the maintenance of the landscaping, guard gates or planters located in Tract "A", any improvements on Tract "A", and for the maintenance of the landscaping on the easements granted to the City of Tempe for Carver Road, for the purchase of liability insurance to cover the liability of the Association and its members for the use of Tract "A", for the maintenance and repair of Tract "A", and for such other use as the Board of Directors may approve by majority vote at an annual or special meeting duly called by the Board of Directors.

Section 3. Maximum Monthly Assessment \$50.00 - Until January 1, 1996, the monthly assessment shall be Fifty (\$50.00) per Lot, due January 1, 1995 and payable January 15, 1995 and thereafter due on the 1st of each month and payable the 15th of each month.

(1) From and after January 1, 1995, the maximum monthly assessment may be increased in any one year by not more than ten percent (10%) above the maximum monthly assessment established for the previous year, without a vote of the membership.

(2) From and after January 1, 1995, the maximum monthly assessment may be increased by more than ten percent (10%) upon an affirmative vote of two-thirds (2/3) of the votes cast by the voting Owners who are voting in person or by proxy, at a special Association meeting duly called for this purpose.

(3) The Board of Directors may fix the monthly assessment at any amount that shall not exceed the maximum monthly assessment as listed in this Article, without a vote of the Owners.

Section 4. Separation of Assessments Funds - The Board of Directors shall establish two (2) separate funds in which to deposit the receipts of the monthly assessments. The Board shall divide the assessment between the two (2) funds and one fund representing twenty-five percent (25%) of the total shall be used only as a sinking fund to make capital improvements on the streets, curbs, and other improvements in Tract "A" and shall accumulate until said funds are needed for that purpose. The balance of the assessment may be used in any manner provided under Article V, Section 2, of these restrictions.

Section 5. Special Assessments for Capital Improvements
In addition to the annual assessment authorized above, the Association may levy in any assessment year subsequent to 1995, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall be passed by an affirmative two-thirds (2/3)

of the votes cast by voting Owners who are voting in person or by proxy at a special Association meeting duly called for this purpose.

Section 6. Uniform Rate of Assessment - Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly or annual basis.

Section 7. Notice Requirement and Quorum Required for Any Special Meeting of the Association - A special meeting of the members of the Association may be held to conduct any business authorized under Article V, Sections 3, 5, or 6 of said Article provided that written notice of said special meeting shall be sent to all members of record of the Association, not less than thirty (30) days nor more than sixty (60) days in advance of said meeting. At the first meeting so called, the presence at the meeting of members or of proxies entitled to cast 60 percent (60%) of all votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another special meeting may be called, subject to the same notice requirement, and the required quorum at any subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held for more than sixty (60) days following the preceding meeting.

Section 8. Date of Commencement of Annual Assessments - The annual assessments provided for herein shall commence as to all Lots, except those owned by Declarant, on the first day of the month following the conveyance of the first Lot to an Owner. The Board of Directors shall fix the amount of the monthly assessments against each Lot at least thirty (30) days in advance of each monthly assessment period. Written notice of the monthly assessment shall be sent to every Owner subject thereto. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board of the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid. Declarant shall pay no lot assessment on Lots owned by it until six (6) months after the monthly maintenance responsibilities for Tract "A" is turned over to the Association or January 1, 1995, whichever is later.

Section 9. Subordination of the Lien to Mortgages - The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or 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 mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment 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. No breach of the covenants, conditions, or restrictions in this Declaration, nor the enforcement thereof, or

of any lien provision herein, shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value. However, all of the covenants, conditions and restrictions in this Declaration shall be binding upon any Owner whose title is derived through foreclosure or exercise of a power of sale.

ARTICLE VI

USE RESTRICTIONS

Section 1. The Properties shall be known and described as residential property and no more than one detached, single story, single-family dwelling may be constructed on any Lot as shown in the Properties, except that more than one Lot may be used for one dwelling, in which event, all restrictions contained herein shall apply to such Lots as if they were a single Lot.

Section 2. All structures as defined in the City of Tempe Zoning Regulations in effect as of the date of recording this Declaration ("Structures") including, without limitation, tennis courts and swimming pools, must be constructed on the Properties in compliance with these restrictions.

Section 3. All residences and Lots within the subdivision shall be governed by the following restrictions:

(1) No dwellings shall have a ground floor livable area of less than twenty six hundred (2,600) square feet, exclusive of accessory buildings, breezeways, screened porches, terraces, patios and garages.

(2) No two-story residences shall be permitted.

(3) All structures located on any lot within the subdivision, including accessory buildings shall have pitched roofs with a minimum pitch of 4-12. Patio covers which are connected to and a part of the principal structure may have a flat slope roof provided the entire patio cover has a minimum 3' parapet wall screening it from side and rear view.

(4) No territorial homes shall be permitted.

(5) All buildings shall have at least one two-car garage equipped with an automatic garage door opener.

(6) On all dwellings in which the garage faces the street, the garage door design shall be specifically approved by the Deed Restriction Review Committee.

(7) All dwellings shall have at least two inside baths.

(8) All dwellings shall be constructed with concrete, brick, or asphalt driveways.

(9) No dwelling constructed on any Lot shall be constructed with plastic, aluminum, or composition siding and each dwelling shall be constructed with either a mission, mon-rey, tile type, or concrete tile type roof. Wood shingle roofs are prohibited.

(10) There shall be no roof mounted antennas.

(11) All dwellings shall have the landscaping from the side fence lot line to the front lot line of the Lot completed within ninety (90) days of possession of the dwelling.

(12) All landscaping in the front yard area or side yard areas fronting any street shall be at least seventy-five (75) percent mowed lawn area and may contain up to a maximum of fifteen (15) percent rock or desert landscaping.

(13) All air conditioning, heating, or environmental enhancement devices shall be mounted at ground level and specifically no units of mechanical devices of any kind shall be located on the roof of a home.

(14) All dwellings shall have installed in the front and rear yard area of each home an automatic sprinkler system for the watering of the trees, lawn areas, entries, and the landscaping shall be maintained on an annual basis, including winter overseeding of lawns, if necessary, to preserve the green nature of the front lawn in the cooler winter months.

(15) Included with each landscaping plan and required to be installed as part of the landscaping of each lot, and in addition to the trees planted by the developer, each Lot Owner shall be required to plant a minimum of four (4) twenty four (24) inch boxed Schamel Fan Tail Ash trees, with two being in the front yard area and two being in the back yard area of each residence.

(16) No structures, including fences, shall be located within ten (10) feet of the North/South Street in Tract "A". All fences constructed facing the North/South Street in Tract "A" shall be stuccoed and painted the same color as the fence facing Carver Road in the subdivision.

(17) Each residence shall have mounted on the front property line, or street line, at least one dusk-to-dawn automatic light mounted on a column or pillar which coordinates with the architectural style of the home. Mail box structures may be included in the structure.

(18) Each building shall be constructed with at least two (2) electrical outlets under the eaves of the front roofline of the home, operated by a time clock.

(19) Prior to any construction, a landscape plan prepared by a licensed landscape architect, or licensed landscape contractor shall be submitted to the Deed Restriction Review Committee for approval.

(20) During construction, all piles of trash and construction debris shall be located in the rear lot area of the residence under construction and shall be removed at least bi-weekly.

(21) On all residences under construction, the front street area shall be kept clean and free of debris by the owner or contractor and all mud or construction debris left upon the street by the contractor, the owner, or their agents or employees, shall be either washed or swept at least weekly.

(22) All unoccupied Lots shall have the weeds thereon disked, plowed, mowed, or removed at least twice a year, once in October and once in April of each year. Further, on undeveloped Lots, the Owners of such Lots shall keep the Lots free from any and all debris at all times.

(23) On adjoining Lot lines, the adjoining Owners shall share equally the expense of their side fences. An Owner building a residence adjacent to a Lot upon which the fence has already been constructed, shall reimburse the adjoining Lot Owner or Owners an amount equal to one-half (1/2) of the actual construction cost to said Owner of the fence, except that the cost for said fence shall not exceed the normal construction cost for a "dooley" or "superlite" type concrete fence regardless of the actual type or cost of fence built by the adjoining landowner. No plan shall be approved by the Deed Restriction Review Committee until the committee is shown a statement in writing whereby the adjoining Lot Owner agrees to reimburse his neighbor for the cost of such fence.

(24) No carports shall be built within the subdivision unless they are built behind the side fence lot line of the residence and located behind a gate or wall and shall meet all architectural requirements of the residence itself.

(25) In addition to the residence and fence structure, each residence or dwelling shall be constructed with a separate storage area for the refuse containers to be provided by the City of Tempe. The refuse container storage area may consist of a block screen wall which screens the storage containers from street view.

(26) All ground mounted air conditioning, heating, or environmental enhancement devices installed in accordance with Article VI, Section 14, herein must be screened from street view by a block fence or wall.

Section 4. No building shall be located on any Lot nearer to the front or rear lot line than thirty (30) feet, no buildings shall be located nearer than ten (10) feet to any interior lot lines, nor closer than fifteen (15) feet to a side lot line adjacent to a street, except that side yards for detached garages and other permitted accessory buildings located in the rear one-half of the Lot need only conform to the requirements of the City of Tempe. For the purpose of this covenant, eaves, steps, and open porches shall not be considered as a part of a building,

provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot.

Section 5. No vehicular access shall be permitted from any lot onto the north/south entry street in the subdivision. All garages and driveway shall provide access on the cul-de-sacs located within the subdivision.

Section 6. A fence or wall no higher than seven (7) feet shall be constructed across the rear and sides of each Lot and shall be constructed of Unofficial Document r ornamental iron. In addition, the fence from the dwelling to the side lot line or in the case of a corner lot from the dwelling to the side lot line and back to the rear lot line shall be of the same architectural style as the house and shall be approved by the Deed Restriction Review Committee of this Association. All fences shall be erected prior to the Owner of any Lot taking possession of a residence on the Lot. Fences or walls constructed within the area of the minimum front or side setback line shall not exceed two (2) feet, six (6) inches in height and fences or walls constructed on any side lot line shall not exceed seven (7) feet in height, subject to the governing zoning ordinances. No fence which is constructed in excess of six (6) feet shall be constructed until a variance is obtained from the Board of Adjustment of the City of Tempe.

Section 7. Easements, as indicated upon the recorded map of this subdivision, are reserved for the installation and maintenance of public service utilities and other uses for public or quasi-public good. No buildings shall be placed upon such easements or interference be made with the free use of the same for the purposes intended.

Section 8. No tent, shack, garage, barn or other outbuildings shall, at any time, be erected and used temporarily or permanently as a residence or for any other purpose, nor shall any recreational vehicle be used as a residence or for any other purpose on any of the Lots or streets in the Properties. No structure of any kind shall be moved into any part of the Properties except temporary buildings used by contractors in connection with construction work, it being the intent of this Declaration that all structures on any Lot shall be constructed thereon.

Section 9. No trade, business, profession or other type of commercial activity shall be carried on upon any Lot, except that real estate brokers, owners and their agents may show dwellings in the Properties for sale, or lease, nor shall any Lot be used as a hospital or sanitarium or other place for hire for the care or entertainment of persons suffering from any disease or disability whatsoever; nor shall anything be done on any Lot which may become an annoyance or nuisance to the neighborhood. Every person, firm or corporation purchasing a Lot in the Properties recognizes that Declarant, its agents or assigns, has the right to conduct construction and sales activities in the Properties until all of the Lots in the Properties have been sold.

Section 10. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that cats, dogs and other household pets may be kept, provided they are not kept, bred, or maintained for any commercial purpose and provided further that no person owing or in custody of a dog shall allow the dog to stray or go upon another Lot without the consent of the owner of such Lot.

Section 11. No vehicle shall be parked on any part of the Properties except on paved concrete or brick driveways. No overnight guest parking shall be permitted on Tract "A". No trailers, trucks or commercial vehicles, other than those present on business may be parked in the Properties and no overnight parking of such vehicles shall be permitted. Boats, boat trailers and other recreational vehicles shall be parked inside of garages or concealed from public view behind the side lot fence line provided that a paved brick or concrete pad is provided for the storage of said vehicle. No vehicle of any type which is abandoned or inoperable shall be stored or kept on any Lot within this subdivision in such a manner as to be seen from any other Lot or from any streets or alleyways within this subdivision.

Section 12. Trash, garbage or other waste shall not be kept except in sanitary containers, as approved by the City of Tempe. Such refuse containers shall not be permitted in the front yard and shall be screened from street view. Each dwelling shall provide an area for the storage of said trash containers which area shall not be visible from any other adjoining Lot and shall be used to house the container when it is not placed on the street for pickup. Trash and garbage containers may be placed on the street on normal pickup days but shall be removed to their proper storage area as soon as possible after they have been emptied by sanitation workers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition subject to the governing zoning ordinances of the City of Tempe.

Section 13. No clothing or household fabrics shall be hung in the open on any Lot unless the same are hung from an umbrella or retractable clothes hanging device which is removed from view when not in use.

Section 14. No advertising signs shall be displayed with the exception of "For Sale" signs not exceeding 24" by 24". This restriction shall not be effective until two years from the date of recording this Declaration.

Section 15. No dwelling shall be constructed with any air conditioning, heating or environmental enhancement device on the roof of any home except that solar energy units may be mounted on the roof of the dwelling provided that the solar unit is screened from view to the front, side and rear sight lines of the Lot.

Section 16. All abandoned or junked vehicles while being