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Richard V. Campana, Esq.
CAMPANA & VIEH, P.C.
7373 North Scottsdale Road
Suite 130C
Scottsdale, Arizona 85253

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MCDOWELL MOUNTAIN ESTATES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter termed the "Declaration") is made on this 18th day of May, 1995, by MARACAN DEVELOPMENT L.C., an Arizona limited liability company (hereinafter sometimes termed "Declarant").

W I T N E S S E T H:

WHEREAS, the Declarant is the Owner of the real property located in Phoenix, Arizona, which is described on Exhibit A (the "Covered Property") attached hereto.

NOW, THEREFORE, Declarant hereby declares that all of said real property (hereinafter sometimes referred to as McDowell Mountain Estates) shall be held, sold, and conveyed subject to the easements, restrictions, covenants, and conditions contained in this Declaration which are for the purpose of protecting the value and desirability of, and which shall run with said real property, and be binding on all parties having any right, title or interest in said real property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof.

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ARTICLE 1
DEFINITIONS

Section 1.1. "Architectural Committee" shall mean the Committee established by the Board pursuant to Section 2.4 of this Declaration.

Section 1.2. "Architectural Committee Rules" shall mean the rules adopted by the Architectural Review Committee, as said rules may be amended from time to time.

Section 1.3. "Articles" shall mean the Articles of Incorporation of the Association which have been, or will be, filed in the Office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

Section 1.4. "Association" shall mean "McDowell Mountain Estates Homeowners Association", an Arizona nonprofit corporation.

Section 1.5. "Association Rules" shall mean the rules and regulations adopted by the Association, as the same may be amended from time to time.

Section 1.6. "Board" shall mean the Board of Directors of the Association.

Section 1.7. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.8. "Common Areas" shall mean all real property, and all Improvements located thereon, owned by the Association for the common use and enjoyment of the Owners.

Section 1.9. "Declarant" shall mean Maracan Development L.C., an Arizona limited liability company, its successors and any person or entity to whom it may expressly assign its rights under this Declaration.

Section 1.10. "Declaration" shall mean the Covenants, Conditions and Restrictions herein set forth in this entire document, as same may from time to time be amended.

Section 1.11. "First Mortgage" shall mean and refer to any mortgage or deed of trust with first priority over any other mortgage or deed of trust.

Section 1.12. "First Mortgagee" shall mean and refer to the holder of any First Mortgage.

Section 1.13. "Improvement" shall mean buildings, roads, driveways, parking areas, fences, walls, rocks, hedges, plantings,

planted trees and shrubs, and all other structures or landscaping Improvements of every type and kind.

Section 1.14. "Lot" shall mean any parcel of real property designated as a Lot on the Plat.

Section 1.15. "Member" shall mean any person, corporation, partnership, joint venture, or other legal entity who is an Owner of a Lot within the Property.

Section 1.16. "Owner" shall mean the record Owner, whether one (1) or more persons or entities, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Lot. Owner shall not include

- (i) the Purchaser of a Lot under an executory contract for the sale of real property,
- (ii) persons or entities having an interest in a Lot merely as security for the performance of an obligation, or
- (iii) a lessee or tenant of a Lot.

In the case of Lots, the fee simple title to which is vested in a trustee pursuant to Arizona Revised Statutes, Section 33-801, et seq., the Trustor shall be deemed to be the Owner. In the case of Lots, the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust shall be deemed to be the Owner.

Section 1.17. "Plat" shall mean the Plat of survey of McDowell Mountain Estates, which Plat is recorded with the County Recorder of Maricopa County, Arizona.

Section 1.18. "Project Documents" shall mean this Declaration and the Articles, Bylaws, Association Rules, and Architectural Review Committee Rules.

Section 1.19. "Property" or "Project" shall mean the real property described on Exhibit A attached to this Declaration.

Section 1.20. "Purchaser" shall mean any person other than the Declarant who by means of a voluntary transfer acquires a legal or equitable interest in a Lot other than

- (a) a leasehold interest (including renewable options) of less than five (5) years, or
- (b) as security for an obligation.

Section 1.21. "Single Family" shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption (a single family and not two families); or a group of persons not all so related, together with their domestic servants not to exceed three (3) in number, who maintain a single, common household in a dwelling.

Section 1.22. "Single Family Residential Use" shall mean the occupation or use of a residence by a Single Family in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county, or municipal rules and regulation.

Section 1.23. "Visible from Neighboring Property" shall mean, with respect to any given object, that such object is, or would be, visible to a person six (6) feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE 2 THE ASSOCIATION

Section 2.1 Rights, Powers, and Duties. The Association shall be 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 together with such rights, powers and duties as may be reasonably necessary to effectuate the objectives and purposes of the Association as set forth in this Declaration.

Section 2.2. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers and committees as the Board may elect or appoint, in accordance with the Articles and the Bylaws.

Section 2.3. 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. The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by any invitee, licensee, or lessee of such Owners; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be available for inspection by the Members at reasonable times.

Section 2.4. Architectural Review Committee. The Board shall establish an Architectural Review Committee consisting of not less than three (3) Members appointed by the Board to regulate the external design, appearance and use of the Property and to perform

such other functions and duties as may be imposed upon it by this Declaration, the Bylaws or the Board. The initial architectural review committee shall consist of three members, Von E. Dix, Dave Bessey and Richard Scott. The Architectural Review Committee shall establish reasonable procedural rules, regulations, restrictions, architectural standards and design guidelines and may assess reasonable fees in connection with its review of plans and specifications. The architectural standards and design guidelines are hereby incorporated herein and shall be deemed to be a part of this Declaration and shall be binding on all Owners or other persons as if expressly set forth herein. A copy of the current Architectural Standards and Design Guidelines shall at all times be available from the Architectural Review Committee. No Improvement of any kind may be made on any Lot without prior approval from the Architectural Review Committee and no change to an Improvement previously approved by the Architectural Review Committee may be made without prior written approval of the Architectural Review Committee.

ARTICLE 3
MEMBERSHIP

Section 3.1. Identity of Members. Membership in the Association shall be limited to Owners of Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a Member of the Association and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

Section 3.2. Transfer of Membership. Membership in the Association shall be appurtenant to each Lot and a Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of a Lot and then only to such Purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the Association.

ARTICLE 4
VOTING RIGHTS

Section 4.1. Classes of Members. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners of Lots. Each Class A Member shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B Membership shall be all Memberships held by the Declarant. The Declarant shall be entitled to three (3) votes for each Membership held by the Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) Within ninety (90) days after the number of Class A votes exceeds the number of Class B votes; or

(b) When the Declarant notifies the Association in writing that it relinquishes its Class Membership; or

(c) January 1, 2004.

Section 4.2. Joint Ownership. When more than one (1) person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) ballot be cast with respect to any Lot. The vote or votes for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a ballot representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one (1) ballot is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

Section 4.3. Corporate Ownership. In the event any Lot is owned by a corporation, partnership or other association, the corporation, partnership or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the chief executive officer, if any, of such corporation, partnership or association shall have the power to vote the membership, and if there is no chief executive officer, then the Board of Directors or general partner of such corporation, partnership or association shall designate who shall have the power to vote the membership.

Section 4.4. Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any assessments or other amounts due under any of the provisions of the Project Documents for a period of fifteen (15) days, said Owner's right to vote as a Member of the Association shall be suspended and shall remain suspended until all payments, including collection and/or attorneys' fees, are brought current, and for a period not to exceed sixty (60) days for any infractions of the Project Documents

and for successive sixty (60) day periods if the infraction has not been corrected.

ARTICLE 5
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by it, hereby covenants, and each Owner of a Lot, by becoming the Owner thereof, whether or not it is expressed in the deed or other instrument by which the Owner acquired ownership of the Lot, is deemed to covenant and agree to pay to the Association:

- (1) annual assessments,
- (2) supplemental assessments, and
- (3) special assessments for capital improvements.

The annual, supplemental, and special assessments, together with costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 5.2. Purpose of the Assessments. The assessments levied by the Association shall be used exclusively for the upkeep, maintenance, and improvement of the Common Areas and such portions of the Lots, and such portions of the Improvements located thereon, as the Association is obligated to maintain under Sections 9.1 and 9.2 of this Declaration, including landscaping, private streets, if any, the existing or upgraded Taliesen gate and security system located at Cactus Road and Frank Lloyd Wright Boulevard, and for promoting the recreation, health, safety and welfare of the Owners and residents of Lots within the Property.

Section 5.3. Maximum Annual Assessment.

(a) Until January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment for each Lot shall be Three Hundred Dollars (\$300.00).

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the Board may, without a vote of the membership, increase the maximum annual assessment during each fiscal year of the

Association by an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (All Items), U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics (1967 - 100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefor by the United States Government; or ten percent (10%), whichever is greater.

(c) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment may be increased by an amount greater than the maximum increase allowed pursuant to (a) above, only by a vote of Members entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose, or by a two-thirds (2/3) majority of each class of vote as long as there is a Class B vote.

(d) The Board may fix the annual assessment in any amount not in excess of the maximum annual assessment.

Section 5.4. Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are, or will become, inadequate to meet all expenses of the Association, for any reason, including, without limitation, nonpayment of assessments by the Members, it shall immediately determine the approximate amount of such inadequacies for such fiscal year, prepare a supplemental budget, determine the amount of such inadequacies for such fiscal year, and levy a supplemental assessment against each Lot in such amount as the Board deems necessary in order to obtain the amount of such inadequacies. Notice of any such supplemental assessment shall be given to each Owner. The supplemental assessment shall be paid on such dates, and in such installments, as may be determined by the Board. No supplemental assessment shall be levied by the Board until such assessment has been approved by Members entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose, or a two-thirds (2/3) majority of each class as long as there is a Class B vote.

Section 5.5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Areas, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any such assessment shall have the assent of Members having at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy

at a meeting duly called for such purpose, or a two-thirds (2/3) majority of each class as long as there is a Class B vote.

Section 5.6. Notice and Quorum For Any Action Authorized Under Sections 5.3, 5.4 and 5.5. Written notice of any meeting called for the purpose of taking any action authorized under Section 5.3; 5.4 or 5.5 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or proxies entitled to cast sixty percent (60%) of all the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.7. Uniform Rate of Assessment. Annual, supplemental, and special assessments must be fixed at a uniform rate for all Lots. However, as long as there is a Class B membership, Declarant shall not be subject to assessments for Lots not sold to individual Purchasers, but instead shall be required to pay the difference between actual operating costs for the Association and all income from assessments and other sources. When the Class B membership ceases as prescribed in Article 4, Section 4.1, Declarant shall become a Class A Member and will be subject to assessment for each Lot owned by Declarant. Declarant shall pay twenty-five percent (25%) of the full assessment amount until such time as the Lot is conveyed by Declarant to an individual Owner or is occupied, whichever occurs sooner. The one hundred percent (100%) assessment permanently attaches upon initial occupancy regardless of its state of occupancy thereafter.

Section 5.8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the first Lot to a Purchaser. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Board may require that the annual assessment be paid in installments and in such event the Board shall establish the due dates for each installment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 5.9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment, or any installment of an

assessment, not paid within fifteen (15) days after the assessment, or the installment of the assessment, first became due shall bear a monthly late charge to be set by the Board. Any assessment, or any installment of an assessment, which is delinquent shall become a continuing lien on the Lot against which such assessment was made. The lien shall be perfected by the recording of a "Notice of Claim of Lien" which shall set forth

(1) the name of the delinquent Owner as shown on the records of the Association,

(2) legal description, street address and number of the Lot against which of lien is made,

(3) the amount claimed as of the date of the recording of the notice including lien recording fees, late charges and reasonable attorneys' fees,

(4) the name and address of the Association.

The Association's lien shall have priority over all liens or claims created subsequent to the recording of the Notice of Claim of Lien except for tax liens for real property taxes on the Lot, assessments on any Lot in favor of any municipal or other governmental body and the liens which are specifically described in Section 5.10 of this Declaration.

Before recording a lien against any Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent assessments, together with late charges and reasonable attorneys' and collection fees, if any. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Lot of the defaulting Owner. The Association shall not be obligated to release any lien recorded pursuant to this Section until all delinquent assessments, lien fees, late charges and reasonable attorneys' fees have been paid in full whether or not all of such amounts are set forth in the Notice of Claim of Lien.

The Association shall have the right, at its option, to enforce collection of any delinquent assessments together with lien fees, late charges, reasonable attorneys' and collection fees and any other sums due to the Association in any manner allowed by law including, but not limited to,

(a) bringing an action at law against the Owner personally obligated to pay the delinquent assessments and

such action may be brought without waiving any lien securing any such delinquent assessments, or

(b) bringing an action to foreclose its lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage.

The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

Section 5.10. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Declaration shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter become due or from the lien thereof.

Section 5.11. Exemption of Owner. No Owner of a Lot may exempt himself from liability for annual, supplemental, or special assessments levied against his Lot, or for other amounts which he may owe to the Association under the Project Documents by waiver and non-use of any of the Common Areas and facilities, or by the abandonment of his Lot.

ARTICLE 6 PERMITTED USES AND RESTRICTIONS

Section 6.1 Scope. Except as otherwise specified, the provisions of this Article shall apply to all of the Property.

Section 6.2. Residential Use. All Lots shall be used, improved, and devoted exclusively to Single Family Residential use. No gainful occupation, profession, trade or other non-residential use shall be conducted on any Lot. Nothing herein shall be deemed to prevent the leasing of a Lot to a Single Family from time to time by the Owner thereof, subject to all of the provisions of the Project Documents. Any Owner who leases his Lot shall promptly notify the Association and shall advise the Association of the term of the lease and the name of each lessee. All buildings or structures erected upon the Property shall be of new construction and no buildings or structures shall be moved from other locations onto the Property without the prior written approval of the Architectural Committee.

Section 6.3. Animals. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized

house or yard pets, shall be maintained on any property and then only if they are kept, bred, or raised thereon solely as domestic pets and not for commercial purposes. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be visible from Neighboring Property. Upon the written request of any Owner, the Board shall determine whether, for the purposes of this Section, a particular animal is a generally recognized house or yard pet, or nuisance, or whether the number of animals on any such property is reasonable. Any decision rendered by the Board shall be enforceable to the same extent as other restrictions contained in this Declaration.

Section 6.4. Antennas. No antenna, satellite dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any property, whether attached to a building or structure or otherwise, without prior written approval by the Architectural Committee.

Section 6.5. Roof Mounted Equipment. No roof mounted equipment of any kind including, but not limited to, solar collectors, evaporative coolers, air conditioners, and ventilating systems shall be permitted without the written approval of the Architectural Committee.

Section 6.6. Utility Service. Except as approved in writing by the Architectural Committee, no lines, wires, or other devices for the communication of transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any property 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 Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incidental to the construction of buildings or structures approved by the Architectural Committee.

Section 6.7. Improvements and Alterations. No Improvements, alterations, repairs, excavations, landscaping or other work which in any way alters the exterior appearance of any property or the Improvements located thereon, from its natural or improved state existing on the date such property was first conveyed in fee by Declarant to a Purchaser, shall be made or done without the prior written approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, landscaping, residence, or other structure shall be commenced, erected, maintained, improved, altered, made or done without the prior written approval of the Architectural Committee. No change or deviations in or from such plans and specifications once approved shall be made without the prior written approval of

the Architectural Committee. All decisions of the Architectural Committee shall be final and no Owner or other parties shall have recourse against the Architectural Committee for its refusal to approve any such plans and specifications or plot plan, including lawn area and landscaping.

Section 6.8. Temporary Occupancy. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structure of any kind shall be used at any time, on any portion of the Property, for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such property shall be removed immediately after the completion of construction.

Section 6.9. Trailers and Motor Vehicles. No motor vehicle classed by manufacturer rating as exceeding 3/4-ton, mobile 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 on any Lot, or on any street so as to be Visible From Neighboring Property; provided, however, that the provisions of this Section shall not apply to pickup trucks of 3/4-ton or less capacity with camper shells not exceeding seven (7) feet in height measured from ground level.

Section 6.10. Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any property, and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such property 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, bells, or other sound devices, except security devices used exclusively for security purposes, shall be located, used, or placed on any such property; provided, however, that security devices used exclusively for security purposes may be located, used or placed on the property, provided that said security devices shall be installed so that if an alarm goes off it shall be heard in the house and at the alarm station and not outside so as to disturb any adjacent neighbors.

Section 6.11. Trash Containers and Collection. No garbage or trash shall be placed or kept on any property except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then, only for the shortest time reasonably necessary to effect such collection. The Board shall have the right to require all Owners to place their

garbage or trash containers at a specific location for collection, or to require all Owners to subscribe to a trash collection service. All rubbish, trash, and garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot. No garbage or trash containers shall be kept or placed on any grass or other landscaped area.

Section 6.12. Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed, or maintained on any property so as to be Visible From Neighboring Property.

Section 6.13. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, or maintained upon or adjacent to any property except such machinery or equipment as is usual and customary in connection with the use, maintenance, or construction of a residence, appurtenant structures, or other Improvements, and except that which Declarant or the Association may require for the operation and maintenance of the Property.

Section 6.14. Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot shall be conveyed or transferred by any Owner without the prior written approval of the Board.

Section 6.15. Signs. No signs whatsoever (including, but not limited to, commercial, advertising, political, and similar signs) shall be erected or maintained anywhere on the Property including but not limited to, the inside or outside of windows in any building located on the Property, except such signs as may be required by legal proceedings or otherwise approved herein. The use of "For Sale" or "For Lease" signs is subject to approval by the Board except as provided in Section 6.16 herein.

Section 6.16. Declarant's Exemption. Notwithstanding any other provision of the Project Documents, it shall be expressly permissible for the Declarant or its duly authorized agents, employees, and representatives to maintain during the period of the sale of Lots, such facilities, structures, and signs as are necessary or convenient, in the sole opinion of the Declarant, to the sale of the Lots, including, but without limitation, a business office, storage area, construction yards, homes, and sales offices; provided, however, that such use of the Common Areas by the Declarant must be reasonable and must not interfere with any Owner's use and enjoyment of the Common Areas.

Section 6.17. Planting and Landscaping. No planting or landscaping shall be done, and no fences, hedges, or walls shall be erected or maintained on any Lot without the prior written approval of the Architectural Committee.

Section 6.18. Mineral Exploration. No property 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.

Section 6.19. Diseases and Insects. No Owner shall permit any thing or condition to exist upon any property which shall induce, breed or harbor infectious plant diseases or noxious insects.

Section 6.20. Trash and Debris. Each Owner of a Lot, when installing or constructing Improvements on the Lot, shall provide a place for the daily collection and storage of trash and debris and will remove such trash and debris on a reasonable schedule. No Owner of a Lot will allow any nuisance to occur on his Lot or adjacent to his Lot other than the reasonable result of construction activity. The Board shall be the sole judge as to whether or not undue nuisance is occurring and upon notice from the Board to the Lot Owner, any such nuisances identified by the Board shall be corrected.

Section 6.21. Non-Access to Adjacent Private Property. Each Owner of a Lot is advised that the open desert area adjacent to certain portions of the McDowell Mountain Estates development is private property currently owned by the Frank Lloyd Wright Foundation and that there is to be no trespassing by any Owner on said adjacent private property. Other portions of the McDowell Mountain Estates development are surrounded by the Ancala Golf Course which is also private property subject to the same restriction.

ARTICLE 7 EASEMENTS

Section 7.1. Utility Easement. There is hereby created a blanket easement upon, across, over, and under the Common Areas for ingress, egress, installation, replacing, repairing, and maintaining all utilities, including, but not limited to water, sewers, gas, telephones, electricity, and a cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility to erect and maintain the necessary facilities and equipment on the Common Areas. This easement shall in no way affect any other recorded easements on the Common Areas.

Section 7.2. Easement for Encroachments. In the event a wall, landscaping, or other approved Improvement on a Lot or the Common Areas encroaches upon another Lot or the Common Areas, and such encroachment is inadvertent and has no significant adverse impact on the adjacent property, an easement for such encroachment is hereby given and the right to determine whether such encroachment causes a significant adverse impact shall be

determined by the Architectural Committee upon request by either of the parties. When such determination is made by the Architectural Committee, that determination is binding on all parties.

Section 7.3. Easements for Ingress and Egress. Easements for ingress and egress are hereby reserved to the Declarant, the Owners, and their family, guests, tenants, and invitees for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the Common Areas; and for vehicular traffic over, through and across such portions of the Common Areas as from time to time may be paved and intended for such purposes; and for such other purposes reasonably necessary to the use and enjoyment of a Lot or the Common Areas.

Section 7.4. Association's Right of Entry. During reasonable hours, the Association, any member of the Architectural Committee, any member of the Board or any authorized representative of them, shall have the right to enter upon and inspect any Lot, excluding the interior of any residence located thereon, for the purpose of making inspections to determine whether the provisions of this Declaration, the Association Rules and the Architectural Committee Rules are being complied with by the Owner of said Lot.

Section 7.5. Association's Easement For Performing Maintenance Responsibilities. The Association shall have an easement upon, across, over and under the Common Areas and the Lots for the purpose of repairing, maintaining and replacing the Common Areas and those portions of the Lots which the Association is obligated to maintain under Article 9 of this Declaration.

Section 7.6. Use and Drainage Easements Among Owners. Wherever drainage, as estimated by the Declarant, flows from one (1) Lot under or through one (1) or more other Lots, said drainage flow shall not be impeded, diverted, or otherwise changed. These easements shall include, but are not limited to, receiving the runoff from roofs and drainage under and through garden walls.

ARTICLE 8 PROPERTY RIGHTS

Section 8.1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Areas. Said easement shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) the right of the Association to adopt reasonable rules and regulations governing the use of the Common Areas and all facilities located thereon;

(b) the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency,

authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication or transfer shall be effective unless evidenced by an instrument signed by at least two-thirds (2/3) of each class of Members, except that the Board may make a dedication for transfer without consent of the Members, providing such transfer is of minimal value and causes no adverse impact to the Members;

(c) the right of Declarant and its agents and representatives, in addition to the rights set forth elsewhere in this Declaration, to the non-exclusive use, without charge, of the Common Areas for maintenance of sales facilities, and display and exhibit purposes.

Section 8.2. Delegation of Use. Any Owner may delegate, subject to this Declaration and the Association Rules, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, his guests or invitees, provided such delegation is for a reasonable number of persons and at reasonable times, and in accordance with reasonable Association Rules.

Section 8.3. Limitations. An Owner's right and easement of enjoyment in and to the Common Areas shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot. Such right and easement of enjoyment in and to the Common Areas shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Owner's Lot, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the Common Areas.

ARTICLE 9 MAINTENANCE

Section 9.1. Maintenance of Common Areas, private streets, if any, guard gate and security system by Association. The Association shall be responsible for the maintenance, repair and replacement of the Common Areas, private streets, if any, guard gate and security system located at Cactus Road and Frank Lloyd Wright Boulevard, and may, without any approval of the Owners being required, do any of the following:

(a) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such areas (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area);

(b) Replace injured and diseased trees or other vegetation in any such 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;

(c) Place and maintain upon any such area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof;

(d) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Areas and the appearance thereof, in accordance with the general purposes specified in this Declaration.

Section 9.2. Exterior Maintenance by Association. In addition to the maintenance, repair and replacement of the Common Areas and the Improvements located thereon, the Association shall maintain, repair and replace the landscaping and other Improvements on any area within, or immediately adjacent to McDowell Mountain Estates, providing the Board agrees that such maintenance shall be in the best interest of all the Members and agrees to such maintenance in writing.

Section 9.3. Maintenance by Owners. Each Owner shall be solely responsible for that portion of the maintenance, repair and replacement of his Lot and Improvements which are not maintained by the Association as described in Sections 9.1 and 9.2.

Section 9.4. Damage or Destruction of Common Areas by Owners. No Owner shall in any way damage or destroy any Common Areas or interfere with the activities of the Association, in connection therewith. No Owner shall in any way interfere with the maintenance responsibilities of the Association, including, but not limited to, landscaping, street maintenance, and wall maintenance. Any expenses incurred by the Association by reason of any such act of an Owner, his grantees or assignees, shall be paid by said Owner, upon demand, to the Association to the extent that the Owner is liable therefor under Arizona law, and such amounts shall be a lien on any Lots owned by said Owner and the Association may enforce collection of any such amounts in the same manner as provided elsewhere in this Declaration for the collection and enforcement of assessments.

Section 9.5. Non-Performance by Owners. 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 McDowell Mountain 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 the Project Documents, or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents with respect to the maintenance, repair or replacement of the Improvements located on such Lot, the Board may, by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give written notice thereof to the Owner by mail to the mailing address of the Lot and make demand

that corrective action be taken within fourteen (14) calendar days of the day of the notice. If, at the expiration of the said fourteen (14) day period the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken, including but not limited to the hiring of an attorney to take action on behalf of the Board, whether by informal pre-suit action or by formal legal proceedings. The costs of any action taken by the Board as set forth herein, including, but not limited to, incidental and taxable costs, attorney's fees, and any fines assessed against any Owner 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.

ARTICLE 10
PARTY WALLS

Section 10.1. Rights and Duties of Adjoining Owners. The rights and duties of Owners of Lots with respect to party walls shall be governed by the following provisions:

(a) Each wall or fence which is placed on the dividing line between separate Lots shall constitute a party wall. With respect to any such wall, each of the adjoining Owners shall assume the burden and be entitled to the benefit of the restrictive covenants contained in this Declaration, and to the extent not inconsistent with this Declaration, the general rules of law regarding party walls shall be applied;

(b) The cost of reasonable repair and maintenance of a party wall shall be shared by the adjoining Owners of such wall in proportion to the use thereof, without prejudice, however, to the right of any Owner to call for a larger contribution from the adjoining Owner under any rule of law regarding liability for negligent or willful acts or omissions;

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time) then, in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense;

(d) Notwithstanding any other provision of this Article, an Owner who, by his negligent or willful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements;

(e) The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owners and their successors in title;

(f) In addition to meeting the other requirements of this Declaration and of any other city code or similar regulations or ordinances, any Owner proposing to modify, make additions to build or rebuild a party wall in any manner which requires construction, extension or other alteration, shall first obtain the written consent of the adjoining Owner and the Architectural Committee;

(g) In the event of a dispute between Owners with respect to the repair or the rebuilding of a party wall, or with respect to sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Architectural Committee whose decision shall be final; and

(h) The provisions of this Article shall be binding upon the heirs and assigns of any Owners, but no person shall be liable for any act or omission respecting the party wall except such as took place while he was an Owner.

ARTICLE 11 INSURANCE

Section 11.1. Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to an individual Owner other than the Declarant, the Association shall maintain adequate insurance for Common Areas liability to extend to those areas the Association may agree to maintain pursuant to Article 9 herein, officers and directors liability, committees appointed by the Board, property, fidelity and any other coverage deemed necessary by the Board.

Section 11.2. Certificate of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 11.3. Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Areas damaged or destroyed shall be repaired or replaced promptly by the Association unless

(a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or

(b) Owners, owning at least eighty percent (80%) of the Lots, vote not to rebuild.

The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If the entire Common Areas is not repaired or replaced, insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share for each Lot.

Section 11.4. Owner's Responsibility. It is the responsibility of each Owner of a Lot to maintain insurance on his Lot and Improvements thereon.

ARTICLE 12 GENERAL PROVISIONS

Section 12.1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 12.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 12.3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

Section 12.4. Amendment by Owners. This Declaration may be amended during the first twenty (20) year period by an instrument signed by Owners representing not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by Owners representing not less than seventy-five percent (75%) of the Lots. Any amendment must be recorded.

Section 12.5. Amendment by Board. Notwithstanding anything to the contrary in this Declaration, the Board shall have the right, but not the obligation, to amend this Declaration, without

obtaining the approval or consent of any other Owner or mortgagee, in order to conform the Declaration to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other government or government approved agencies when such modification is required to qualify for the use of the services, insurance, or other guarantees provided by such agencies.

Section 12.6. Violations and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner.

Section 12.7. Violation of Law. Any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 12.8. Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

Section 12.9. Delivery of Notices and Documents. Any written notice or other documents relating to, or required by, this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid. Each Owner of a Lot shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

Section 12.10. Binding Effect. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Property and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

Declarant, its successors, assigns and grantees, covenants and agrees that the Lots and the membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

Section 12.11. Management Agreements. Any agreement for professional management of the Association, the Project, or any other contract providing for services of the Declarant, or other developer, sponsor or builder of the Project shall not exceed one (1) year.

Section 12.12. Gender. The singular, wherever used in this Declaration, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this Declaration apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 12.13. Topic Headings. The marginal or topical headings of the Sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Sections or this Declaration.

Section 12.14. Survival of Liability. The termination of membership in the Association shall not relieve or release any such former Member from any liability or obligation incurred under or in any way connected with the Association during the period of such membership, or impair any rights or remedies which the Association may have against such former Member arising out of, or in any way connected with such membership and the covenants and obligations incidental thereto.

Section 12.15. Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, Bylaws, Association Rules or Architectural Committee Rules, the provisions of this Declaration shall prevail.

Section 12.16. Joint and Several Liability. In the case of joint ownership of a Lot, the liabilities and obligations of each of the joint Owners set forth in, or imposed by, this Declaration, shall be joint and several.

Section 12.17. Attorneys' Fees. In the event the Association employs an attorney to enforce any lien granted to it under the terms of this Declaration, or to collect any assessments or other amounts due from an Owner, or to enforce compliance with or recover damages for any violation or noncompliance with the Project Documents, the offending Owner or other person or entity shall pay

to the Association, upon demand, all attorney fees and court costs incurred by the Association, whether or not suit is filed, which fees and costs shall be secured by the assessment lien.

Section 12.18. Declarant's Right to Use Similar Name. The Association hereby irrevocably consents to the use by any other nonprofit corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association provided one or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other corporation formed or incorporated by the Declarant to use a corporate name which is the same or deceptively similar to the name of the Association.

IN WITNESS WHEREOF, MARACAN DEVELOPMENT L.C., an Arizona limited liability company, has hereunto caused its name to be signed by the signatures of its duly authorized officials as of the day and year first above written.

MARACAN DEVELOPMENT L.C., an Arizona limited liability company

By: Maracay Homes Arizona I, LLC, Its Sole Operating Manager

By: _____

Its: _____

STATE OF ARIZONA,)
) ss.
County of Maricopa)

The foregoing Declaration was acknowledged before me this 18th day of May, 1995, by Dave Bessey, a duly authorized officer of Maracay Homes Arizona I, LLC, who is the sole operating manager of Maracan Development L.L.C., an Arizona limited liability company.

Denette Rutkowski
Notary Public

My Commission Expires:

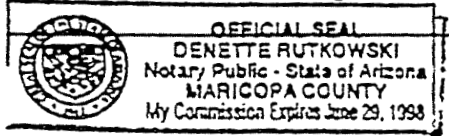


EXHIBIT A

Lots 1 through 78, inclusive, and Tracts "A" and "B", of ANCALA WEST BY MARACAY HOMES, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 390 of Maps, Page 6;

Which property for purposes contained herein shall be known also as McDOWELL MOUNTAIN ESTATES.

**RATIFICATION OF AND CONSENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
ANCALA WEST BY MARACAY HOMES**

The undersigned, as a party with interest in the real property described in the foregoing Declaration, does hereby ratify, confirm and approve said Declaration, and further consents to the recording of said Declaration in the office of the County Recorder of Maricopa County, Arizona.

MARACAY HOMES ARIZONA I, L.L.C, an Arizona limited liability company

Von E. Dix

Manager

David W. Bessley

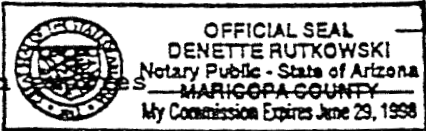
Manager

[Signature]

Manager

State of Arizona)
County of Maricopa)^s

Subscribed and sworn to before me this 19th day of May, 1995, by Von E. Dix, Manager of Maracay Homes Arizona I, L.L.C.



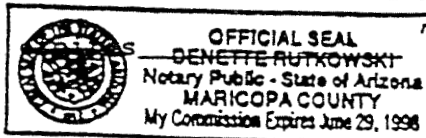
Denette Rutkowski

Notary Public

My commission expires

State of Arizona)
County of Maricopa)^s

Subscribed and sworn to before me this 19th day of May, 1995, by David W. Bessley, Manager of Maracay Homes Arizona I, L.L.C.



Denette Rutkowski

Notary Public

My commission expires

State of Arizona

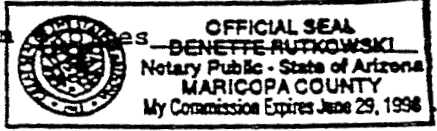
County of Maricopa's

Subscribed and sworn to before me this 10th day of May, 1995, by Douglas Fowler, Manager of Maracay Homes Arizona I, L.L.C.

Denette Rutkowski

Notary Public

My commission



**RATIFICATION OF AND CONSENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
ANCALA WEST BY MARACAY HOMES**

The undersigned, as a party with interest in the real property described in the foregoing Declaration, does hereby ratify, confirm and approve said Declaration, and further consents to the recording of said Declaration in the office of the County Recorder of Maricopa County, Arizona.

NORWEST BANK ARIZONA, NATIONAL ASSOCIATION

BY *[Signature]*
Its _____

State of Arizona)
County of Maricopa)^s

Subscribed and sworn to before me this 18th day of May, 1995, by
Richard A. Williams, the Vice President
of NORWEST BANK ARIZONA, NATIONAL ASSOCIATION

[Signature]
Notary Public

My commission expires 6/19/95

**RATIFICATION OF AND CONSENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
ANCALA WEST BY MARACAY HOMES**

The undersigned, as a party with interest in the real property described in the foregoing Declaration, does hereby ratify, confirm and approve said Declaration, and further consents to the recording of said Declaration in the office of the County Recorder of Maricopa County, Arizona.

MARACAY HOMES ARIZONA I, L.L.C, an Arizona limited liability company

Von E. Dix
Manager

David W. Bessley
Manager

[Signature]
Manager

State of Arizona)
County of Maricopa)^s

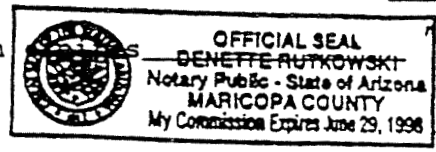
Subscribed and sworn to before me this 19th day of May, 1995, by *Von E. Dix*, Manager of Maracay Homes Arizona I, L.L.C.



Denette Rutkowski
Notary Public

State of Arizona)
County of Maricopa)^s

Subscribed and sworn to before me this 19th day of May, 1995, by *David W. Bessley*, Manager of Maracay Homes Arizona I, L.L.C.



Denette Rutkowski
Notary Public

My commission

State of Arizona)

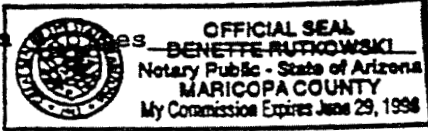
County of Maricopa)s

Subscribed and sworn to before me this 19th day of May, 1995, by
Douglas Fowler, Manager of Maracay Homes Arizona I,
L.L.C.

Denette Rutkowski

Notary Public

My commission expires



RENZ D. JENNINGS
CHAIRMAN

MARCIA WEEKS
COMMISSIONER

CARL J. KUNASEK
COMMISSIONER



JAMES MATTHEWS
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

COPY

6/1/95

MCDOWELL MOUNTAIN ESTATES HOMEOWNERS ASSOCIATION

We are pleased to notify you that your Articles of Incorporation were filed on 6/1/95.

You must publish a copy of your Articles of Incorporation WITHIN SIXTY (60) DAYS from the File Date. The publication must be in a newspaper of general circulation in MARICOPA County, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, no later than the 15th day of the fourth (4th) month following the close of each fiscal year. Your fiscal year end is 12/31/95. Each year, a preprinted Annual Report Form will be mailed to you during that month.

Your first annual report will be due 4/15/96.

If you have any questions or need further information, please contact us at (602) 542-3135 or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

Christine Janga
Examiner
Corporations Division
Arizona Corporation Commission

Jim Beard

WHEN RECORDED RETURN TO:

James H. Hazlewood, Esq.
ZEMP, KAPSAL, CARPENTER & HAZLEWOOD, P.L.L.C.
7500 E. McDonald Drive, Suite 100A
Scottsdale, Arizona 85250

HELEN PURCELL
2000-0856821 11/07/2000 02:10

SONIA 1 OF 1

**NOTICE OF ASSOCIATION
CORPORATE NAME CHANGE
McDOWELL MOUNTAIN ESTATES**

1. McDowell Mountain Estates is governed by the Declaration of Covenants, Conditions and Restrictions recorded at No. 95-0293209 in the Office of the Maricopa County Recorder.

2. The property subject to the Declaration is described as:

Lots 1 through 78, inclusive, and Tracts "A" and "B", of ANCALA WEST BY MARACAY HOMES, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 390 of Maps, Page 6.

3. The Declaration defines the "Association" as the McDowell Mountain Estates Homeowners Association, an Arizona nonprofit corporation.

4. On the 18th day of October, 2000, the homeowners association formerly known as McDowell Mountain Estates Homeowners Association filed Articles of Amendment to its Articles of Incorporation with the Arizona Corporation Commission, officially changing its corporate name to ANCALA WEST ESTATES.

5. The Association is currently located c/o its managing agent, AMCOR Property Professionals, 15757 N. 78th Street, Suite A, Scottsdale, Arizona 85260, (480) 948-5860.

ANCALA WEST ESTATES

By: _____


Its President

Page 2
Notice of Association
Corporate Name Change
McDowell Mountain Estates

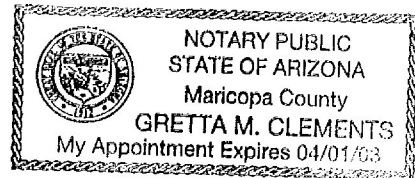
ATTEST:

Sheila C. Peña
Its Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 31st
day of October, 2000, by Ed Cameron, President, and by Sheila C. Pena,
Secretary, of Ancala West Estates, an Arizona nonprofit corporation formerly known
as McDowell Mountain Estates Homeowners Association, on behalf of the
corporation.

Gretta M. Clements
Notary Public



When recorded return to:

Ancala West Estates
c/o Amcor Property Professionals
16441 N. 91st Street, Suite 104
Scottsdale, AZ 85260

ANCALA0001AMD-7-1-1--
Yorkm

**SECOND AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
ANCALA WEST ESTATES**

This Second Amendment to the Declaration of Covenants, Conditions, and Restrictions (the "Second Amendment") is made as of the date of its recording by Ancala West Estates, an Arizona nonprofit corporation ("Ancala West").

RECITALS REGARDING SHORT TERM RENTALS

A. WHEREAS, Ancala West desires to limit short term rental of Lots and Dwellings.

RECITALS REGARDING SEX OFFENDER RESTRICTION

A. WHEREAS, A.R.S. §13-3821 et seq. was adopted on June 1, 1996 ("**Mandatory Registration Law**").

B. WHEREAS, the Mandatory Registration Law requires certain individuals to register with the State of Arizona as sex offenders.

C. WHEREAS, all registered sex offenders are characterized as a "Level 1," "Level 2," or "Level 3" sex offender depending on risk of recidivism.

D. WHEREAS, Ancala West has determined that an amendment of the Declaration of Covenants, Conditions, and Restrictions for McDowell Mountain Estates, recorded May 23, 1995 at recording number 95-0293209 in the official records of the Maricopa County Recorder, (the "**Declaration**"), is prudent and necessary to address occupancy of Lots in Ancala West by Level 1, Level 2 and Level 3 sex offenders obligated to register pursuant to A.R.S. § 13-3821(A).

E. WHEREAS, the Notice of Association Corporate Name Change McDowell Mountain Estates was recorded on November 7, 2000, at Document No. 2000-0856821 (the "First Amendment").

F. WHEREAS, Ancala West has determined that all Level 2 and Level 3 sex offenders (“**Registrant**”) present an unreasonable danger to the members of Ancala West due to 1) the Registrant’s access to the common areas of Ancala West to which all members have shared access, and 2) the fact that the members must travel within the community to enter and exit Ancala West and to use the common areas within the community, both of which expose the members, occupants and others, especially children, to contact with the Registrants on a frequent and continuing basis.

G. WHEREAS, in light of the Mandatory Registration Law’s recognition of the serious danger posed by such Registrants, Ancala West has concluded that such potential exposure warrants such Registrants be prohibited from permanently or temporarily residing or occupying any Lot in Ancala West.

NOW, THEREFORE, the Declaration is amended as follows:

AMENDMENT

1. A new Section 6.2.1 is added to Article 6 of the Declaration as follows:

6.2.1 Short Term Rentals. No Lot, Dwelling, or portion of a Dwelling shall be leased or rented for an initial term of less than 180 continuous days. No Lot may be used for vacation rentals or timeshare purposes. There shall be no subleasing of Lots or Dwellings or assignment of rights under leases. It shall be a violation of this section to advertise, in any forum or media, rental of a Lot or portion of a Lot for a time period that would violate this Section. At least ten (10) days before commencement of the lease term, the Lot owner shall provide Ancala West with all information requested by Ancala West, unless prohibited under Arizona law. At least ten (10) days before commencement of the lease term, the Lot owner, even in the absence of a request or tenant registration form that may be utilized by Ancala West, shall provide Ancala West with the following information: (i) the commencement date and expiration date of the lease term; (ii) the names and contact information of each of the tenants and each other adult person who will reside in the Lot or Dwelling during the lease term; (iii) the address and telephone number at which the adult occupants of the Lot can be contacted by Ancala West during the lease term; and (iv) a description and license plate numbers of the tenants’ vehicles. Any Lot owner who leases his Lot must provide the lessee with copies of this Declaration and the Rules. The Lot owner shall be liable for any violation of this Declaration or the Rules by the tenants or other persons residing in the Lot and their guests or invitees and, in the event of any such violation, the Lot owner, upon demand of Ancala West, shall immediately take all necessary actions to correct any such violations. Ancala West reserves the right to charge a registration fee of not more than \$25.00, or such higher amount as may be allowed by law, for each new tenancy (but not continuations or renewals of existing tenancies).

2. A new Section 6.22 is added to Article 6 of the Declaration as follows:

6.22 Sex Offender Restriction.

A. No Registrant, or any other similar sexual or violent offender required to register with the state of Arizona, a political subdivision of the state of Arizona, or the government of another state or political subdivision of another state, may permanently or temporarily reside in or occupy any Lot in Ancala West for any length or period of time.

B. If a Registrant resides in or occupies any home or lot within Ancala West, the Owner of such Lot must immediately cause the Registrant to vacate the Lot, even if the Registrant is the Owner.

C. Upon the discovery of a Registrant occupying a Lot in Ancala West in violation of this Section 6.22, Ancala West will use its best efforts to provide the Owner of the Lot the Registrant is occupying in violation of this Section 6.22 a written notice sent by first class U.S. Mail to the Owner's last known address, or the last known address on record with the county assessor's office, that the Owner must cause the removal of the Registrant from the Owner's Lot within sixty (60) days of the date of the notice.

1. If the Registrant is not the Owner of the Lot, and has not vacated the home or lot within sixty (60) days of the date of Ancala West's notice, the Owner shall immediately commence eviction proceedings or other legal procedure to have the Registrant expelled or removed from the Owner's home or lot in Ancala West. If the Owner fails or refuses to take immediate action to evict or remove the Registrant from the Owner's home or lot, then Ancala West has the authority pursuant to this restriction to act as attorney-in-fact for the Owner and may, on behalf of the Owner, pursue the eviction of the Registrant from the Owner's home or lot, or take any other legal action against the Registrant authorized under the Declaration or Arizona law including, by way of example and not of limitation, the imposition of monetary penalties against the Owner or seeking an injunction to compel the Owner to evict the Registrant.

2. Each Owner hereby appoints Ancala West as the Owner's attorney-in-fact for the purpose of commencing eviction or legal proceedings involving a Registrant residing in or occupying the Owner's Lot, executing any and all documents pertaining to the proceedings or performing any or all

responsibilities as may be required or necessary to be performed pursuant to this provision of the Declaration.

D. If the Registrant is also the Owner of the Lot, and the Registrant became the Owner after this amendment was recorded, or moved into a Lot after this amendment was recorded but which Lot was owned by the Registrant before this amendment was recorded, the Owner shall vacate the Lot in Ancala West within one hundred eighty (180) days of receiving notice to do so from Ancala West. If the Registrant fails to vacate the Lot within one hundred eighty (180) days of receiving Ancala West's notice, then Ancala West shall be entitled to a mandatory injunction in a court of proper jurisdiction requiring the Registrant to immediately vacate the Lot.

E. Any action, requirement, or restriction set forth within this Section 6.22 may be enforced, taken or pursued by either Ancala West or any individual Owner. If Ancala West or any individual Owner pursues any form of legal action to enforce any provision of this Section 6.22, regardless of whether such action is in the form of sending a violation letter seeking voluntary compliance, or seeking injunctive relief, eviction or any other form of relief to gain compliance with this provision, Ancala West or individual Owner shall be entitled to reimbursement of all expenses, including, but not limited to, attorneys' fees and costs, from the Owner in violation of this restriction. If such action is taken by Ancala West, all expenses of Ancala West shall also be secured by the lien set forth in Article 12 of the Declaration.

F. If Ancala West or an Owner becomes aware of a Registrant occupying or residing in Ancala West, then Ancala West or Owner may, but is not obligated to, send out a notice to the Owners within Ancala West notifying them of this fact.

G. Ancala West does not promote or condone harassment or intimidation of anyone within Ancala West including Registrants.

H. Ancala West reserves the right to adopt rules and procedures for monitoring Registrants, notifying Owners of the presence of Registrants in Ancala West, and enforcing the provisions of this restriction. Since property ownership and sex and violent offender registration information are constantly changing and may not be updated promptly or accurately by those entities required to maintain such information data and because Ancala West is not responsible for maintaining this data, Ancala West is not responsible for any errors or inaccuracies in property ownership or registry information. Nothing in this Section 6.22 shall create an affirmative duty on Ancala West to monitor or inform residents of the presence of a sex or violent offender in

Ancala West, nor does it establish any affirmative duty on Ancala West to pursue injunctive relief, eviction or removal of a Registrant from Ancala West or enforce any other provision of this Section 6.22. Therefore, Ancala West shall not be liable to any Owner, resident, occupant, guest or other invitee as the result of Ancala West's failure, or alleged failure, whether negligent, intentional or otherwise, to monitor for the presence of sex or violent offenders in Ancala West, to notify any Owner, resident, occupant, guest or other invitee of the presence, residency or occupancy of a Registrant in Ancala West or to pursue injunctive relief, eviction or removal of a Registrant from Ancala West or enforce any other provision of this Section 6.22. Residents concerned about the presence of Registrants in Ancala West are charged with the duty and responsibility to regularly monitor on their own all mandatory online registries for such information.

I. All capitalized terms in this amendment shall have the same meaning as set forth in the Declaration.

Except as expressly amended by this Second Amendment, the Declaration and First Amendment shall remain in full force and effect. In the event of any conflict or inconsistency between this Second Amendment and the Declaration or First Amendment, this Second Amendment shall prevail. Unless otherwise defined herein, each capitalized term used in this Second Amendment shall have the meaning given to such term in the Declaration.

(Signature page follows.)

IN WITNESS WHEREOF, Ancala West Estates, an Arizona nonprofit corporation, has executed this Second Amendment as of the date this instrument is recorded.

ANCALA WEST ESTATES
an Arizona nonprofit corporation

By: [Signature]
Its: President STANLEY F BRONSTEIN

State of Arizona)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 7th day of FEBRUARY, 2020, by STANLEY F. BRONSTEIN, the President of Ancala West Estates, an Arizona nonprofit corporation, for and on behalf of the corporation.

My Commission Expires: 6/11/2020

[Signature]
Notary Public

