

Woodhill Homeowners Association

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BYLAWS
OF
WOODHILL HOMEOWNERS ASSOCIATION

ARTICLE I

ARTICLES OF INCORPORATION

Section 1. Any reference herein made to the "Articles" will be deemed to refer to the Articles of Incorporation of Woodhill Homeowners Association, an Arizona nonprofit corporation (the "Association"), and all amendments thereto as at any given time on file with the Arizona Corporation Commission.

Section 2. The Articles will in all respects be considered senior and superior to these Bylaws, with any inconsistency to be resolved in favor of the Articles, and these Bylaws will be deemed automatically amended from time to time to eliminate any such inconsistency which may exist.

ARTICLE II

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Reference is made to that certain Declaration of Covenants, Conditions and Restrictions for Woodhill recorded on October 4, 1996, at Recorder's No. 96-016228 in the records of Gila County, State of Arizona (hereinafter called the "Declaration"). The Declaration, as amended from time to time as therein provided, is incorporated herein by this reference and the term "Declaration" shall include the Declaration, as amended from time to time. All capitalized terms not otherwise defined herein shall be deemed to have the same meanings as are given those words in the Declaration. The Declaration will in all respects be considered senior and superior to the Articles and the Bylaws, with any inconsistency to be resolved in favor of the Declaration.

ARTICLE III

MEMBERSHIP

Section 1. Application of Bylaws: All present and future Owners, occupants and their respective licensees, invitees and employees shall be subject to and be bound by all of the provisions of these Bylaws. The act of ownership or the mere occupancy of a Lot shall establish a conclusive presumption that these Bylaws are accepted, ratified and will be complied with by such Owner, or occupant.

Section 2. Members: Every Owner of a Lot automatically shall be a Member of the Association and shall remain a Member thereof until such time as his

ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Such membership shall be appurtenant to and may not be separate from ownership of any Lot to which the membership is attributable.

Except as otherwise provided in the Declaration, the rights, duties and obligations of a Class A Member cannot and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Class A Member's Lot and then only to the transferee thereof. Such transfer may be effected by deed, intestate succession, testamentary disposition, foreclosure, trustee's sale or other legal process authorized under Arizona law, and shall operate to transfer the membership appurtenant thereto to the new Owner and any attempt to make any other form of transfer shall be void.

Section 3. **Annual Meetings:** The annual meetings of the Members shall be held in Payson, Arizona, during the second week of December of each year, at such place as may be fixed by the Board of Directors and as set out in the notice of the meeting for the purpose of electing members of the Board of Directors.

Section 4. **Special Meetings:** All meetings of the Members other than the annual meetings shall be special meetings. Special meetings of the members may be held at such places and at such times as may be fixed by the Board of Directors whenever called in writing by the President, by a majority of the Board of Directors, by the Declarant (provided Declarant owns, in the aggregate, not less than 25% of the Lots), or by 25% of the Class A Members.

Section 5. **Notices:** Each Member of the Association shall be notified by the Secretary by written notice hand delivered or mailed to such Member's address within the Property (unless the Secretary has received a written notice from such Member designating a different address) at least ten days, but no more than fifty days, before the date of any annual or special meeting, stating the time and place of the meeting. The notice of a special meeting of the Members shall also state the purpose for which the meeting is called, including the general nature of any proposed amendment to the Declaration or these bylaws, any change in assessments that require the approval of the Members, and any proposal to remove a Director or officer. If a Member owns more than one Lot, one notice to such Member hand delivered or mailed to the address for any of such Lot shall be sufficient. In all such cases the date of receipt of a hand delivery shall be considered the date of delivery and, in the case of mailing, the date of mailing of the notices shall be considered the date such notices were deposited in the United States mail, first class, postage prepaid. Notices need only be given to Members appearing as such on the books of the Association at the time of mailing of the notices. The failure of any Member to receive actual notice for a meeting of the Member, whether annual or special, does not affect the validity of any action taken at that meeting.

Section 6. **Waiver:** The attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not

lawfully called or convened. No call or notice of any meeting of the Members shall be necessary if a waiver of call and notice is signed by all the Members.

Section 7. Quorum: At any annual or special meeting of the Members, the Members entitled to vote and holding at least 50% of all votes and who are present in person (or by proxy) shall constitute a quorum for the transaction of business. In the absence of a quorum, the chairman of the meeting may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Members Entitled to Vote: In the event any Lot is owned by two or more Persons, whether by joint tenancy, tenancy in common, community property or otherwise, each such Person may be considered a joint member for the membership as to such Lot, and such Persons shall jointly designate to the Board of Directors, in writing, one of their number who shall have the power to vote said membership, and, in the absence of such designation and until such designation is made, the Board of Directors shall either: (a) make such designation, in which event such designation shall be binding for all purposes; or (b) declare that until all Persons who together hold such membership jointly make such written designation, the vote(s) attributable to such membership shall not be cast or counted on any questions before the Members; provided, however, that if any one of such Persons casts a vote representing a certain Lot without objection from any other Person sharing ownership of such Lot, that Person will thereafter be conclusively presumed to be acting with the authority and consent of all other Persons sharing ownership of such Lot unless and until objection thereto is made to the Board of Directors, in writing.

The voting of any Member may be suspended by action of the Board of Directors during any period when the Member has failed to pay any Assessment then due and payable; but, upon payment of all past due Assessments, such Member's voting rights shall be automatically restored.

Notwithstanding the foregoing, so long as the Class B membership is in existence, no Class B Member shall at the same time be a Class A Member nor shall a Class B Member have any Class A votes, and the membership and number of votes of the Class B Member(s) shall be determined in accordance with Section 9 below. Subject to Section 9, each Owner, other than Declarant, so long as the Class B Membership is in existence, shall have one vote for each Lot owned by such Owner.

Section 9. Voting Classes: The Association shall have the following two classes of voting Members:

Class A Members shall be all Owners except Declarant (until the conversion of Declarant's Class B membership to Class A membership as provided below). Subject to the authority of the Board of Directors to suspend an Owner's voting rights in accordance with the provisions hereof, a Class A Member shall have the number of votes provided in Section 8.

The Class B Member shall be Declarant. The Class B Member shall be entitled to three votes for each Lot owned by such Member. Declarant shall have the right, at any time and from time to time, to assign all or any part of Declarant's voting rights appurtenant to its Class B membership (as well as all or any other rights appurtenant thereto) to one or more Persons acquiring, for purposes of development and sale, any part of the Property. Further, Declarant shall have the right, at any time and from time to time, to designate an individual or individuals to exercise Declarant's voting rights (whether appurtenant to Class A or Class B membership), provided, however, that such designation shall not act as an assignment by Declarant of its membership or voting rights hereunder. Subject to the provisions relating to a De-Annexation, as provided in the Declaration, the Class B membership automatically shall cease and be converted to a Class A membership upon the happening of the first of the following events:

- (a) the date which is 90 days after the date upon which the Declarant owns, in the aggregate, less than 25% of the Lots;
- (b) the date which is ten years after the date the Declaration is Recorded; or
- (c) the date on which Declarant records a written notice electing to convert the Class B membership to Class A membership.

Section 10. Proxy: A Member entitled to vote may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. All proxies shall be filed with the Secretary at the commencement of any meeting. No proxy may be valid after 25 months from the date of its execution.

Section 11. Right to Vote: No change in the ownership of a Lot shall be effective for voting purposes until the Board of Directors receives written notice of such change together with satisfactory evidence thereof. The vote for each Member must be cast as a single unit. Split or fractional votes shall not be allowed. Any Owner of a Lot which is leased or which is subject to a valid, outstanding and recorded executory agreement of sale may, in the lease, agreement of sale or other written instrument, assign the voting right appurtenant to the Lot to the lessee thereof or to the purchaser thereof under such agreement of sale, as applicable, provided that a copy of the written assignment of such voting rights is furnished to the Secretary prior to any meeting at which such lessee or purchaser seeks to exercise such voting right.

Section 12. Declarant: Declarant shall be a Member of the Association for so long as Declarant holds any Class A or Class B memberships.

Section 13. Action by Unanimous Written Consent: Any action which may be taken at an annual or special meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members.

Section 14. Irregularities: All informalities and/or irregularities in calls,

notices of meetings and in the manner of voting, credentials, and methods of ascertaining those present, shall be deemed waived if no objection is made at the meeting.

Section 15. Assessments: As more fully provided in the Declaration, each Member is obligated to pay Assessments to the Association. All such Assessments are secured by a continuing lien and mortgage upon the Lot against which the Assessments are made, as more fully provided in the Declaration.

ARTICLE IV

DIRECTORS

Section 1. Management: Subject to the limitations of these Bylaws, the Articles, the Declaration, and the laws of the State of Arizona, the affairs of the Association shall be managed, and all corporate powers shall be exercised, by or under the direction of its Board of Directors. The Board of Directors shall have the powers, rights, duties and authorities vested in or delegated to the Association, and not reserved to the Members, by the laws of the State of Arizona, these Bylaws, the Articles and by the Declaration. Without limiting the generality of the foregoing, as more fully provided in the Declaration, the Board of Directors shall fix the amount of the Assessments, establish and maintain an operating fund in which the Board of Directors shall deposit all funds paid to the Association, and adopt, amend and repeal the Association Rules. The Directors need not be residents of the State of Arizona. So long as there is a Class B Member, members of the Board of Directors need not be Owners. At such time as there are only Class A Members, at least a majority of the members of the Board of Directors must be Owners. If a Class A Member is an entity, the Class A Member may authorize an individual to represent the Class A Member who shall be permitted to be a member of the Board of Directors. No Director, officer or agent of the Association shall authorize or allow any corporate funds to be expended for any purposes other than as set forth in the Articles or for purposes reasonably incidental thereto.

Art IV § 2
Amended by
Resolution
Of Bd. Of
Directors to
5 members
Mar 14, 05
See page 10

← Section 2. Number: As required under Arizona corporate law, as a nonprofit corporation, at all times the Board of Directors of the Association shall consist of no less than three Directors. The initial Board of Directors of the Association shall consist of three Directors. The Board of Directors as named in the Articles of Incorporation shall serve until the first annual meeting of the Members, at which time the Members, consisting of a quorum, may increase the number of members constituting the Board of Directors.

Section 3. Election: Except for the initial members of the Board of Directors which were named as members of the Board of Directors in the Articles of Incorporation, in any election of the members of the Board of Directors, every Owner entitled to vote at such an election shall have one vote. The candidates receiving the highest number of votes, up to the number of the Board members to be elected shall be deemed elected.

Section 4. Quorum: A quorum for the transaction of business at any meeting of the Directors shall consist of a majority of the Board of Directors then in office

and present at any meeting.

Section 5. Manner of Acting: The act of a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, by the Articles, by these Bylaws or by the Declaration.

Section 6. Annual and Regular Meetings: An annual meeting of the Directors shall be held immediately after the adjournment, and at the place, of the annual meeting of the Members. Regular meetings of the Directors may be held without notice at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

Section 7. Special Meetings: Special meetings of the Board of Directors shall be held at such times and places as may be designated by the Board of Directors whenever such meetings are called orally or in writing by the President or a majority of the Board of Directors. Notices of special meetings shall be given by the Secretary to each Director, orally, or in writing, at least three days before the time fixed for the meeting. Such notice shall advise each Director of the time, place and general purpose of the meeting, and shall be delivered personally, or shall be given by telephone or telegram, or, if sent by United States mail, such three days notice shall be deemed to have been given if the notice is postmarked at least five days before the date of the meeting. By unanimous consent of the Directors, special meetings of the Board may be held at any time without call or notice, or waiver of call and notice.

Section 8. Term: Each Director elected at annual meetings of the Members of the Association shall be elected for a term of one year. A Director may serve as a member of the Board of Directors for successive terms.

Section 9. Participation in Meetings by Means of Conference Telephone: Members of the Board of Directors, or any committee of the Board of Directors, may participate in a meeting of the Board of Directors or of such committee by means of a conference telephone or similar communications device whereby all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 10. Adjournment: A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 11. Presumption of Assent: A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless that Director's dissent shall be entered in the minutes of the meeting, or unless that Director shall have filed written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall have forwarded such dissent by United States certified mail, return receipt requested, to the Secretary of the Association immediately after the

Art IV § 8
Amended by
Resolution
Of Bd. Of
Directors to
2 yr staggered
Terms
Mar 14, 05
See page 10

adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 12. Action by Unanimous Written Consent: Any action which may be taken at an annual or special meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 13. Vacancies: In the event of death, resignation, or termination of office of a Director for any reason, such vacancy shall be filled by vote of the majority of the Directors present at a properly called meeting of the Board of Directors, and the Director elected to fill such vacancy shall complete the term of office of the Director so replaced.

Section 14. Expenses: No Director shall receive compensation for any services rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of the obligations and duties hereunder.

Section 15. Minutes: The Board of Directors shall cause to be kept, full, true and accurate records of its acts and corporate affairs.

ARTICLE V

OFFICERS

Section 1. Designation of Officers: The Directors shall elect the officers of the Association at the annual meetings of the Directors; provided, however, that elections of additional officers may be held at any other meeting of the Board of Directors specifically called for such purpose. The officers of the Association shall consist of a President, Secretary and Treasurer, who need not be residents of the State of Arizona, members of the Board of Directors or Members of the Association. The Association may, in its sole discretion, elect any number of Vice Presidents as the Directors deem advisable. The offices of Vice President and Treasurer may be held by the same person. Even if permitted by law, the office of Secretary and President may not be held by the same person. The Board of Directors may appoint other assistant officers, which assistant officers shall have authority to perform such duties as may be prescribed by the Board of Directors or the President.

Section 2. Removal: Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officers so removed.

Section 3. Resignation: Any officer may resign at any time by giving written notice to the President or Secretary. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in such notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract of which the officer is a party.

Section 4. President: The President shall be the chief executive of the Association. The President shall preside at all meetings of the Board of Directors; shall be ex officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association all contracts and other written instruments to be executed by the Association; and shall see that all resolutions of the Board of Directors are carried into effect. The President shall do and perform such other acts and duties as may be required by the Board of Directors, but the authority of the President shall be subject to the control and direction of the Board of Directors at all times.

Section 5. Vice President: The Vice President shall do and perform such acts and duties as may be required by the Board of Directors or by the President. In the event of the resignation, inability to act, or absence of the President, the Vice President, if one has been elected, shall perform the duties and functions of the President. If no Vice President has been elected, the Treasurer shall perform the duties and functions of the President.

Section 6. Secretary: The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the Members and each meeting of the Board of Directors; shall give or cause to be given, when required, notice of all meetings of the Members and/or the Board of Directors; shall keep an accurate list of all Members of the Association and their addresses, and shall perform such other duties as may be prescribed by the Board of Directors or the President. An Assistant Secretary, if appointed, shall in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary.

Section 7. Treasurer: The Treasurer shall have the custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, demanding proper vouchers for such disbursements. The Treasurer shall prepare and submit a written financial report at each annual meeting of the Members, and shall render to the President an account of all transactions as Treasurer and such additional reports of the financial condition of the Association as the Board of Directors may require. An Assistant Treasurer, if appointed, shall, in the event of the Treasurer's absence or inability to act, perform the duties and functions of the Treasurer.

Section 8. Committees: The President shall, with the approval of the Board of Directors, appoint such standing or special committees, councils, or boards of such size as the President or Board of Directors may deem necessary to properly carry on the activities and effect the objects and purposes of the Association. Such committees shall perform such duties as the President or the Board of Directors may direct.

Section 9. Compensation: The President, Vice President, Secretary, Treasurer and any assistant officers shall not receive any compensation for their services rendered to the Association. However, such officers may be reimbursed for their actual

expenses incurred in the performance of their duties. The Board of Directors may fix and pay such compensation for other officers or employees of the Association as the Board of Directors deems proper.

ARTICLE VI

NONPROFIT STATUS

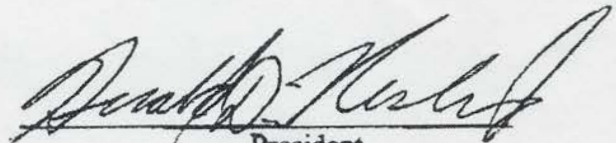
The Association is a nonprofit corporation under Arizona corporate laws and shall be operated in accordance with provisions applicable to nonprofit Arizona corporations. The Association is not intended to generate a profit. The Association is intended to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code of 1986, as amended. All fees, dues and Assessments levied by the Association shall be used exclusively to manage, maintain and care for the property of the Association and to reimburse the Association for the costs incurred in bringing an Owner into compliance with the Articles, these Bylaws, the Declaration and any rules and regulations adopted.

ARTICLE VII


AMENDMENTS

These Bylaws may be amended by the written consent of the Board of Directors or by the Members entitled to vote and holding at least 2/3 of all votes; provided, however, that as to particular matters as set forth in the Declaration, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Adopted: December 2, 1996


President

Attest:


Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE WOODHILL HOMEOWNERS ASSOCIATION
TO AMEND THE BYLAWS TO INCREASE THE NUMBER
OF DIRECTORS FROM THREE TO FIVE AND TO CHANGE
THE TERM OF THE DIRECTORS FROM ONE YEAR
TO TWO YEARS**

WHEREAS, Section 2 of Article IV of the Bylaws currently provides that the Board of Directors shall consist of no less than three members and further provides that the members of the Association may increase the number of the members of the Board of Directors by majority vote of the membership at an annual meeting, and;

WHEREAS, At the annual meeting of the Association held December 17, 2003, the members of the Association approved an increase in the number of the Board of Directors from three to five, and;

WHEREAS, Section 8 of Article IV of the Bylaws currently provides that each Director elected at the annual meeting of the Association shall be elected for a term of one year, and;

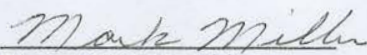
WHEREAS, Article VII of the Bylaws provides that the Bylaws of the Association may be amended by the written consent of the Board of Directors.

NOW, THEREFORE IT IS HEREBY RESOLVED, ORDERED AND DETERMINED BY THE BOARD OF DIRECTORS OF THE WOODHILL HOMEOWNERS ASSOCIATION as follows:

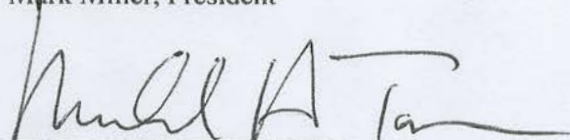
SECTION 1: That Section 2 of Article IV of the Bylaws is amended to show that the Board of Directors shall consist of five members.

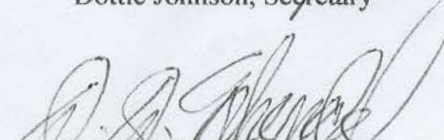
SECTION 2: That Section 8 of Article IV of the Bylaws is amended to show that the members of the Board of Directors shall be elected for a term of two years, with two members elected in the first year and three members elected in the following year, with staggered two year terms thereafter.

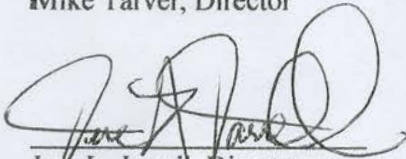
PASSED AND ADOPTED AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE WOODHILL HOMEOWNERS ASSOCIATION HELD March 3, 2005.


Mark Miller, President


Dottie Johnson, Secretary


Mike Tarver, Director


Don Schendel, Director


Jere L. Jarrell, Director

ND

When recorded, return to:
Trailwood West
Post Office Box 1620
Payson, Arizona 85547

FEE# **96-016228** c \$47⁰⁰
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#PAGES 42

FIRST AMERICAN TITLE

DATE OCT - 4 1996 TIME 3:25

OFFICIAL RECORDS OF GILA COUNTY, AZ

LINDA HAUGHT ORTEGA, RECORDER

BY *Linda Haught Ortega*

DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS

FOR

WOODHILL

96-016228

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96-016228

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
WOODHILL**

This Declaration of Covenants, Conditions and Restrictions is made as of the 3rd day of October, 1996, by TRAILWOOD WEST - PAYSON LIMITED PARTNERSHIP II, a Minnesota limited partnership, as "Declarant" with reference to the following:

A. As of the date hereof, Declarant is the owner of fee title to the Property, as hereafter defined.

B. Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all Owners, as hereafter defined, of property within the Property. Declarant desires to provide a flexible (yet common) and reasonable procedure for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the real property now and hereafter subjected to this Declaration and which shall be binding on all parties having any right, title or interest in said real property or any part thereof, and their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner of all or any part thereof.

ARTICLE 1

DEFINITIONS

Except as otherwise expressly provided in this Declaration, the following terms shall, for purposes of this Declaration, have the meanings set forth below:

1.1 "Annual Assessments" shall mean those Assessments designated as such in this Declaration and computed and levied as provided in Section 8.5.

1.2 "Architectural Committee" shall mean the committee established pursuant to Article 9.

1.3 "Articles" shall mean the articles of incorporation of the Association, as the same may be amended from time to time in accordance with the provisions thereof and with the applicable provisions of this Declaration, the Bylaws and the statutes and regulations of the State of Arizona.

1.4 "Assessments" shall mean the Annual Assessments and Use Assessments (as well as any other amounts declared by this Declaration to be a part of the Assessments or declared by this Declaration to be secured by the lien created under Section 8.3).

1.5 "Association" shall mean Woodhill Homeowners Association, an Arizona non-profit corporation, and its successors and assigns.

1.6 "Association Rules" shall mean the reasonable rules and regulations adopted by the Association pursuant to Section 7.3.

1.7 "Board" shall mean the board of directors of the Association elected in accordance with the provisions of the Articles, the Bylaws and the statutes and regulations of the State of Arizona.

1.8 "Bylaws" shall mean the bylaws of the Association, as the same may be amended from time to time in accordance with the provisions thereof and with the applicable provisions of this Declaration, the Articles and the statutes and regulations of the State of Arizona.

1.9 "Common Area" shall mean all real property (including the improvements thereto), all easements and licenses, and all personal property and facilities if any owned, managed or maintained by the Association for the common use and enjoyment of the Owners.

1.10 "Common Expenses" shall mean the actual and estimated expenses of operating the Association (including any reasonable reserves), of exercise by the Association of its rights hereunder and of fulfillment by the Association of its duties and obligations imposed hereby, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration or pursuant to the Articles or the Bylaws.

1.11 "Declarant" shall mean Trailwood West - Payson Limited Partnership II, a Minnesota limited partnership or any entity to which the rights of Declarant are specifically assigned by a written assignment recorded in the official records of the Gila County, Arizona, Recorder.

1.12 "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions, as the same may be amended from time to time.

1.13 "Dwelling Unit" shall mean any building or part thereof situated upon a Lot and intended for use and occupancy as a residence by a Single Family.

1.14 "Lot" shall mean and refer to a lot into which any part of the Property is subdivided as set forth in a subdivision plat now or hereafter Recorded with respect to all or any part of the Property. For purposes of this Declaration, a Lot shall be deemed to come into existence on and as of the date the plat depicting and establishing such lot is Recorded. In no event shall the term "Lot" mean or refer to all or any part of the Common Area.

1.15 "First Position Lien Holder" shall mean Declarant, to the extent Declarant is the Mortgagee under any Mortgage applicable to any Lot, and any institutional lender which is a holder of a first position lien on a Lot which is evidenced by a recorded instrument, which has given written notice to the Association of such status. Said written notice must contain the name and address of the First Position Lien Holder and the Lot number or street address of the Lot against which the first position lien is held.

1.16 "Member" shall mean any Person entitled to membership in the Association, as provided in this Declaration.

1.17 "Mortgage" shall mean a deed of trust, as well as a mortgage, which, in either case, is Recorded against a Lot.

1.18 "Mortgagee" shall mean a beneficiary under a deed of trust, as well as a mortgagee under a mortgage, which, in either case, is Recorded against a Lot.

1.19 "Occupant" shall mean any Person other than an Owner who occupies or is in possession of a Lot, whether as a lessee under a lease or otherwise.

1.20 "Owner" shall mean the Person or Persons who individually or collectively own fee title to a Lot (as evidenced by a Recorded instrument), provided that Declarant (and not the fee title holder) shall be deemed to be the "Owner" of each Lot with respect to which fee title is held by a trustee (other than the trustee of a deed of trust) for the benefit of Declarant. The term "Owner" shall not include: (i) any Person who holds an interest in a Lot merely as security for the performance of an obligation; or (ii) a lessee, tenant or other Occupant of a Lot. Notwithstanding the foregoing, a Person who holds fee title to a Lot solely as a trustee under a deed of trust pursuant to Chapter 6.1 of Title 33 of the Arizona Revised Statutes shall not be deemed to be the "Owner" of such Lot; instead, for purposes of determining the "Owner" of such Lot in accordance with this Section, the trustor under such deed of trust, shall be deemed to hold fee title to such Lot.

1.21 "Person" means a natural person, corporation, partnership, trustee or other legal entity.

1.22 "Phase" shall mean: any one of the groups of Lots within the Property specified on Exhibit B hereto. The numbers or letters (or numbers and letters) assigned to Phases are and shall be for reference only and shall not control the order or timing of development or sale of Lots within any Phase or from Phase to Phase.

1.23 "Property" shall mean the real property described on Exhibit A hereto but shall not include real property, if any, which is deleted and removed from the Property pursuant to Article 6.

1.24 "Record", "Recording", "Recorded" and "Recordation" shall mean placing or having placed an instrument of public record in the official records of Gila County, Arizona, or of such other governmental authority, office or official with which or whom the applicable

laws of the State of Arizona prescribe that documents affecting title to real property in the area including the Property are to be placed of public record.

1.25 "Single Family" shall mean a group of persons related by blood, marriage or legal adoption, or a group of no more than three unrelated persons maintaining a common household.

ARTICLE 2

PROPERTY RIGHTS

Every Owner shall have a non-exclusive right and easement of enjoyment in, to and over the Common Area, subject to any restrictions or limitations contained in this Declaration or in any Recorded instrument conveying to the Association or subjecting to this Declaration such property, and subject further to the Association Rules. Any Owner may assign his, her or its right of enjoyment to (and share the same with) the members of his or her household and assign the same to and share the same with his, her or its tenants and invitees subject to the provisions of this Declaration and to reasonable regulation by the Board and otherwise in accordance with such procedures as the Board may adopt. An Owner who leases his, her or its Lot shall be deemed to have delegated such Owner's rights and easements under this Article 2 to the lessee of such Lot for the term of such lease.

ARTICLE 3

MEMBERSHIP AND VOTING RIGHTS

3.1 Votes of Owners of Lots. Every Owner of a Lot automatically shall be a Member of the Association and shall remain a Member for so long as such ownership continues. Each Owner's membership in the Association shall be appurtenant to and may not be separated from ownership of the Lot to which the membership is attributable. In the event any Lot is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, each such Person may be considered a member for the membership as to such Lot shall be joint, and such Persons shall jointly designate to the Association in writing one of their number who shall have the power to vote said membership, and, in the absence of such designation and until such designation is made, the Board shall either: (a) make such designation, in which event such designation shall be binding for all purposes; or (b) declare that until all Persons who together hold such membership jointly make such written designation, the vote(s) attributable to such membership under this Declaration shall not be cast or counted on any questions before the Members; provided, however, that if any one of such Persons casts a vote representing a certain Lot without objection from any other Person sharing ownership of such Lot, that Person will thereafter be conclusively presumed to be acting with the authority and consent of all other Persons sharing ownership of such Lot unless and until objection thereto is made to the Board, in writing. Notwithstanding the foregoing, so long as the Class B membership is in existence, no Class B Member shall at the same time be a Class A Member nor shall a Class B Member have any Class A votes, and the membership and number of votes of the Class B Member(s) shall be determined in accordance with

Subsection 3.3.2. Subject to Subsection 3.3.1, each Owner other than Declarant, so long as the Class B membership is in existence, shall have one vote for each Lot owned by such Owner.

3.2 Declarant. Declarant shall be a Member of the Association for so long as it holds any Class A or Class B memberships.

3.3 Voting Classes. The Association shall have two classes of voting Members.

3.3.1 Class A. Class A Members shall be all Owners except Declarant (until the conversion of Declarant's Class B membership to Class A membership as provided below). Subject to the authority of the Board to suspend an Owner's voting rights in accordance with the provisions hereof, a Class A Member shall have the number of votes provided in Section 3.1; and

3.3.2 Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three votes for each Lot owned by such Member. Declarant shall have the right, at any time and from time to time, to assign all or any part of its voting rights appurtenant to its Class B membership (as well as all or any other rights appurtenant thereto) to one or more Persons acquiring, for purposes of development and sale, any part of the Property. Further, Declarant shall have the right, at any time and from time to time, to designate an individual or individuals to exercise Declarant's voting rights (whether appurtenant to Class A or Class B membership), provided, however, that such designation shall not act as an assignment by Declarant of its membership or voting rights hereunder. Subject to the provisions of Article 6 below, the Class B membership automatically shall cease and be converted to a Class A membership upon the happening of the first of the following events:

(a) the date which is 90 days after the date upon which the Declarant owns, in the aggregate, less than 25% of the Lots;

(b) the date which is ten years after the date this Declaration is Recorded; or

(c) the date on which Declarant Records a written notice electing to convert the Class B membership to Class A membership.

3.4 Right to Vote. No change in the ownership of a Lot shall be effective for voting purposes until the Board receives written notice of such change together with satisfactory evidence thereof. The vote for each Member must be cast as a single unit. Split or fractional votes shall not be allowed. Any Owner of a Lot which is leased or which is subject to a valid, outstanding and Recorded executory agreement of sale may, in the lease, agreement of sale or other written instrument, assign the voting right appurtenant to the Lot to the lessee thereof or to the purchaser thereof under such agreement of sale, as applicable, provided that a copy of the written assignment of such voting rights is furnished to the Secretary of the Association prior to any meeting at which such lessee or purchaser seeks to exercise such voting right.

3.5 Members' Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles, the Bylaws, the Association Rules and any other rules and regulations adopted pursuant to any of the foregoing.

3.6 Transfer of Membership. Except as otherwise provided in this Declaration, the rights, duties and obligations of a Class A Member cannot and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Class A Member's Lot and then only to the transferee thereof. Such transfer may be effected by deed, intestate succession, testamentary disposition, foreclosure, trustee's sale or other legal process authorized under Arizona law, and shall operate to transfer the membership appurtenant thereto to the new Owner and any attempt to make any other form of transfer shall be void.

ARTICLE 4

MAINTENANCE

4.1 Association's General Responsibilities. The Association, or its duly delegated Representative, shall maintain and keep in good repair the Common Area (and certain other areas, as more expressly provided in this Section 4.1), and the costs of such maintenance shall be Common Expenses of the Association. This maintenance shall include, but not be limited to:

4.1.1 maintenance, repair and replacement of all landscaping and other flora, structures and improvements situated upon the Common Area:

4.1.2 maintenance, repair and replacement of landscaping and signs within areas designated on one or more subdivision plats or other instruments Recorded by, or bearing the written approval of, Declarant (or, after termination of the Class B membership, the Association) with respect to all or portions of the Property as "landscape and sign easements" (or similar designations) to be maintained by the Association;

4.1.3 maintenance and repair of any drainage easements upon or across the Common Area; and

4.1.4 maintenance and repair of street lighting and similar facilities erected by, or the maintenance of which is specifically assumed by, the Association.

The Association shall also have the right, power and authority to maintain and repair drainage easements upon and across one or more Lots where: (a) the Association is required to do so by applicable statute, ordinance, code, rule or regulation, or by the terms of a Recorded subdivision plat signed or otherwise approved in writing by Declarant or the Association; (b) in the reasonable discretion of the Board, such maintenance and repair is necessary or advisable to protect any Common Area or other Lots or to permit proper flow of runoff through other portions of the Property; or (c) in the reasonable discretion of the Board, such maintenance and repair is otherwise in the best interests of the Association or serves a reasonable goal of the

Association. The costs of any maintenance and repair described in the preceding sentence shall be Common Expenses, subject to any right the Association may have to recover all or any portion of such costs from insurance or from any Owner or other Person whose negligent or reckless act, breach of this Declaration or other misconduct gave rise to need for such maintenance or repair.

The Board shall be the sole judge as to the appropriateness and necessity of any and all maintenance required to be undertaken by the Association.

4.2 Maintenance of Owner's Structures. Each Owner shall be responsible for the maintenance, cleaning, painting, repair and general care of all structures existing or constructed upon such Owner's Lot and, in particular, each Owner shall cause the exterior of said structures to be maintained in good condition and repair and in an attractive state consistent with general community standards within the Property. In the event that the Board shall determine, after providing reasonable notice and an opportunity to be heard, that any Owner is in breach of such Owner's obligations under the preceding sentence, the Board shall promptly give such Owner written notice of such determination, including a reasonably detailed list or description of the repairs, maintenance or other work required to cure such Owner's breach, and in the event the Owner shall not have cured such breach within thirty days after the date of said written notice, the Association may, in the discretion of the Board, cause the repairs, maintenance or other work to be performed so as to cure such Owner's breach, and the costs of doing so, together with interest from the date of expenditure at the rate set forth in Section 12.8, shall be the personal obligation of such Owner and shall constitute a lien on such Owner's Lot, which lien shall have the priority and may be enforced in the manner described in Section 8.3, the Association shall also have standing and authority to request that a court of competent jurisdiction compel such Owner to cure such breach, and to the extent not inconsistent with an order of such court, the Association may pursue either or both of the courses of action described in this sentence. The Association shall have an easement on, over, across and through each Lot to permit it to exercise its rights and carry out its duties and obligations under this Article 4.

4.3 Dedicated Areas. Except: (a) as expressly provided in this Article 4; (b) as may otherwise be required by applicable law; and (c) as may be voluntarily assumed by the Association's Board, the Association shall have no responsibility to maintain any areas within the Property (including but not limited to, public streets) which are dedicated to or the responsibility of a municipality or other governmental entity.

4.4 No Discrimination. The provision of services in accordance with this Article shall not be deemed to be discrimination in favor of or against any Owner.

ARTICLE 5

INSURANCE5.1 Insurance to be Obtained by the Association.

5.1.1 Liability Insurance. The Board, acting on behalf of the Association, shall obtain and maintain at all times a comprehensive general liability policy insuring the Association, each member of the Board, each Owner and each Declarant Designee (as defined below), against any liability to the public or to any Owner or Occupant (and such Owner's or Occupant's invitees, agents, employees, tenants, guests, servants and household members) for death, bodily injury and property damage arising out of or incident to the ownership or use of the Common Area or arising out of or incident to the performance by the Association of its maintenance and other obligations hereunder. The term "Declarant Designee" shall mean Declarant and, so long as Declarant or any affiliate of Declarant, or any Person with whom Declarant or any such affiliate contracts directly for the performance of all or a substantial portion of Declarant's rights and obligations hereunder, or for the construction of substantial improvements on the Property, retains an interest in the Property or any Lot, such affiliate and such other Person, if identified by Declarant to the Association.

5.1.2 General Provisions Governing Insurance. The insurance required to be obtained under Subsection 5.1.1 shall be written in the name of the Association for the benefit of each of the Owners and shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with one or more companies authorized to provide such insurance in the State of Arizona;

(b) Exclusive authority to adjust losses under policies in force on property owned or insured by the Association shall be vested in the Board;

(c) In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, Occupants or lienholders, and the insurance carried by the Association shall be primary;

(d) The Board shall be required to make every reasonable effort to secure insurance policies that will provide for a waiver of subrogation by the insurer as to any claims against the Board or the Owners and their respective tenants, servants, agents, employees, guests and household members.

5.1.3 Workers' Compensation Insurance. The Board, acting on behalf of the Association, shall obtain and maintain workers' compensation insurance if and to the extent necessary to meet the requirements of applicable law.

5.1.4 Other Insurance. The Board, acting on behalf of the Association, may obtain and maintain such other forms of insurance as the Board, acting in its sole discretion

shall determine to be advisable or desirable for the Association to obtain or maintain, including, but not limited to hazard insurance on any insurable property located on or in the Common Area.

5.1.5 Cost of Insurance. All premiums for the insurance required to be obtained by the Board by this Section 5.1 shall be Common Expenses. The Board shall not be liable for failure to obtain or maintain any of the insurance coverage required by this Section 5.1, or for any loss or damage resulting from such failure, if such failure is due to the unavailability of such insurance coverage from reputable companies authorized to provide such insurance in the State of Arizona, or if such insurance coverage is available only at an unreasonable cost.

5.2 Insurance to be Obtained by the Owners.

5.2.1 Public Liability Insurance. It shall be the individual responsibility of each Owner to provide, as such Owner sees fit and at such Owner's sole expense, such comprehensive public liability insurance as such Owner may desire against loss or liability for damages and any expense of defending against any claim for damages which might result from the ownership, use or occupancy of such Owner's Lot.

5.2.2 Hazard and Contents Insurance. It shall be the individual responsibility of each Owner to provide, as such Owner sees fit and at such Owner's sole expense, such fire, liability, theft and any other insurance covering: (a) any Dwelling Unit and any other structure on such Owner's Lot; and (b) any and all fixtures and personal property upon such Lot or in such Dwelling Unit or other structure(s).

5.3 Casualty Losses.

5.3.1 Damage and Destruction.

(a) The Board, in its sole and absolute discretion, shall determine whether any damage or destruction to the Common Area should be repaired or reconstructed.

(b) In the event that it is determined that the damage or destruction of any part of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event such property shall be maintained by the Association in a neat and attractive condition as an undeveloped portion of the Common Area.

5.3.2 Excess or Deficiency of Proceeds. If the damage or destruction is to be repaired or reconstructed and insurance proceeds available, if any, are not sufficient to pay the cost thereof, the Board shall, without the necessity of a vote of the Members, levy assessments against the Owners of all Lots, which assessments shall be allocated equally among all Lots. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Subsection 5.3.2 shall be deemed to be a part of the Assessments and shall be secured by the lien created by Section 8.3. If the funds available from insurance exceed the cost of repair, such excess shall be used to meet Common Expenses or, in the discretion of the Board, placed in a reserve account for contingencies or capital improvements.

5.3.3 Repair or Reconstruction of Dwelling Units or Other Structures.

In the event of the destruction of a Dwelling Unit or other structure on a Lot, or of damage to such Dwelling Unit or other structure which, in the reasonable judgment of the Board, materially affects the exterior appearance thereof, the Board shall have the right, at its option, exercisable by written notice to the Owner of the Lot upon which such Dwelling Unit or other structure is situated, to require such Owner to repair or reconstruct (or cause to be repaired or reconstructed), at such Owner's expense, subject to any insurance proceeds as such Owner may then or thereafter receive in respect of such destruction or damage, such Dwelling Unit or other structure within such reasonable period of time as shall be specified by the Board in such notice. The Board may exercise such right and establish such time period notwithstanding such Owner's failure to maintain hazard or casualty insurance upon such Owner's Lot or any structures thereon and notwithstanding any unavailability or delay in receipt of proceeds of any insurance policy or policies, although the Board may take such matters into account in establishing or extending the time period within which such repair or reconstruction must be completed. Any such repair or reconstruction work shall be performed in compliance with all applicable provisions thereof, and the Owner of such Lot shall take such steps as are reasonably necessary to prevent damage to surrounding property and injury to persons as may result from or arise in connection with the destroyed or damaged Dwelling Unit or other structure or the repair or reconstruction activities with respect thereto.

ARTICLE 6

DE-ANNEXATION

Notwithstanding any other provisions of this Declaration, Declarant shall have the right from time to time, at its sole option and without the consent of any other Person, to delete from the Property and remove from the effect of this Declaration one or more portions of the Property; provided, however, that: (a) a portion of the Property may not be so deleted and removed unless at the time of such deletion and removal such portion is either (i) owned by Declarant (or an affiliate of Declarant or a trustee of a trust for the benefit of Declarant), or (ii) Declarant executes and Records an instrument approving such deletion and removal; (b) a portion of the Property may not be so deleted and removed unless at the time of such deletion and removal no Dwelling Units or Common Area facilities have been constructed thereon (unless the de-annexation is for purposes of accomplishing minor adjustments to the boundaries of one or more Lots, any Common Area or another portion of the Property); and (c) a portion of the Property may not be so deleted and removed if such deletion and removal would deprive Owners and Occupants of other parts of the Property of access or other easements or rights-of-way necessary to the continued use of their respective parts of the Property (unless at the same time provision is made for reasonably adequate replacement easements or rights-of-way). Declarant may exercise its rights under this Section 6.1 in each case by executing and causing to be Recorded an instrument which identifies the portion of the Property to be so deleted and

removed and which is executed by each Owner of such portion (if other than Declarant), and the deletion and removal of such portion of the Property shall be effective upon the later of: (i) the date such instrument is Recorded; or (ii) the effective date specified in such instrument, if any, whereupon, except as otherwise expressly provided in this Section 6.1, the portion of the Property so deleted and removed shall thereafter for all purposes be deemed not a part of the Property and not subject to this Declaration, and the Owner(s) thereof (or of interests therein) shall not be deemed to be Owners or Members with respect to the deleted portion of the Property or have any other rights or obligations hereunder with respect to the deleted portion of the Property except as members of the general public. No such deletion and removal of a portion of the Property shall act to release such portion from the lien for Assessments or other charges hereunder which have accrued prior to the effective date of such deletion and removal, but all such Assessments or other charges shall be appropriately prorated to the effective date of such deletion and removal, and no Assessments or other charges shall thereafter accrue hereunder with respect to the portion of the Property so deleted and removed.

ARTICLE 7

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

7.1 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the management and control of the Common Area and shall keep the Common Area in good, clean, attractive and sanitary condition, order and repair, pursuant to the terms and conditions hereof.

7.2 Personal Property and Real Property for Common Use. The Association, through action of the Board, may acquire, hold and dispose of tangible and intangible personal property and real property, except that no dedication, sale or transfer of all or any part of the Common Area shall be made or effective unless approved by not less than two-thirds of the votes of each class of Members represented in person or by valid proxy at a meeting of Members duly called for such purpose (except in connection with minor adjustments to the boundaries of any Lot(s), any Common Area or any other portion of the Property, which may be approved by the Board without submitting the same to the Members for approval). The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold or other property interests within, adjacent to or related to all or any part of the Property as may be conveyed or assigned to the Association by Declarant (including, but not limited to, such parts of the Common Area as may now or hereafter be held by Declarant).

7.3 Rules and Regulations. 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 the Association Rules. The Association Rules may restrict and govern the use of the Common Area, provided, however, that the Association Rules shall not discriminate among Owners and Occupants except to reflect their different rights and obligations as provided herein, and shall not be inconsistent with this Declaration, the Articles or the Bylaws. The Association Rules shall be intended to enhance the preservation and development of the Property and the Common Area. Upon adoption, the Association rules shall have the same force and effect as if they were set forth herein. Sanctions for violation of the Association Rules of this Declaration

may be imposed by the Board and may include suspension of the right to vote and the right to use any recreational facilities on the Common Area, and may also include reasonable monetary fines (so long as such fines are reasonable and nondiscriminatory, and are in accordance with a general schedule of fines adopted or amended by the Board prior to the date of the particular violation for which a fine is to be imposed).

7.4 Availability of Books, Records and Other Documents. The Association shall maintain complete and current copies of this Declaration, the Articles, the Bylaws and the Association Rules (as well as any amendments to the foregoing) and of the books, records and financial statements of the Association, and, upon the prior written request to the Association by any Owner or by any holder, insurer or guarantor of a First Mortgage, shall make the same available for inspection, at reasonable time and under reasonable circumstances, by such Owner or such holder, insurer or guarantor.

7.5 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration, the Articles or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

7.6 Organization of Association.

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

7.6.2 Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. The Board may appoint various committees at its discretion. The Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Association and the Common Area. The Board shall determine the compensation to be paid to the manager.

7.6.3 Personal Liability. No member of the Board or of any committee of the Association, no officer of the Association, and no manager or other employee of the Association shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the manager, any representative or employee of the Association or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 7.6.3 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

ARTICLE 8

ASSESSMENTS

8.1 Creation of Assessment Right. In order to provide funds to enable the Association to meet its financial and other obligations and to create and maintain appropriate reserves, there is hereby created a right of assessment exercisable on behalf of the Association by the Board. Annual Assessments shall be for Common Expenses and shall be allocated equally among all Lots, subject to the provisions of this Article 8.

8.2 Covenants with Respect to Assessments. Each Owner, by acceptance of his, her or its deed (or other conveyance instrument) with respect to a Lot, is deemed to covenant and agree to pay the Assessments levied pursuant to this Declaration with respect to such Owner's Lot, together with: (a) interest, from the date due at a rate equal to the greater of ten percent per annum; (b) such late fees as may be established from time to time by the Board; and (c) such costs and reasonable attorneys' fees as may be incurred by the Association in seeking to collect such Assessments. Each of the Assessments with respect to a Lot, together with interest, late fees, costs and reasonable attorneys' fees as provided in this Section 8.2, shall also be the personal obligations of the Person who or which was the Owner of such Lot at the time such Assessment arose with respect to such Lot, provided, however, that the personal obligation for delinquent assessments shall not pass to a successor in title of such Owner unless expressly assumed by such successor. No Owner shall be relieved of his, her or its obligation to pay any of the Assessments (or any other amounts owing by such Owner to the Association hereunder, all of which shall be deemed a part of the Assessments) by abandoning or not using his, her or its Lot or the Common Area, or by leasing or otherwise transferring occupancy rights with respect to his, her or its Lot. However, upon transfer by an Owner of fee title to such Owner's Lot, as evidenced by a Recorded instrument, such transferring Owner shall not be liable for any Assessments thereafter levied against such Lot. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed by reason of the alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration, the Articles or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law or ordinance or with any order or directive of any municipal or other governmental authority.

8.3 Lien for Assessments; Foreclosure. There is hereby created, established and conveyed a lien and mortgage against each Lot which shall secure payment of all present and future Assessments assessed or levied against such Lot or the Owner or Occupant thereof (together with any present or future charges, interest, fines, penalties or other amounts levied against such Lot or the Owner or Occupant thereof pursuant to this Declaration or the Articles, the Bylaws or the Association Rules). Such lien is and shall be prior and superior to all other liens affecting the Lot in question, except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any First Position Lien Holder made in good faith and for value. Such liens may be foreclosed in the manner provided by law for the foreclosure of mortgages. The sale and transfer of any Lot pursuant to a

mortgage foreclosure or any proceeding in lieu thereof by a First Position Lien Holder shall extinguish the lien of the Assessments as to payments which became due prior to such sale or transfer, but no such sale or transfer shall relieve such Lot from liability for any Assessments becoming due after such sale or transfer, or from the lien thereof. The Association shall have the power to bid for any lot at any sale to foreclose the Association's lien on the Lot, and to acquire and hold, lease, mortgage and convey the same. During the period any Lot is owned by the Association, no right to vote shall be exercised with respect to said Lot and no Assessments shall be assessed or levied on or with respect to said Lot, provided, however, that the Association's acquisition and ownership of a Lot under such circumstances shall not be deemed to convert the same into Common Area. The Association may maintain a suit to recover a money judgment for unpaid Assessments, rent, interest and attorneys' fees without foreclosing or waiving the lien securing same. Recording of this Declaration constitutes record notice and perfection of the liens established hereby, and further Recordation of any claim of a lien for Assessments or other amounts hereunder shall not be required, whether to establish or perfect such lien or to fix the priority thereof, or otherwise (although the Board shall have the option to Record written notices of claims of lien in such circumstances as the Board may deem appropriate).

8.4 Dates Assessments Commence. Assessments shall be payable in respect of a Lot (including any Lot owned by Declarant) from the date upon which title to said Lot, or any other Lot within the Phase containing such Lot, shall first be conveyed to a retail purchaser, and such Assessments shall be payable regardless of whether a Dwelling Unit or other structure shall be situated upon such Lot on such date. As to any Lot owned by Declarant, with respect to which Assessments shall have commenced as provided in the preceding sentence, the Assessments payable by Declarant with respect to such Lot shall be an amount equal to twenty-five percent of the Assessments which would otherwise be payable hereunder with respect to such Lot if it were owned by an Owner other than Declarant. No Assessments shall be payable with respect to a Lot so long as Declarant shall own all of the Lots within the Phase containing such Lot. As to any Lot conveyed by Declarant to a retail purchaser, Assessments as to such Lot shall be prorated as of the close of escrow with respect to such Lot (or, if no escrow is utilized, as of the date of Recordation of the deed conveying such Lot to such retail purchaser). The numbers or letters (or numbers and letters) assigned to the Phases are for reference only, and Declarant shall retain full discretion as to the order and timing of its development and sales of Lots within any Phase or from Phase to Phase within property owned by Declarant.

8.5 Computation of Assessments; Annual Budget. The Board shall prepare and adopt an estimated annual budget for each fiscal year of the Association, which annual budget shall serve as the basis for determining the Annual Assessments for the applicable fiscal year. Such budget shall take into account the estimated Common Expenses and cash requirements of the Association for the year. The annual budget shall also take into account the estimated net available cash income for the year, if any, from the operation or use of any of the Common Area. The annual budget shall also provide for a reserve for contingencies for the year (and for subsequent fiscal years) and a reserve for replacements, all in such reasonably adequate amounts as shall be determined by the Board, taking into account the number and nature of replaceable assets, the expected life of each asset, and each asset's expected repair or replacement cost. Not later than sixty days following the meeting of the Board at which the

Board adopts the annual budget for the year in question, the Board shall cause to be delivered or mailed to each Owner a copy of the budget and a statement of the amount of the Annual Assessments to be levied against such Owner's Lot for the fiscal year in question. In the event the Board fails to adopt a budget for any fiscal year prior to commencement of such fiscal year, then until and unless such budget is adopted, the budget (and the amount of the Annual Assessments provided for therein) for the year immediately preceding shall remain in effect. Subject to the provisions of this Section 8.5, neither the annual budget (nor any amended budget) adopted by the Board, nor any Assessment levied pursuant thereto, shall be required to be ratified or approved by the Owners. If, at any time during a fiscal year of the Association the Board deems it necessary to amend the budget for such year, the Board may do so and may levy an additional Annual Assessment for such year. Within sixty days after adoption of the amended budget (if the Board elects to levy an additional Annual Assessment), the Board shall cause a copy of the amended budget and a statement of the additional Annual Assessments to be levied against the Lots to be delivered or mailed to each Owner.

8.6 Due Dates. Annual Assessments for each fiscal year shall be due and payable in equal periodic installments, payable not more frequently than monthly nor less frequently than annually, as determined for such fiscal year by the Board, with each such installment to be due and payable on or before the first day of the applicable period during that fiscal year. In addition to any other powers of collection or enforcement granted hereunder, in the event any Assessments (or installments thereof) with respect to a Lot are delinquent, the Board shall have the right, in its sole discretion, to accelerate the date on which all Assessments with respect to such Lot are due and payable. For purposes of this Declaration, Assessments shall be deemed "paid" when actually received by the Association or by its manager or agent designated by the Association to collect the same (provided, however, that if any Assessments were paid by check and the bank or other institution upon which such check is drawn thereafter dishonors and refuses to pay such check, those Assessments shall not be deemed "paid" and shall remain due and payable with interest accruing from the date such Assessments were originally due). As provided in Section 8.2, the Board shall have the right to establish from time to time, in its reasonable discretion, late fees which may be charged in the event Assessments or other amounts payable to the Association are not paid on or before the applicable due dates, and may, at its election, provide grace period(s) following the applicable due date(s) before such late fees begin to accrue.

8.7 Use Assessments. If the Board determines, in its sole and absolute discretion, that certain services provided by the Association benefit the Lots in a disproportionate manner or if an Owner or Owners owning one or more Lots contract with the Association for the Association to provide particular services with respect to such Lot or Lots, the Board shall be entitled to assess use assessments against such Owner or Owners. The amounts of any use assessments shall be determined in a manner consistent with the Board's determination of the respective benefits each Lot receives from such services.

8.8 Certificates. The Association shall, upon the written request of any Owner, and upon payment of such reasonable charge as may be determined by the Board, furnish to the requesting party a certificate, executed by an officer of the Association, stating the date to which Assessments with respect to such Owner's Lot have been paid and the amount,

if any, of any Assessments which have been levied with respect to said Lot but which remain unpaid as of the date of such certificate.

8.9 Surplus Monies. Unless otherwise expressly determined by the Board, any surplus monies of the Association shall be held by the Association and placed in one or more reserve accounts as determined by the Board, and shall not be paid to the Owners or credited against the Owners' respective liabilities for Assessments.

8.10 Common Expenses Resulting from Misconduct. Notwithstanding any other provision of this Article 8, if any Common Expense is caused by the misconduct of any Owner (or of any Occupant, tenant, employee, servant, agent, guest or invitee for whose actions such Owner is responsible under applicable law), the Association may assess that Common Expense exclusively against such Owner and such Owner's Lot, which amount (together with any and all costs and expenses, including but not limited to attorneys' fees, incurred by the Association in recovering the same) shall be secured by the lien created pursuant to Section 8.3.

ARTICLE 9

ARCHITECTURAL STANDARDS: ARCHITECTURAL COMMITTEE

9.1 Appointment of Architectural Committee; Standing to Enforce. All property which is now or hereafter subject to this Declaration shall be subject to architectural, landscaping and aesthetic review as provided herein. This review shall be in accordance with this Article 9 and such standards as may be promulgated by the Architectural Committee, which is hereby established. Authority and standing on behalf of the Association to enforce in any court of competent jurisdiction decisions of the Architectural Committee and the provisions of this Article 9 shall be vested in the Board, provided, however, that so long as Declarant has the right to appoint the Architectural Committee under this Section 9.1, Declarant shall have the right, but not the obligation, to enforce decisions of the Architectural Committee and the provisions of this Article 9, on behalf of the Association, in courts of competent jurisdiction. So long as Declarant (or a trustee for the benefit of Declarant) owns 25% of the Lots contained in the Property, the Architectural Committee shall consist of three individuals appointed by Declarant. At such time as either: (a) neither Declarant nor a trustee for the benefit of Declarant owns 25% of the Lots contained in the Property; or (b) Declarant Records a written waiver of its right to appoint the Architectural Committee, the Board shall appoint the members of the Architectural Committee, which shall have such number of members (but not less than three) as the Board may elect, from time to time. Each member of the Architectural Committee appointed by the Board shall serve in such capacity until: (i) such member is removed by the Board; or (ii) such member resigns such position or dies. Prior to the appointment of the initial members of the Architectural Committee, and at any time when there is no one serving on the Architectural Committee (whether due to death, resignation or removal), Declarant, so long as Declarant owns at least 25% of the Lots contained in the Property, shall have and exercise any and all rights, powers, duties and obligations of the Architectural Committee.

9.2 Jurisdiction of the Architectural Committee; Promulgation of Standards.

The Architectural Committee shall have exclusive jurisdiction over all original construction and any modifications, additions or alterations to: (a) Dwelling Units and any other buildings or other structures; (b) fences and fence walls; (c) heating, ventilating, air conditioning and cooling units; (d) solar panels; (e) paint; and (f) any other construction, modification, addition or alteration affecting the exterior appearance of any structure or Lot. The Architectural Committee shall not require approval of landscaping plans for the Lots, provided however, that (i) all landscaping of every Lot shall be in conformance with each and every ordinance of the Town of Payson, Arizona (including, but not limited to ordinances regarding low water usage), and shall be completed in such a manner as to not cause visual obstructions for traffic, (ii) no Lot or homesite may be clear cut, and (iii) no naturally existing trees, shrubs or other vegetation or other natural features shall be removed or disturbed in any fashion, other than only as reasonably required within the building envelope of the Dwelling Unit proper and its driveway, except upon the express written prior approval of the Architectural Committee. The Architectural Committee shall adopt, and may from time to time amend, supplement and repeal, architectural and landscaping standards and application procedures and shall make the same available to Owners, builders and developers who seek to engage in development of or construction upon any portion of the Property. Such standards and procedures shall interpret, implement and supplement this Declaration, and shall set forth procedures for Architectural Committee review. Such standards and procedures may include, without limitation, provisions regarding:

9.2.1 the size of Dwelling Units, which Dwelling Units shall be, at a minimum, 1,300 square feet of livable space in size for a one-story Dwelling Unit and 1,700 square feet of liveable space in size for a two-story Dwelling Unit with a minimum of 1,200 square feet of livable space located on the first story of any two-story Dwelling Unit;

9.2.2 architectural design, with particular regard to the harmony of the design with surrounding structures and topography which Dwelling Units shall have, at a minimum, a two car attached garage;

9.2.3 placement of buildings;

9.2.4 requirements concerning exterior color schemes, exterior finishes and materials;

9.2.5 signage;

9.2.6 perimeter and screen wall design and appearance;

9.2.7 maintenance of construction sites; and

9.2.8 signage.

Such standards and procedures shall have the same force and effect as the Association Rules. Further, after termination of Declarant's right to appoint the members of the Architectural

Committee pursuant to Section 9.1, any and all amendments, supplements, repeals or replacements to or of such standards and procedures shall be subject to the approval of the Board.

9.3 Submission and Review of Plans. No original construction, modification, alteration or addition, subject to the Architectural Committee's jurisdiction shall be commenced until it has been approved or is deemed approved by the Architectural Committee as provided herein. Any Owner or other Person seeking to construct or install any new improvements or to make any modification, alteration or addition to any existing improvement upon any portion of the Property (or to cause same to be constructed, installed or made) shall first submit to the Architectural Committee detailed plans, specifications and elevations relating to the proposed construction, installation, modification, alteration or addition; said plans, specifications and elevations (including, but not limited to, a detailed site plan) shall be sent by: (a) personal delivery, in which case the Person delivering the same shall obtain a signed and dated receipt from the recipient thereof (in which event they shall be deemed received as of the date indicated by the recipient on such receipt), or (b) through the United States Mail certified, return receipt requested. The Architectural Committee may require such evidence as it shall deem in its sole discretion necessary or desirable with respect to the effect of any proposed construction on views from within the Property. The Architectural Committee may disapprove any proposed construction based upon its impact upon views within the Property but shall have no duty or obligation to disapprove any proposed construction upon such basis. The Architectural Committee shall have forty-five days after receipt of the aforementioned submittals to approve or disapprove of the proposed construction, installation, modification, alteration or addition or to request additional information, and, if the Architectural Committee disapproves, to give such Owner or other Person reasonably detailed written reasons for such disapproval. In the event the Architectural Committee fails either to approve or disapprove the proposed construction, installation, modification, alteration or addition (or to request additional information) within said forty-five day period, such proposed construction, installation, modification, alteration or addition shall be deemed approved.

9.4 Obligation to Obtain Approval.

9.4.1 Except as otherwise expressly provided in this Declaration or the Architectural Committee's standards and procedures, without the prior written approval by the Architectural Committee of plans and specifications prepared and submitted to the Architectural Committee in accordance with the provisions of this Declaration and such standards and procedures:

(a) no improvements, alterations, repairs, excavation, clearing, grading or other work shall be done which in any way alters the exterior appearance of any property or improvements thereon from their natural or improved state existing on the date such property first becomes subject to this Declaration; and

(b) no building, fence, exterior wall, pool, roadway, driveway or other structure, improvement or grading shall be commenced, erected, maintained, altered, changed or made on any Lot at any time.

9.4.2 No material changes or deviations in or from the plans and specifications for any work to be done on the Property, once approved by the Architectural Committee, shall be permitted without approval of the change or deviation by the Architectural Committee.

9.4.3 No other item or matter required by this Declaration to be approved in accordance with the Article 9 shall be done, undertaken or permitted until approved by the Architectural Committee.

9.5 Changes to Interiors of Dwelling Units or Other Structures. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his, her or its Dwelling Unit or other structure on such Owner's Lot or to paint the interior of his, her or its Dwelling Unit or such other structure any color desired, except to the extent such remodeling or painting is visible from outside such Dwelling Unit or other structure or affects the exterior appearance of such Dwelling Unit or other structure.

9.6 Other Approvals; Liability. No approval by the Architectural Committee of any proposed construction, installation, modification, addition or alteration shall be deemed to replace or be substituted for any building permit or similar approval required by any applicable governmental authority, nor shall any such approval be deemed to make the Architectural Committee (or the Board of the Association) liable or responsible for any damage or injury resulting or arising from any such construction, modification, addition or alteration. None of Declarant, the Association, the Board or the Architectural Committee (nor any member thereof) shall be liable to the Association, any Owner or any other party for any damage, loss or prejudice suffered or claimed on account of:

9.6.1 the approval or disapproval of any floorplans, plans, drawings or specifications, whether or not defective;

9.6.2 the construction or performance of any work, whether or not pursuant to approved floorplans, plans, drawings and specifications; or

9.6.3 the development of any Lot.

9.7 Fee. The Board may establish a reasonable processing fee to defer the costs of the Architectural Committee in considering any request for approvals submitted to the Architectural Committee or for appeals to the Board, which fee shall be paid at the time the request for approval or review is submitted.

9.8 Inspection. Any member or authorized consultant of the Architectural Committee, or any authorized officer, director, employee or agent of the Association, may at any reasonable time and without being deemed guilty of trespass enter upon any Lot, after reasonable notice to the Owner or Occupant of such Lot, in order to inspect the improvements constructed or being constructed on such Lot to ascertain that such improvements have been, or are being, built in compliance with this Declaration, the standards and procedures adopted by the Architectural Committee and any approved floorplans, plans, drawings or specifications.

9.9 Waiver. Approval by the Architectural Committee of any floorplans, plans, drawings or specifications for any work done or proposed, or for any other matter requiring approval of the Architectural Committee, shall not be deemed to constitute a waiver of any right to withhold approval of any similar floorplan, plan, drawing, specification or matter subsequently submitted for approval.

9.10 Appeal to Board. Except as provided in this Section 9.10, any Owner or Occupant aggrieved by a decision of the Architectural Committee may appeal the decision to the Board in accordance with procedures to be established in the Architectural Committee's standards and procedures. In the event the decision of the Architectural Committee is overruled by the Board on any issue or question, the prior decision of the Architectural Committee shall be deemed modified to the extent specified by the Board. Notwithstanding the foregoing, until termination of Declarant's right to appoint the members of the Architectural Committee pursuant to Section 9.1, no decision of the Architectural Committee may be appealed to the Board.

9.11 Nonapplicability to Declarant. The provisions of this Article 9 shall not apply to any portions of the Property owned by Declarant, by any Person affiliated with Declarant, or by a trustee for the benefit of any of the foregoing so long as any improvements constructed thereon (or any additions, modifications or alterations to any such improvements) are constructed or made in a good and workmanlike fashion and are generally comparable in terms of quality of construction to other improvements theretofore constructed by Declarant, by any Person affiliated with Declarant on the Property (or on other property adjacent to or near the Property). Further, this Article 9 may not be amended without the written consent of Declarant so long as Declarant, any Person affiliated with Declarant, or a trustee for the benefit of any of the foregoing owns any of the Property.

ARTICLE 10

USE RESTRICTIONS AND OTHER COVENANTS, CONDITIONS AND EASEMENTS

10.1 Residential and Recreational Purpose. The Property shall be used only for residential, recreational and related purposes. No Lot or any part of the Property shall be used, directly or indirectly, for any business, commercial, manufacturing, industrial, mercantile, vending or other similar purpose, except for use by Declarant (or an affiliate or assignee of Declarant), for a period not to exceed ten years from the first conveyance by Declarant of a Lot to a retail purchaser, directly in connection with construction and sales activities with respect to the Property (including, but not limited to, maintenance and operation of model homes, sales offices and signs advertising the Property or portions thereof).

10.2 Garages and Driveways. Garages shall be used for parking vehicles and storage only, and shall not be used or converted for living or recreational activities. All driveways on Lots shall be of concrete or not less than 2" thick asphalt construction.

10.3 Temporary Structures. No temporary residence, structure or garage shall be placed or erected upon any part of the Property (except as may otherwise be permitted by

Section 10.19). Except with the express written approval of Declarant, no Dwelling Unit or other structure on any Lot shall be occupied in any manner while in the course of original construction or prior to issuance by the appropriate local governmental authority of a certificate of occupancy (or other similar document) with respect to such Dwelling Unit or other structure.

10.4 New Construction. All buildings or structures erected on the Property shall be of new construction. No mobile homes, pre-built homes, manufactured housing or modular construction shall be permitted. Nothing herein shall obligate an Owner to construct buildings or structures on a given Lot, provided, however, any construction of building or structures shall be completed no more than one year after the commencement of such construction.

10.5 Signs. No billboards or signs of any type or character shall be erected or permitted on any part of the Property or on any Lot, except for signs used by Declarant (or an affiliate or assignee of Declarant) to advertise the Property (or to identify the builder of the Dwelling Unit) during the construction and sales period. All such signs identifying the builders shall be removed immediately upon the completion of the building or structure to which they apply. No signs shall be permitted to identify any construction subcontractors, suppliers, or construction lenders. Nothing herein shall be deemed to prohibit attachment to the exterior of a Dwelling Unit of a single nameplate and a single address plate identifying the occupant and the address of such Dwelling Unit or the placing upon the exterior of any Dwelling Unit (or upon the Lot containing the Dwelling Unit) of a single "For Sale" or "For Lease" sign, provided that such nameplates and address plates shall be subject to the rules and regulations of the Architectural Committee, and except that such "For Sale" or "For Lease" sign shall not have dimensions exceeding eighteen inches by twenty-four inches. Further, nothing herein shall be deemed to prohibit installation and maintenance of directional signs, subdivision identification signs, street signs or similar signs as may be approved by Declarant or by the Architectural Committee for installation or maintenance by the Association.

10.6 Solar Collecting Panels or Devices. Declarant recognizes the benefits to be gained by permitting the use of solar energy as an alternative source of electrical power for residential use. At the same time, Declarant desires to promote and preserve the attractive appearance of the Property and the improvements thereon, thereby protecting the value generally of the Property and the various portions thereof, and of the various Owners' respective investments therein. Therefore, subject to prior approval of the plans therefor by the Architectural Committee pursuant to Article 9 above, solar collecting panels and devices may be placed, constructed or maintained upon any Lot within the Property (including upon the roof of any structure upon any Lot), so long as either: (a) such solar collecting panels and devices are placed, constructed and maintained so as not to be visible from ground level view from adjacent properties; or (b) such solar collecting panels and devices are placed, constructed and maintained in such location(s) and with such means of screening or concealment as the Architectural Committee may reasonably deem appropriate to limit, to the extent possible, the visual impact of such solar collecting panels and devices when viewed by a person six feet tall standing at ground level on adjacent properties.

10.7 Antennas, Poles, Towers and Dishes. No television, radio, shortwave, microwave, satellite, flag or other antenna, pole, tower or dish shall be placed, constructed or maintained upon the Property (including, but not limited to, upon the roof or exterior walls of any Dwelling Unit or other structure), unless: (a) where such antenna, pole, tower or dish is installed upon the roof of a Dwelling Unit or other structure, such antenna, pole, tower or dish is fully screened and concealed from view from adjacent properties by a parapet wall which conforms architecturally with the structure of such Dwelling Unit or other structure; or (b) in all other cases, such antenna, pole, tower or dish is fully and attractively screened or concealed from view from adjacent properties, which means of screening or concealment shall (in either case (a) or (b)) be subject to the regulations and approval of the Architectural Committee.

10.8 Tanks. No tanks of any kind (including tanks for the storage of fuel) shall be erected, placed or maintained on the Property unless such tanks are either: (a) buried underground; or (b) of such size and height, in such location and attractively screened from view from adjacent properties in such manner, as may be required by the Architectural Committee. Nothing herein shall be deemed to prohibit use or storage upon the Property of propane or similar fuel tanks with a capacity of ten gallons or less used in connection with a normal residential gas barbecue, grill or fireplace.

10.9 Vehicles.

10.9.1 No private passenger automobiles or pickup trucks shall be parked upon the Property or any roadway adjacent thereto except within a garage, in a private driveway appurtenant to a Dwelling Unit, or within areas designated for such purpose by the Board.

10.9.2 No other vehicles (including, but not limited to, mobile homes, motor homes, boats, recreational vehicles, trailers, trucks, campers, permanent tents or similar vehicles or equipment) shall be kept, placed or maintained upon the Property or any roadways adjacent thereto, except: (a) within a fully enclosed garage appurtenant to a Dwelling Unit; or (b) in any fenced side or back portion of a given Lot.

10.9.3 No vehicle (including, but not limited to, those enumerated in Subsections 10.11.1 and 10.11.2) shall be constructed, reconstructed or repaired upon the Property or any roadway adjacent thereto except within a fully enclosed garage.

10.9.4 No motor vehicles of any kind which are not currently licensed with the appropriate government agency and not also in operating condition shall be parked in any unenclosed parking areas (including, but not limited to, private driveways appurtenant to a Dwelling Unit).

10.9.5 The provisions of this Section 10.9 shall not apply to vehicles of Declarant or its employees, agents, affiliates, contractors or subcontractors during the course of construction activities upon or about the Property.

10.10 Underground Facilities. No cesspool or well may be dug or installed without the prior written approval of the Board. No part of the Property shall be used for purposes of boring, mining, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth (except to the limited extent required in connection with the normal construction activities of Declarant or an affiliate or assignee of Declarant during the applicable construction period).

10.11 Outdoor Burning. There shall be no outdoor burning of trash or other debris, provided, however, that the foregoing shall not be deemed to prohibit the use of normal residential barbecues or other similar outside cooking grills or outdoor fireplaces.

10.12 Sanitation. Garbage and refuse facilities, containers and the like shall be attractively screened and camouflaged in such manner as to conceal them from the view of neighboring Lots, Dwelling Units, property, roads or streets (except during reasonable periods to allow for collection by the appropriate municipal or private sanitation service). All equipment for the storage or disposal of garbage or other waste shall be kept in a clean and sanitary condition. All rubbish, trash and garbage shall be kept only in containers meeting applicable municipal sanitation requirements (and any applicable reasonable rules and regulations of the Association), shall be regularly removed from the Property and shall not be allowed to accumulate thereon.

10.13 Fences, Interferences and Obstructions.

10.13.1 All fences shall be of block or wood construction (except as may be otherwise permitted with the prior written consent of the Architectural Committee) and, except as otherwise approved by the Architectural Committee, shall be painted or colored to match the exterior of the structure(s) enclosed by or upon the same Lot as such fence. No perimeter fences on any Lot shall be of chain link construction but colored vinyl plaid chain link fencing may be used in back yards in wooded areas so long as such fences are approved in advance by the Architectural Review Committee, in its discretion. No fence shall exceed six feet in height, provided that no fence closer to the front property line of a Lot than the point of the Dwelling Unit closest to the front property line of a Lot shall exceed three feet in height (provided that the Architectural Committee shall have the authority to establish and enforce even more restrictive limitations on the height, locations and appearance of fences and fence walls, either in individual cases or as a general restriction on portions or all of the Property, where necessary or appropriate, in the reasonable judgment of the Architectural Committee, to comply with applicable zoning, building or public safety ordinances). The foregoing shall not apply to boundary walls or fences (if any) constructed by Declarant along property lines bounding public rights-of-way, provided, however, that such boundary walls or fences shall be constructed so as to comply with applicable municipal zoning and other laws and ordinances. No fence shall be permitted to interfere with existing recorded restrictions, drainageways or easements. Except as otherwise provided by applicable law or governmental rule or regulation, and subject to any applicable restrictions or requirements set forth in any recorded plat of all or any part of the Property, fences may be constructed in or over recorded utility easements, provided, however, that should the utility company ever require access to such easement, it shall be the

responsibility of the Owner of the applicable Lot, at his, her or its sole expense, to remove and replace such fence.

10.13.2 Traffic Hazards. No structure, shrubbery or other vegetation shall be permitted to exist on any Lot or other portion of the Property, the height or location of which shall be deemed by the Architectural Committee either to constitute a traffic hazard or to be unattractive in appearance or unreasonably detrimental to adjoining Property. As an aid to freer movement of vehicles at and near street intersections and in order to protect the safety of pedestrians, property and the operators of vehicles, the Board or Architectural Committee may impose further limitations on the height of fences, walls, gateways, ornamental structures, hedges, shrubbery and other fixtures, and construction and planting on corner Lots at the intersection of two or more streets or roadways.

10.14 Nuisance. No rubbish or debris of any kind shall be placed or permitted to accumulate for any unreasonable length of time on any portion of the Property, and no odors shall be permitted to arise therefrom, so as to render the Property or any portion thereof unsanitary, unsightly or offensive or detrimental to any other portion of the Property in the vicinity thereof or to its Owners or Occupants. No noxious destructive or offensive activity, or any activity constituting an unreasonable source of annoyance, shall be conducted on any Lot or on the Common Area. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except ordinary intercom systems or security devices used exclusively for security purposes, shall be located, used or placed on the Property. The Board in its discretion shall have the right to determine the existence of any such activity or item. The Association shall have the standing and authority to institute legal proceedings to abate such activity or to secure the removal of such item. Furthermore, the Board shall have the right to remove any such activity or item at the expense of the Owner responsible for the nuisance (or at the expense of the Owner whose tenant, Occupant or guest is responsible for such activity or item). Each Owner and Occupant shall refrain from any act on or use of his, her or its Lot or the Common Area which could reasonably cause embarrassment, discomfort or annoyance to other Owners or Occupants, and the Board shall have the power to make and enforce reasonable rules and regulations in furtherance of this provision.

10.15 Drainage Alteration; Easements. No vegetation or improvement (except suitable ground cover) may be planted, constructed or permitted to remain on areas subject to drainage easements, as shown on the Recorded plats, in such manner as to interfere with drainage or which shall be deemed by the Board to be a detriment to utilities located under or near such vegetation or improvement. No vegetation or improvement (except suitable ground cover) may be planted, constructed or permitted on any Lot so as to cause drainage from any such Lot to another Lot or any portion of the Common Area. Except as otherwise provided herein, or by applicable governmental rule, regulation or ordinance, the owner of property subject to Recorded easements shall be responsible for maintaining said property.

10.16 Clothes-Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any part of the Property unless they are erected, placed or maintained exclusively within a fenced yard or

otherwise concealed and shall not be visible to a person six feet tall standing at ground level on neighboring property.

10.17 Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Property, provided, however, that nothing herein shall be construed as prohibiting the keeping of a reasonable number of ordinary household pets in or on a Lot, subject to rules and regulations adopted by the Board, provided that such pets are not kept, bred or maintained for any commercial purpose. Notwithstanding the foregoing, no pets may be kept upon the Property or on or in any Lot which, in the opinion of the Board, result in any annoyance or are obnoxious to Owners or Occupants of other Lots in the vicinity.

10.18 Leasing: Obligations of Tenants and Other Occupants.

10.18.1 All leases shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles, the Bylaws and the Association Rules. All tenants shall be subject to the terms and conditions of this Declaration, the Articles, the Bylaws and the Association Rules as though such tenant were an Owner (except that such tenant shall not have any voting rights appurtenant to the Lot occupied by such tenant except pursuant to an express written assignment complying with Subsection 3.4). Each Owner shall cause his, her or its tenants or other Occupants to comply with this Declaration, the Articles, the Bylaws and the Association Rules and, to the extent permitted by applicable law, shall be responsible and liable for all violations and losses caused by such tenants or Occupants, notwithstanding the fact that such tenants or Occupants are also fully liable for any violation of each and all of those documents.

10.18.2 In the event that a tenant or other Occupant violates any provision of this Declaration, the Articles, the Bylaws or the Association Rules, the Association shall have the power to bring an action or suit against such tenant or other Occupant to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity. The Association's costs in doing so, including, but not limited to, reasonable attorney's fees, together with interest as provided in Section 12.8, shall be reimbursed by the tenant or other Occupant to the Association (or, in the absence of reimbursement by the tenant or other Occupant, or at the election of the Board, by the Owner of the Lot occupied by such tenant or other Occupant) and constitute a lien on the applicable Lot which shall have the priority, and may be enforced in the manner, described in Section 8.3.

10.18.3 The Board shall also have the power for any violation by the tenant or other Occupant of any duty imposed under this Declaration, the Articles, the Bylaws or the Association Rules and, where approved by Members holding a majority of the votes in each class of Members represented in Person or by valid proxy at a meeting of Members duly called for such purpose, to impose reasonable monetary fines upon the tenant or the Owner of the applicable Lot, or both.

10.18.4 No Owner may lease less than his, her or its entire Lot. No Lot may be leased for a period of less than thirty days. Upon leasing his, her or its Lot, an Owner shall promptly notify the Association of the commencement and termination dates of

the lease and the names of each tenant or other Person who will occupy the Lot during the term of the lease, and thereafter shall advise the Association promptly of any changes in any of such information. Within five business days following written request by the Board, by any officer of the Association or by the Association's independent management agent, the Owner shall deliver to the Board, such officer or such agent, as applicable, a true, correct and complete copy of the fully signed lease, including any and all amendments or modifications thereto.

10.18.5 The provisions of this Section 10.18 shall not apply to Declarant's use of Lots owned by (or leased to) Declarant as a model home or office or for marketing purposes pursuant to Section 10.1.

10.19 Storage and Tool Sheds or Structures. No storage or tool sheds or similar structures shall be placed, erected or maintained upon any part of the Property except: (a) where such storage or tool shed or similar structure is constructed as an integral part of a Dwelling Unit (including materials, color and the like); or (b) where such storage or tool shed or similar structure is temporarily placed on the Property by Declarant or an affiliate or assignee of Declarant in connection with construction activities of Declarant or such affiliate or assignee of Declarant. Notwithstanding part (a) of this Section 10.19, an Owner or other Person shall be permitted to erect, on his, her or its Lot, a storage building which is not attached to the Dwelling Unit on that Lot, so long as the construction and appearance of such storage building is substantially similar to the Dwelling Unit located on the applicable Lot.

Any Owner or other Person who wishes to erect such a storage building on his, her or its Lot must still comply with all other provisions of this Declaration and, in particular, shall submit plans for the proposed storage building to the Architectural Committee for review in accordance with Article 9 of this Declaration, and shall not commence erection or construction of such storage building until such plans are approved by the Architectural Committee in accordance with Article 9 of this Declaration.

10.20 Landscaping and Maintenance. Each Owner shall maintain the landscaping and exterior of the Owner's Lot and Dwelling Unit in accordance with standards prescribed by the Board and otherwise in a manner and to a level not less than the standards of quality established by the Board with respect to the quality, quantity and frequency of watering, mowing, weeding, trimming, fertilizing, painting and the like. All landscaping shall comply with all applicable requirements of the Town of Payson for low water use. In the event any Owner fails to perform the obligations provided herein, the Association may, at the discretion of the Board, perform those obligations at the expense of such Owner, which expense, together with attorneys' fees and interest as provided in Section 12.8, shall be secured by the lien on such Owner's Lot established by Section 8.3. The provisions of this Section 10.20 shall not apply to any Lot or other property owned by Declarant.

10.21 Miscellaneous. The Board, in its good faith discretion, is hereby authorized to grant such waivers of the restrictions contained in this Article 10 as it shall deem appropriate in the circumstances, so long as the use permitted by such waiver shall not result in an unsafe, unsanitary or aesthetically displeasing condition and shall not result, in the Board's discretion, in a substantial departure from the common plan of development contemplated by this

Declaration. In addition, all portions of the Property shall continue at all times to be subject to any and all applicable zoning laws and ordinances, provided, however, that where the provisions of this Declaration are more restrictive than such laws or ordinances, the provisions of this Declaration shall control.

ARTICLE 11

PARTY WALLS

11.1 General Rules of Law to Apply. Each wall or fence which is located between two Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article 11, the general rules of law regarding party walls and liability for property damages due to negligent or willful acts or omissions shall apply thereto.

11.2 Repair and Maintenance. No Owner or Occupant of any Lot (or any tenant, guest, invitee, employee or agent of such Owner or Occupant) shall do or permit any act (or omit to do any act) that will or does damage, destroy or impair the structural soundness of integrity of any party wall, or which would cause any party wall to be exposed to the elements, and, in the event any such Owner, Occupant, tenant, guest, invitee, employee or agent does or permits any such act (or so omits to do any act), such Owner's or Occupant's liability with respect to such damage, destruction, impairment or exposure shall be determined in accordance with applicable law.

11.3 Sharing of Repair and Maintenance. In the event any repair, maintenance or reconstruction of any party wall shall be necessary (other than due to the negligence or willful act or omission of the Owner or Occupant of one Lot, or such Owner's or Occupant's tenants, guests, invitees, employees or agents) the cost thereof shall be borne equally by the Owners and/or Occupants of the Lot(s) having in common such party wall, and in the event any Owner (or Occupant) fails or refuses timely to pay such Owner's (or Occupant's) share of such cost, the other Owner (or Occupant) shall have the right to pay in full such cost and recover from such Owner (or Occupant) such Owner's (or Occupant's) share of such cost (together with interest as provided in Section 12.8).

11.4 Consents to Modification. No Owner or Occupant shall alter or modify any party wall in any respect without having first obtained the written consent of the Owner of the other Lot adjoining such party wall, provided that such consent shall not be required in the case of repair or restoration of such party wall to its condition prior to any damage or destruction if the negligence or wilful act or omission of the Owner or Occupant of such other Lot was the cause of such damage or destruction and such Owner or Occupant fails or refuses to repair or restore such party wall promptly upon the request of the other Owner or Occupant. Any consent required by this Section 11.4 shall be in addition to and not in substitution for the consents or approvals of the Architectural Committee required by this Declaration or of any municipal or other governmental body having jurisdiction over the Property.

ARTICLE 12

96-016228

GENERAL PROVISIONS

12.1 Term. The covenants, conditions and restrictions of this Declaration: (a) shall run with and bind the Property; (b) shall inure to the benefit of and shall be enforceable by the Association or by the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns; and (c) shall remain in full force and effect until January 1, 2016; beginning January 1, 2016, and at January 1 every twenty-five years thereafter, this Declaration, and all of the conditions, covenants and restrictions herein, shall automatically be extended for successive periods of twenty-five years each, unless and until revoked by an affirmative vote of Members holding not less than sixty-seven percent of all votes then entitled to be cast. For any such revocation to be effective, the vote required by this Section 12.1 shall be taken at a special meeting of Members duly called for such purpose, which meeting shall be held no earlier than six months before the January 1 date at which this Declaration would automatically be extended absent such vote; in the event such meeting is duly called and held, and at the meeting the requisite number of votes are cast to revoke this Declaration, the President and Secretary of the Association shall execute and Record a notice of such revocation, and such revocation shall be effective as of the applicable January 1 date at which this Declaration would automatically be extended absent such vote. Notwithstanding any such revocation of this Declaration, each Owner of a Lot (and such Owner's Occupants, tenants, agents, guests and invitees) shall nevertheless have a permanent easement across the Common Area for access to such Lot and for access to and use of such facilities as may exist on the Common Area at the time of such revocation.

12.2 Amendment. Except as otherwise provided in this Declaration, this Declaration may be amended only by the affirmative vote (in person or by proxy) or written consent of: (i) Members holding not less than sixty-seven percent of all Class A votes then entitled to be cast; and (ii) so long as the Class B membership is in existence, Declarant. No amendment to this Declaration shall be effective unless and until such amendment is Recorded.

12.3 Indemnification. The Association shall indemnify each and every officer and director of the Association (including, for purposes of this Section, former officers and directors of the Association) against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon any officer or director of the Association in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Board serving at the time of such settlement) to which he or she may be a party by reason of being or having been an officer or director of the Association, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except indirectly to the extent that such officers or directors may also be Members of the Association and therefore subject to Assessments hereunder to fund a liability of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless from and against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director

of the Association, may be entitled. If the Board deems it appropriate, in its sole discretion, the Association may advance funds to or for the benefit of any director or officer (or former director or officer) of the Association who may be entitled to indemnification hereunder to enable such Person to meet on-going costs and expenses of defending himself or herself in any action or proceeding brought against such Person by reason of his or her being, or having been, an officer or director of the Association. In the event it is ultimately determined that a current or former officer or director to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section 12.3 or otherwise under the Articles, Bylaws or applicable law, such current or former officer or director shall promptly upon demand repay to the Association the total of such funds advanced by the Association to him or her, or for his or her benefit, with interest (should the Board so elect) at a rate not to exceed ten percent per annum from the date(s) advanced until paid.

12.4 Dedications and Easements for Utilities. There is hereby reserved to the Association the power to dedicate portions of the Common Area for public purposes and to grant easements upon, across, over and under any or all of the Common Area for installation, replacement, repair, and maintenance of master television antenna systems, security and similar systems, and all utilities, including but not limited to, water, sewer, telephone, cable television, gas and electricity, and for delivering or providing public or municipal services such as refuse collection and fire and other emergency vehicle access (which easements shall also include appropriate rights of ingress and egress to facilitate such installation, replacement, repair and maintenance, and the delivery or provision of such public, municipal or emergency services), provided that no such dedication or easement shall interfere with a Dwelling Unit or its reasonable use or with Declarant's construction and sales activities and any such easements shall require the holder of the easement to repair any damage caused to the property of any Owner. Should any entity furnishing a service covered by an easement herein provided request a specific easement by separate Recordable document, the Association shall have the right to grant such easement on said property in accordance with the terms hereof.

12.5 No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek any judicial partition of the Common Area, nor shall any Owner sell, convey, transfer, assign, hypothecate or otherwise alienate all or any of such Owner's interest in the Common Area or any funds or other assets of the Association except in connection with the sale, conveyance or hypothecation of such Owner's Lot or parcel (and only appurtenant thereto), or except as otherwise expressly permitted herein. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring or disposing of title to real property (other than disposition of title to the Common Area, which shall be subject to Section 7.2) which may or may not be subject to this Declaration.

12.6 Severability; Interpretation; Exhibits; Gender. Invalidity 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. The provisions hereof shall be construed and interpreted with reference to the laws of the State of Arizona. References in this Declaration to Articles, Sections and Subsections shall be deemed to be references to the specified Articles, Sections and Subsection of this Declaration (unless otherwise specifically

stated), whether or not phrases such as "of this Declaration", "hereof" or "herein" are used in connection with such references. Any Exhibits referred to in this Declaration are hereby incorporated herein by reference and fully made a part hereof. Where the context hereof so requires, any personal pronouns used herein, whether used in the masculine, feminine or neuter gender, shall include all genders, and the singular shall include the plural and vice versa. Titles of Articles and Sections are for convenience only and shall not affect the interpretation hereof.

12.7 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one years after the death of the last survivor of the now living descendants of the person holding the office of President of the United States on the date this Declaration is Recorded.

12.8 Enforcement. Subject to Section 9.1, the Association shall have the standing and power to enforce the provisions of this Declaration, the Articles, the Bylaws and the Association Rules, and the provisions of any other Recorded document pertaining to any Lot or Lots, and its costs in doing so, including, but not limited to, reasonable attorneys' fees, together with interest thereon from the date the costs are expended at a rate equal to the greater of: (a) ten percent per annum; or (b) the annual rate of interest then in effect for new residential first priority mortgage loans guaranteed by the Veterans Administration, shall constitute a lien on all Lots owned by the Owner or Owners against whom the action is taken (or against whose Occupants the action is taken), which lien shall have the priority and may be enforced in the manner described in Section 8.3. Failure by the Association to take any such enforcement action shall in no event be deemed a waiver of the right to do so thereafter.

12.9 Property Held in Trust. Any and all portions of the Property (and of the Annexable Property) which are now or hereafter held in a subdivision or similar trust or trusts (or similar means of holding title to property), the beneficiary of which trust(s) is Declarant, shall be deemed for all purposes under this Declaration to be owned by Declarant, and shall be treated for all purposes under this Declaration in the same manner as if such property were owned in fee by Declarant. No conveyance, assignment or other transfer of any right, title or interest in or to any of such property by Declarant to any such trust (or the trustee thereof) or to Declarant by any such trust (or the trustee thereof) shall be deemed for purposes of this Declaration to be a sale of such property or any right, title or interest therein.

12.10 Number of Days. In computing the number of days for purposes of any provision of this Declaration or the Articles or Bylaws, all days shall be counted including Saturdays, Sundays and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or legal holiday.

12.11 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 as 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 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 non-profit 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.

12.12 Temporary Sign Easement. Declarant hereby reserves to itself and its agents a temporary easement over, upon and across those portions of the Common Area adjacent to publicly dedicated streets and roadways for purposes of installing and maintaining signs identifying Persons building upon or developing portions of the Property. The easement reserved hereby shall expire and terminate upon completion of construction and sales activities upon the Property, but in no event later than ten years after the date this Declaration is Recorded.

12.13 Notice of Violation. The Association shall have the right to Record a written notice of a violation by any Owner or Occupant of any restriction or provision of this Declaration, the Articles, the Bylaws or the Association Rules. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (a) the name of the Owner or Occupant; (b) the legal description of the Lot against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Lot Owner or Occupant to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Occupant, and to any subsequent purchaser of the Lot, that there is such a violation. If, after the Recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Lot against which the notice of violation was recorded, the Recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or, if such be the case, that it did not exist. Notwithstanding the foregoing, failure by the Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

12.14 Disclaimer of Representations. Notwithstanding anything to the contrary herein, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Property can or will be carried out, or that any real property now owned or hereafter acquired by Declarant is or will be subjected to this Declaration, or that any such real property (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that is such real property is once used for a particular use, such use will continue in effect. While Declarant has no reason to believe that any of the restrictive covenants contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Lot agrees to hold Declarant harmless therefrom.

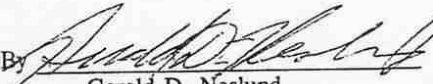
12.15 Declarant's Rights. Any or all of the special rights and obligations of the Declarant may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided, further, that no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly Recorded. Notwithstanding any provisions contained in this Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, model units and sales offices, and Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Lots owned by Declarant and any clubhouse or community center which sales activities on the Property and the Annexable Property. So long as Declarant continues to have covenants, conditions and restrictions, any declaration of condominium or any similar instrument affecting any portion of the Property without Declarant's review and written consent thereto, and any attempted Recordation without compliance herewith shall result in such subdivision plat or map, declaration of covenants, conditions and restrictions, declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by Recorded consent signed by Declarant. This Section may not be amended without the express written consent of Declarant; provided, however, the rights contained in this Section shall terminate upon the earlier of: (a) ten years from the date this Declaration is Recorded; or (b) upon Recording by Declarant of a written statement that all sales activity has ceased.

12.16 Amendments Affecting Declarant Rights. Notwithstanding any other provision of this Declaration to the contrary, no provision of this Declaration (including but not limited to, this Section) which grants to or confers upon Declarant any rights, privileges, easements, benefits or exemptions (except for rights, privileges, easements, benefits, or exemptions granted to or conferred upon Owners generally) shall be modified, amended or revoked in any way, so long as Declarant, or a trustee for the benefit of Declarant owns any portion of the Property, without the express written consent of Declarant.

Dated this 3rd day of October, 1996 .

TRAILWOOD WEST - PAYSON LIMITED
PARTNERSHIP II, a Minnesota limited
partnership

By: Payson Properties, Inc., a Minnesota
corporation, Its general partner

By: 
Gerald D. Neslund

Its Vice President

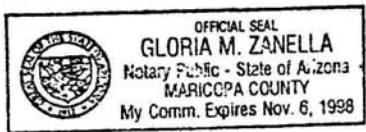
96-016228

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 3rd day of October, 1996, by Gerald D. Neslund the Vice President of Payson Properties, Inc., a Minnesota corporation, as General Partner of Trailwood West - Payson Limited Partnership II, a Minnesota limited partnership, on behalf of the partnership.

(Seal and Expiration Date)



Gloria M. Zanella
Notary Public

96-016228

EXHIBIT A
(Legal Description)

PARCEL ONE

Lots 1-190, inclusive, Woodhill Unit One, as shown on that Final Plat recorded on September 9, 1996, at Fee No. 96-014622, Maps 676, 676A, 676B and 676C, records of Gila County, Arizona.

EXHIBIT A
(Legal Description continued)

96-016228

PARCEL TWO

A parcel of land located in the South½ of Section 33, Township 11 North, Range 10 East, Gila and Salt River Base and Meridian, Gila County, Arizona, more particularly described as follows:

BEGINNING at the SW corner of said Section 33;

Thence: N 00°16'29" W (N 00°02'00" W Record) along the West line of said Section 33, a distance of 2248.74 feet;

Thence: S 86°16'29" E leaving the West line of said Section 33, a distance of 308.00 feet;

Thence: S 25°16'29" E, 280.00 feet;

Thence: S 08°46'29" E, 192.00 feet;

Thence: S 36°01'29" E, 120.00 feet;

Thence: N 41°28'31" E, 740.00 feet;

Thence: S 79°31'29" E, 330.00 feet;

Thence: S 31°31'29" E, 220.00 feet;

Thence: S 58°31'29" E, 105.00 feet;

Thence: S 81°21'29" E, 613.00 feet;

Thence: N 52°57'33" E, 257.13 feet;

Thence: N 29°13'47" E, 90.00 feet to a point on the Westerly boundary of Alpine Village, Unit One Subdivision as shown on G.C.R. Map 610, also being the angle point of Lot 309 of said subdivision;

Thence: S 47°22'53" E (S 47°15'44" E Record) along the Westerly boundary of said subdivision, 194.86 feet (195.00 feet Record);

Thence: S 59°51'42" E (S 60°09'14" E Record), 111.39 feet (111.43 feet Record);

Thence: S 38°18'33" E (S 38°13'47" E Record), 55.20 feet (55.00 feet Record);

Thence: S 29°58'28" E (S 29°57'28" E Record), 71.66 feet (72.00 feet Record);

96-016228

EXHIBIT A
(Legal Description continued)

Thence: N 60°01'32" E, 25.07 feet (25.00 feet Record);

Thence: S 29°58'28" E (S 29°57'28" E Record), 330.12 feet (330.00 feet Record);

Thence: S 60°02'19" W (S 60°02'32" W Record), 29.90 feet (30.00 feet Record);

Thence: S 30°07'55" E (S 29°57'28" E Record), 54.96 feet (55.00 feet Record);

Thence: S 05°35'08" W (S 05°31'04" W Record), 246.59 feet (246.43 feet Record) to the SW corner of Lot 62 of said subdivision also being the North line of Government Lot 5;

Thence: S 89°59'08" W (S 89°58'16" W Record) along the North line of Government Lot 5, a distance of 224.68 feet (224.70 feet Record) to the C-S-1/16 corner of Section 33 also being the NW corner of Government Lot 5, said corner being common with the NE corner of Government Lot 4;

Thence: S 00°00'39" E along the East line of Government Lot 4, a distance of 1217.68 feet (1217.55 feet Record) to the South $\frac{1}{4}$ corner of Section 33, also being the SE corner of Government Lot 4;

Thence: N 89°46'41" W (N 89°47' W Record) along the South line of Section 33, a distance of 2640.04 feet (2640.00 feet Record) to the SW corner of Section 33 also being the POINT OF BEGINNING.

Enclosing 125.45 Acres More or Less.

Except that portion of Parcel Two described as follows: Lots 1-190, inclusive, Woodhill Unit One, as shown on that Final Plat recorded on September 9, 1996, at Fee No. 96-014622, Maps 676, 676A, 676B and 676C, records of Gila County, Arizona.

96-016228

EXHIBIT B
(Woodhill Subdivision)
Payson, Arizona

Phases:

Unit One

Phase 1 - Lots 1-74, inclusive, Woodhill Unit One, as shown on that Final Plat recorded on September 9, 1996, at Fee No. 96-014622, Maps 676, 676A, 676B and 676C, records of Gila County, Arizona (the "Final Plat")

Phase 2 - Lots 75-129, inclusive, as shown on the Final Plat

Phase 3 - Lots 130-190, inclusive, as shown on the Final Plat

Unit Two

Phase 1 - Lots 191-265, inclusive, as shown on the Design Master Plan dated June 21, 1996 for Woodhill, Payson, Arizona (the "Master Plan")

Phase 2 - Lots 266-314, inclusive, as shown on the Master Plan.

Phase 3 - Lots 315-396, inclusive, as shown on the Master Plan.

The Lots included in each respective unit or phase, and the boundaries thereof, may be adjusted in any revised or amended Final Plat or Master Plan, or by amendment to the Declaration.

Woodhill Homeowners Association

Architectural Committee Mission Statement and Charter

Mission:

The Architectural Committee reviews applications to exterior changes to an individual lot/home and acts regarding such matters that lie within the scope of their charter.

Charter:

I) Membership

- 1) The Committee shall be comprised of not less than three (3) individuals appointed by the Board of Directors from the Association membership.
- 2) Consecutive appointments are permitted.
- 3) Each member of the Committee must be a member in good standing of the community.
- 4) There shall be no professional, educational or other requirements for Committee appointees.
- 5) There shall be no compensation for Committee members, but members may be reimbursed any out-of-pocket expenses authorized by the Board prior to expenditure.
- 6) The Board of Directors may recall any or all Committee Members at any time during the course of their appointment.

II) Activities and Responsibilities

- 1) Management will forward the Architectural Review Project Request form to the Committee Chairperson. The Chairperson will discuss the request with Committee members.
- 2) Paint color modifications for the exterior of homes and/or walls shall be approved by Management provided that the color is on the Woodhill's Approved Paint Palette.
- 3) A Committee Member shall visit the home requesting a modification and/or improvement in order to make a fully informed decision at the meeting.
- 4) The Owner may schedule a meeting with the Committee Members to review project requests from AMCOR.
- 5) Decision on approval or denial for an Architectural Review Project Request will be provided, in writing, to management, within forty-five (45) days of the submittal date.
- 6) Management will notify the owner, in writing, as to the Committee's decision.
- 7) The Committee shall inspect the modification and/or improvement to confirm that the same was completed pursuant to the approved submittal.

- 8) The Committee shall have no responsibility or authority of enforcement unless a project has been started with permission.
- 9) The Committee may provide recommendations to the Board of Directors with regards to the adoption or revision of the Association's Architectural Standards and Policies, or sections thereof, as they relate to the Committee's sphere of authority.
- 10) The Committee shall also provide recommendations regarding such matters as may be requested by the Board from time to time.

III) Service, Duration and Dissolution

- 1) The Committee shall serve at the pleasure of the Board of Directors.
- 2) This Committee Charter shall be deemed perpetual in nature so long as the Association remains in existence unless amended or revoked by the Board of Directors.
- 3) The Committee may be dissolved by a majority vote of a quorum of the Board of Directors in a meeting duly noticed and held for this purpose or, upon dissolution of the Association, shall be automatically dissolved with the Association.

By signing below, the appointed Committee Member accepts and agrees to the foregoing.

ACCEPTED AND AGREED:

Print Name: _____

Signature: _____

Date: _____

Woodhill Homeowners Association

Architectural Committee Procedure for Submitting Project Request Forms And Receiving Approval

Article 9.3 of the CC&R's requires Architectural Approval before any work is started, which changes the external appearance of the house or yard. This applies to the front, rear and all sides of the house and the yard.

Plan ahead and allow sufficient time for the request to be processed. Most requests will be approved or denied in ten (10) working days. Projects that do not fit our Architectural Standards will require review by the complete Architectural Committee and or the Board of Directors and could take up to forty five days. Consult the CC&R's, Architectural Committee Standards and Rules and Regulations for additional information. For your convenience they are available on our web site www.woodhillhoa.com. If you do not have access to the internet, contact a Board Member for printed regulations. **Any modification to the exterior of a property, that would otherwise require approval from the Architectural Committee, commenced without the requisite written approval from the Association will result in an automatic \$300.00 fine.**

IMPORTANT: Although the Town of Payson may grant a permit for work on the exterior of your home or lot, the Woodhill Homeowners Association's governing documents may be more restrictive and may supersede the unilateral permission you received from the Town of Payson. Owner's **MUST** obtain written approval from the Association, prior to beginning any work on the exterior of their home or lot. Improvements without prior written approval will be subject to a \$300.00 fine and possible legal action.

Procedure to submit Plans:

1. Detailed plans with drawings including height, width and length where appropriate:
 - A) Placement of project on the lot, including measurements from property lines and Street, construction material, paint or stain color.
 - B) Manufacturers product brochures or cut sheets where appropriate.
 - C) All fence request must include A & B above.
2. A project request form must be filled out detailing the above information. Incomplete forms and drawings will be returned further delaying approval
3. All forms, plans and drawings must be submitted by mail, E- mail or fax to:

AMCOR Property Professionals
16441 N 91st Street, Suite 104 - Scottsdale, AZ 85260
Attn: Robin Thomas rthomas@amcorprop.com - 480-948-5860 Ext. 103 fax 480-483-6244

4. AMCOR will process the request, and if necessary, contact the Architectural Committee to make a site visit. This will expedite the process.
5. AMCOR will issue the Architectural Approval. Replies can be sent via E-mail, fax or regular mail, depending upon the information you have provided.

Woodhill Homeowner Architectural Review Project Request Form

Prior to submitting to Architectural Committee, please read your Declaration of Covenants, Conditions and Restrictions, and Architectural Committee Standards for information. Most projects can/will be approved in less than the forty-five (45) days authorized by Article 9.3 of the CC&R'S.

Homeowners Name _____ Lot# _____

Property Address _____ Date _____

Phone # _____ E-Mail _____

Project Description: _____

Detailed Drawings Must Be Submitted.

Article Number from the CC&R'S _____

Manufactures Specification Brochure **Must Be** Provided

Permits required from the town of Payson? **Must Initial** Yes _____ NO _____

Homeowner's Signature _____ Phone# _____ Date _____

Received By:

Committee Member's Signature _____ Phone# _____ Date _____

Committee Member's Notes: _____

The above project is being approved as submitted.

Any change, deletion, or addition must be approved in writing without exception.

Project approved by Architectural Committee Yes _____ No _____

Committee Members Signature _____ Date _____

Form: ACPRF-1

Adopted by the Architectural Committee
Approved by the Board of Directors 02-08-08
Amended by the Board of Directors 02-11-11

Woodhill Homeowners Association

ARCHITECTURAL STANDARDS FOR HOMEOWNERS, CONTRACTORS AND INSTALLERS

Please read each item thoroughly. Unless otherwise approved in writing, all of the following conditions, without limitations, will be in effect and in force. All construction is subject to and shall be in compliance with the Declaration of Covenants, Conditions and Restrictions for Woodhill dated October 3, 1996, recorded on October 4, 1996 at fee No 96-016228, records of Gila County, Arizona, as may be amended or supplemented (the "CC&R's"), and the Architectural Committee Standards for Woodhill Subdivision (attached hereto), notwithstanding anything in this form to the contrary. 1. Submit an Architectural Control form and all applicable plans to the Architectural Committee.

1. **Workmanship:** All workmanship shall be of good and sound quality and, at a Minimum, be in compliance with all applicable laws and regulations
2. **Window Sun Shades and Awnings;** All designs, materials and colors must blend with the house and be approved by the Architectural Committee before installation. Metal awnings are not allowed.
3. **Security Screens & Doors:** All designs and colors must blend with the house and be Approved by the Architectural Committee before installation.
4. **New Building Products and Materials:** All new building products and materials not previously used or approved for construction and/or exterior modifications in the Woodhill Subdivision that effect the external appearance of any structure or lot must have the manufactures specifications submitted to the Architectural Committee for review. The Architectural Committee will submit their recommendations to the Board of Directors for approval or denial of the use of the product in our Subdivision.
5. No supplier, subcontractor or lender signs are allowed in subdivision. The actual builder may put his sign on the lot under construction, during the construction period.
6. Do not clear cut any home sites. All natural shrubs and trees to remain undistributed on all lots except in building envelope and driveway unless approved in writing.
7. Submit samples of all exterior colors for home. All exterior surfaces, include, siding trim and roof shingles of any dwelling or structure. The colors shall be in a color scheme and finish acceptable to the Architectural Committee, and in harmony with the forest and the neighborhood.

8. All retaining wall's and foundation walls must be painted the body color of the house or the color of the ground and all exceptions must be approved by the Architectural Committee.
9. **Construction Site:** Dwelling units under construction, including remodeling and additions, shall be properly maintained and the site put in order (cleaned) at the end of each work day. Construction workers must park all vehicles and equipment on the street, and not on any other lot. No construction materials or equipment shall be stored on any lot, other than the lot under construction, or on the street *without a Town of Payson permit*.
10. **Dumpsters and Refuse Containers:** Must be placed on the construction lot and attractively screened to conceal them from the view of neighboring lots. **Dumpsters** up to 10 cubic yards are approved during the active construction period. **Larger Containers and Roll Offs** are permitted with Written Architectural Committee Approval for a specific time period. All **Dumpsters I Containers are for the** assigned construction site ONLY and must be **emptied within 10 days** after the Material Reaches the top of the container and at cessation of construction.
11. Portable toilets shall be placed on the lot, not on the curb and shall be reasonably screened from view. Approved colors are tan, brown and green.
12. **Size of Dwelling Unit:** Any dwelling unit shall be, at a minimum, 1300 square feet of live-able space for one-story dwelling unit, and 1700 square feet of livable pace for a two-story dwelling unit with a minimum of 1200 square feet of livable space located on the first story of any two-story dwelling unit.
13. **Garage and Driveway:** Each dwelling unit shall have, at a minimum, a two-car attached garage. All driveways on lots shall be of concrete or not less than two (2) inch thick asphalt, or driveway rated paver stones.
14. Minimum of **100 square** feet of stone or rock required on front of the house, no exceptions.
15. Roof plan to exhibit at least Two(2) roof lines; front elevations to show at least four (4) angle changes of 45 degrees in foundation plan (does not include sides of dwelling or structure).
16. **Shape and Configuration of Roof:** Unless otherwise approved by the Architectural Committee on good cause, no dwelling unit shall have a roof pitch less than *4/12*, no A-frame **roofs** shall be allowed, no shed roofs shall be allowed, except over a patio or porch on the rear of the dwelling. Roof must exhibit a minimum of two roof lines.
17. **Exterior Roofing Material:** All materials shall be of a good and sound quality and, at a minimum be in compliance with all applicable laws and regulations. Approved roofing materials are dimensional composition architectural shingles. All other roofing material must be approved by the Architectural Committee and the Board of Directors. The color of all roofing materials must **blend with the body color of the dwelling** and be in harmony with the forest and the neighborhood
18. **Exterior siding Material:** All materials shall be of a good and sound quality and at a minimum, be in compliance with all applicable laws and regulations. Approved exterior siding materials are: Masonite Cottage Lap, natural wood, Hardy Plank board and stucco plaster. **4x8 sheet**

siding material is not allowed. Vinyl siding and trim material is not allowed.

19. Any construction of buildings or structures shall be completed no more than **one (1)** year after the commencement of such construction
20. **Construction Period:** Once construction has started and is stopped or delayed for any reason, all building material, machinery, equipment, trailers, dumpsters, toilets or other items deemed a nuisance to the surrounding properties in the sole discretion of the Board of Directors and the Architectural Committee must be removed from the property with in 14 days. Storage of the fore mentioned items prior to the actual start of construction is prohibited
21. **New Home Construction Submittal Requirements:**
 - a) Architectural Control Form completely filled out.
 - b) Detailed site plan showing building envelope, all setbacks, contour lines, cut and fill analysis, house and driveway placement.
 - c) House plans showing all external elevations, roof lines, internal floor plans, square footage of house, garage, balconies, porches and patio.

These standards are designed to promote the purpose of the CC&R's to assure and maintain the integrity, harmony, and the property values of the Subdivision and its dwelling units. **All suppliers and sub contractors shall be supplied with this form.**

The undersigned acknowledges the receipt of this form, the CC&R's, and the Architectural Committee Standards, and further agree and warrant to act in full compliance with those documents. Signature below waves any notice requirement for violations of the CC&R's, this document and fines may be levied immediately at the discretion of the Board of Directors of the Woodhill Home Owners Association.

Builder's Signature	Phone	Date
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Homeowner's Signature	Phone	Date
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Approved by the Woodhill Board of Directors 02/08/08

Approved as Amended by the Woodhill Board of Directors 10/08/10

Approved as Amended by the Woodhill Board of Directors 02/12/12

Woodhill Architectural Control Form

For Contractors and Installers For New Home Construction

Homeowner Name _____ Lot # _____
E- Mail Address _____ Phone No. _____
Property Address _____ Approx Sq Ft _____
Builder _____ Phone No. _____
Siding Material _____ Siding Color _____
Trim Material _____ Trim Color _____
Fence Material _____ Fence Color _____
Roof Material _____ Roof Color _____
Front Door Color _____ Garage Door Color _____
Security Door/Screens/Color _____
Porch Railings/Design/Material/Color _____
Safety Railings/Design/Material Color _____

Color samples of the above appropriate items must be submitted along with site plans, external elevations and inside floor plans. Most requirements needing to be met will be found in the declaration of Covenants, Conditions and Restrictions. Additional design and construction requirements to be met are found in the Architectural Committee Standards for all construction. This document must be signed and returned before construction is approved.

For your convenience these documents are available on our web site www.woodhillhoa.com

Signature Below Acknowledges that I have received and will abide by all the Applicable conditions of the Woodhill Homeowners Association CC&R's and the Architectural Committee Standards For All Construction.

Builder's Signature _____	Phone _____	Date _____
Homeowners Signature _____	Phone _____	Date _____

ARCHITECTURAL CONTROL COMMITTEE APPROVAL

The following plan has been approved as submitted. Any change, deletion, or addition must be approved in writing without exception.

Approved By: _____ Date: _____

form: ACF-1

Approved by the Woodhill Board of Directors 02-08-08
Amended by the Woodhill Board of Directors 02-11-11

Woodhill Architectural Standards

For Basketball Poles and Backboards As Subject to the Provisions of Article 9 of the C.C.&R.'s

The Woodhill Board of Directors unanimously noted to prohibit permanent basketball poles and backboards and roof mounted backboards in the front yard and driveways.

Portable units are allowable with Architectural Committee approval in the front driveway. The unit must be aesthetically pleasing, located close to the front of the garage, and must not create a nuisance to the neighbors.

Permanent poles and backboards are allowable in back yards and must not create a nuisance to the neighbors. Side yard installation is not permitted. Detailed plans for a permanent basketball installation in the back yard must be submitted to the Architectural Committee and approved prior to installation.

**Woodhill Homeowners Association
Architectural Committee Color Control
Form for Exterior Color Change**

Homeowners Name _____ Phone # _____

Property Address _____ Lot # _____

E-Mail Address _____

Body Color of House _____

Trim Color _____

NOTE: Trim is defined as the immediate boards around (or adjacent to) windows, doors, garage door and eve fascia. All other boards are painted the body color of the house.

Front Door Color _____

Garage Door Color _____

Fence Color _____

**Samples and Color Chips of Above Items Must Be Submitted to the
Architectural Committee for Approval Prior to Applying**

The submitted color may be on the approved color palette; however, the selected colors must blend with the environment and be in harmony with the neighborhood before they are approved. Trim and accent colors must blend with the house.

Please read your Declarations of Covenants, Conditions and Restrictions, and the Architectural Committee Standards for Exterior paint/stain and the Architectural Committee Color Palette document for exterior paint/stain for additional information. For your convenience these documents are available on our website, www.woodhillhoa.com.

Submitted By: _____ Date: _____

Homeowners Signature

Architectural Committee Approval

The above color change has been approved as submitted. Any changes, deletion or additions must be approved in writing without exception.

Approved By: _____ Date _____

Form# HOAACC-1

Adopted by the Architectural Committee

Approved by the Board of Directors

Amended by the Board of Directors 10/2014

Woodhill Architectural Committee Approved Exterior Color Palette

The Architectural Committee in accordance with the CC&R'S maintains a approved color palette for exterior colors. Colors that are not included in the approved palette and that are close in hue may be submitted and a large test area must be painted for the Architectural Committee to view before that color may be accepted or denied. Also approved were Four paint or stain colors for fences. Fences may be painted the body color of the house. Block walls must be painted the body color of the house.

The color selections represent **Most** of the colors presently found in Woodhill that are currently approved. Some existing colors were custom mixed by either Neumann or Payson paint and can be identified by lot number or address. These colors are not included in this palette as no color chip exist. Once identified these colors may be submitted to the Architectural Committee for consideration.

Some existing paint colors are not in harmony with the neighborhood and the forest and are not included in the current approved palette. Houses painted these colors before April 13, 2007 are Grandfathered in for their exact colors. Any future painting of those homes must conform to our current standards

The Architectural Committee Standards for external color schemes is limited to three colors. If you are changing any of the exterior colors of the house you will need Architectural Approval before any work is started.

For additional information, refer to the Woodhill Architectural Philosophy dated April 13, 2007 and the Architectural Standards for Exterior Paint and Stains Amended February 11, 2011.

The Architectural Committee Maintains this approved Palette and it is available for your viewing. Approved selected colors can be computer matched by most paint retailers.

Form-- WHOA Paint
Architectural Committee

by the Board of Directors 4-13-2007

by the Board of Directors 3-11-2011

Adopted by the

Approved

Amended

Woodhill Homeowners Association

ARCHITECTURAL STANDARDS FOR EXTERIOR PAINT AND STAIN

When selecting home colors, remember the Woodhill Philosophy and be a friend to the Woodhill subdivision by choosing colors that complement the block and are in harmony with the Woodhill subdivision.

The Architectural Committee Standards for external color schemes is limited to three colors. With the exception of "**the front door**" all doors must be the body color (hue) of the house. The saturation levels of all door colors may vary provided the color remains in the same hue. The front door may be an approved color selected from the Architectural Committee color palette and must be in harmony with the color scheme of the house. The one exception is for the natural color of wood or wood looking doors (fiberglass) and they are not included in the three color limit. Security doors must blend with the body color of the house. Porch and safety railings must be painted the trim or body color of the house (with the exclusion of white for railings). White may only be used in trim applications (and on garage doors and security/front doors provided the house trim is white) and is considered a color only for this purpose.

To this extent, the Architectural Committee in accordance with the CC&R'S has assembled a paint and stain palette based on most acceptable existing home and fence colors within the Woodhill subdivision. Keep in mind the color chips are from different manufacturers; however they can be computer matched by most paint stores.

Many of the existing colors in the Woodhill subdivision were custom mixed by either Payson Paint or Neumann Paint. Both paint stores may have records to identify and match colors by lot numbers, address or builders. Once the colors are identified and approved the home owner may select the retailer of their choice. In addition, all of the Woodhill approved paint colors can be viewed at www.dunnedwards.com – listed under Woodhill HOA.

If you are changing any of the exterior colors of the house including but not limited to: the body, trim and doors, **you must submit a change of color form to the Architectural Committee and receive Approval before work begins, failure to do so could result in fines or stoppage of work.** The submitted color may be on the approved color palette; however, the selected colors must blend with the environment and be in harmony with the neighborhood before they are approved. Trim and accent colors must be in harmony with the body color of your house and blend with the forest.

Existing color schemes painted with Architectural Approval are "grandfathered" or accepted in their current colors. All new color changes are subject to this amended Architectural Standards for Exterior Paint and Stain Document.

For additional information refer to the Architectural Committee Approved Color Palette Form.

Form: WHOA- P&S-1

Approved by the Board of Directors 4-13-2007

Amended by the Board of Directors 3-11-2011

Amended by the Board of Directors 2-10-2012

Amended by the Board of Directors 11-3-2017

**Woodhill Homeowners Association
Approved Standard for Fence Stains (Dunn Edwards)**

078 Natural



078 Natural

077 Cedar



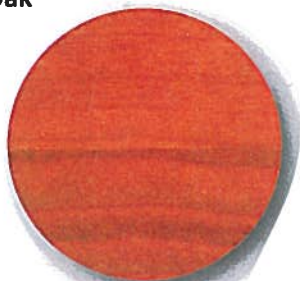
077 Cedar

009 Dark Oak



009 Dark Oak

005 Natural Oak



005 Natural Oak

Approved by the Board of Directors
April 13, 2007

Woodhill Homeowners Association

ARCHITECTURAL STANDARDS FOR FENCES AND FENCE WALLS

Article 9.2 of the CC&R'S gives the Architectural Committee exclusive jurisdiction over all fences and fence walls. Any owner seeking to construct or install a fence or fence wall shall first submit detailed plans in writing to the Architectural Committee and obtain written approval before any work is done. The Architectural Committee shall have forty-five (45) days after the receipt of the fence plans to approve or disapprove the proposed construction.

All fences shall be of cement block, wood, composite material , vinyl or brown vinyl clad chain link as described below:

Fences constructed to conceal vehicles, RV's, trailers, and yards, etc. must be of wood or concrete block, and must be 6 ft. in height. Block walls must only be painted the body color of the house. Wood fences may be painted the body color of the house or one of the four approved stain colors. The fence owner is responsible for painting/staining both sides of the fence. (Note this means that you will need to discuss with the neighbor the color to be used on their side of the fence.) The good side of the fence must face the street and the neighbor's properties.

Vinyl solid panel fences are approved for back and side yards only. The connecting vinyl fence cannot extend past the dwelling. Wood or solid panel vinyl can be installed to the property line as a perimeter fence. Approved colors are tan and brown. White fences of any type are not allowed. No perimeter fences or fences on a corner lot facing the street may be of solid vinyl panels or vinyl clad chain link construction. Privacy insets are not allowed in any vinyl clad chain link fences.

Composite Material Fencing that looks like natural wood is approved. The color of the composite fencing must match the body color of the house or one of the four (4) approved fence stains. All fence color is subject to Architectural Committee approval.

With the exception of paint/stain requirements, fences installed with Architectural Committee Approval prior to January 11, 2008 are grandfathered in and not subject to the new Architectural Standards. However, if the Woodhill Homeowners Association instructs the owner to conduct substantial repair or replacement to an existing fence, the new standards apply. Fences installed without Architectural Committee Approval are not grandfathered in and subject to the foregoing Architectural Standards.

The Architectural Committee Adopted the following Standards for front yard fences and fence walls. The maximum height of said fences and fence walls is Three (3) feet. Only Cedar Wood Split Rail Fences are allowed in the front yard and must be stained one of the four (4) approved colors. The one exception is for Fence Walls for the front porch and patio area of the structure. The wall must be faced with stone that is similar to the decorative stone on the front of the structure. The Fence Wall must be installed behind the point of the dwelling unit closest to the front property line and its maximum length is not to exceed the width of the dwelling unit. Existing front yard fences and fence walls installed with Architectural Committee Approval are grandfathered in and are not subject to these new standards.

Refer to Article 10.13 Fences, Inter-fences, and Obstructions of the CC&R's for other requirements needed to meet Architectural Standards.

Adopted by the Architectural Committee

Approved by the Board of Directors 02-08-08

Amended by the Board of Directors 01-09-09

Amended by the Board of Directors 04-08-11

Amended by the Board of Directors 02-10-12

Woodhill Homeowners Association

Architectural Grandfathering Policy

The following policy has been established for the Woodhill Homeowners Association ("Association"). Owners are responsible for ensuring compliance on their own lots.

Please note if you have a prior approval from the declarant.

Ultimately it is the homeowner's responsibility to verify any change/upgrade/refurbishing of the exterior of their home meets with current architectural standards. If an architectural change, modification or improvement was not approved or does not meet current standards, upon transferring ownership you will be notified that it must be corrected by either the buyer or seller. We can also send specific letters where the failure to meet standards is visible to the architectural committee/management via routine inspection. If you are unsure whether your situation complies, please contact the Property Manager to review the status.

Adopted and Approved by
The Board of Directors
September 13, 2013

Woodhill Homeowners Association

ARCHITECTURAL STANDARDS FOR HAND RAILINGS

When constructing any hand rail, all vertical post must be made of **Wood** or **Wood Composition Material**. Design and construction must include that vertical posts be spaced a minimum of two feet apart, maximum of 4 feet apart. Depending on the length of the hand rail and vertical of the grade, alternate spacing of the vertical post may be required (subject to Architectural Committee review and approval). Wood vertical post must be painted or stained one of our four approved fence colors. Wood composition post must blend with one of those four colors.

The top railing must be constructed of wood or wood composition. Metal railings are allowed if the vertical posts are drilled a minimum of two inches below the top of the post and railing inserted through the hole. The metal railings must be painted the color of the vertical post.

If the side of the hand rail is more than 30 inches (drop off) above grade, it is deemed to be a guard rail and must meet Town of Payson requirements and a Town of Payson permit is required.

Any hand rails installed in the Town of Payson right-of-way require a Town permit. Check with Town Community Development Dept. for right-of-way distance in feet measured from the back of curb for your street.

The Architectural Committee will be happy to assist you with any questions or filling out the Project Request form.

Approved by the Board of Directors 3-14-14

Woodhill Homeowner Association

Standards for Landscaping and Maintenance

In reference to Article 9.2 of the CC&R'S titled Jurisdiction of the Architectural Committee:

The Architectural Committee shall adopt and from time to time amend, supplement, and repeal landscaping standards. Furthermore, under Article 10.20 titled Landscaping and Maintenance, each owner shall maintain the exterior of the owner's lot in accordance with standards prescribed by the board in regard to quality and quantity of landscaping and front yard decorations.

Improved Lots:

Front yard landscaping requirements and/or yard decorations

The front yards of improved lots must have Architectural Committee approval for the amount of landscape that is appropriate for the size and setting of that particular lot. Approved landscaping for the front yard includes "live plants, trees, shrubs, bushes, ground cover, and desertscape." To meet the Architectural Committee Standards for landscaping, the Architectural Committee recommends a couple of trees and half a dozen shrubs as a minimum for most front yards (per Article 10-20 in the CC&R'S). The Town of Payson Native and Low Water Plant List is to be used as a guide for all planting. A hard copy or a CD can be obtained from the Payson Water Department. For non-native plants which require watering, a drip system is recommended. Artificial plants, etc., are allowed on the front porch only. Decomposed granite or other landscaping rock must be in "earth tone" colors native to Payson. River rock is allowed in drainage areas and around trees only. Front and visible side and back yards shall be kept clear of "trash and junk." All play equipment, swing sets, trampolines, etc., require Architectural Committee Approval as to their placement on the lot. This will minimize the view from the street and assure that the use of the equipment does not create a nuisance to the neighbors. The front porch, except for appropriate patio furniture, must be kept clear and not used for storage of any description. The Architectural Committee is available if you have any specific questions in regard to the quantity of landscape requirements and/or yard decorations.

Any decorative items in the front yard must be conducive to the natural rustic atmosphere, in wood and earth tone colors native to the Woodhill Subdivision. Any decorative items, including but not limited to fencing, fountains, statuary, covered wagons, windmills, etc., must be in good taste, appropriate for the Woodhill Subdivision. The Architectural Committee will have final determination and Approval as to what is appropriate. Some existing decorations are not approved. Check with the Architectural Committee before you place items in your front yard. Any additional pavement areas in any form; i.e., concrete, brick, pavers, tile, or any wood decks in the front yard must be approved by the Architectural Committee.

Maintenance of Landscaping

Front and visible side and back yards shall be maintained in a clean and reasonable manner with weeds being removed regularly. Grass, such as Pampas grass, shall be cut back to approximately 18 inches or lower each spring. Removal of a native tree (dead or alive) 6 inches in diameter, measured four and one-half feet (4 ½) from the ground, requires approval from the Town of Payson.

In an effort to assist Woodhill in becoming a fire adaptive community, the following maintenance is **recommended** by the Town of Payson Fire Department:

- **Combustible material such as firewood, wood chips, or bark mulch shall be kept at least 5 feet away from the home. Stacks of firewood larger than 3'x3'x2' should be at least 20' from the home.**
- **Any dead vegetation (trees, shrubs, etc.) should be removed.**

- All dead branches should be removed from trees within 30' of a home or structure.
- Live tree branches should be removed to provide 6 feet of clearance to the ground. The removal of live branches should be done gradually over a period of time (preferably under the supervision of a tree expert such as an arborist) to avoid causing stress to the tree. For trees under 18 feet tall, the branches should be trimmed up approximately one third of the height of the tree. The only exceptions are non-native evergreen trees such as spruce, cedar, and cypress which should be trimmed so that no branches are touching the ground.
- Trees that overhang a home should be pruned to provide 4 feet of clearance from the home or roof.
- Any tree growing into the canopy of another tree should be removed. Trees should be approximately 10 feet apart unless they are in a cluster. A cluster of trees should not exceed 30 feet in diameter and shall be a minimum of 10 feet from the next tree or cluster of trees.
- Ground cover and bushes, such as scrub oak or manzanita, that are under the canopy of a tree should be removed. Manzanita that is not under a tree should be trimmed back to a bush approximately 4 feet in diameter. If possible, it is a good idea to remove manzanita completely.
- Low ground cover should be kept to 200 square feet or less and at least 10 feet between groupings of low ground cover. The Town of Payson Fire Department Fuels Manager is available if you have any questions regarding the maintenance of your landscaping.

Unimproved Lots:

Maintenance of vegetation

Weeds/brush shall be cut down on at least an annual basis or as deemed necessary by the Architectural Committee. Any dead vegetation (trees, shrubs, etc.) must be removed. Removal of a native tree (dead or alive) 6 inches in diameter, measured four and one-half (4 ½) feet above the ground, requires approval from the Town of Payson.

In an effort to make Woodhill a fire adaptive community, the following is **recommended**:

- All dead branches should be removed from trees within 30' of a neighboring home or structure.
- Live tree branches should be removed to provide 6 feet of clearance to the ground. The removal of live branches should be done gradually over a period of time (preferably under the supervision of a tree expert such as an arborist) to avoid causing stress to the tree. For trees under 18 feet tall, the branches should be trimmed up to approximately one third of the height of the tree.
- Any tree growing into the canopy of another tree should be removed. Trees should be approximately 10 feet apart unless they are in a cluster. A cluster of trees should not exceed 30 feet in diameter and should be a minimum of 10 feet from the next tree or cluster of trees.
- Ground cover and bushes, such as scrub oak or manzanita, that are under the canopy of a tree should be removed. Manzanita that is not under a tree should be trimmed back to a bush approximately 4 feet in diameter. If possible, it is a good idea to remove manzanita completely. The Town of Payson Fire Department Fuels Manager is available if you have any questions regarding the maintenance of your vegetation.

-Adopted by the Architectural Committee and
 -Approved by the Board of Directors 6-13-08
 -Amended by the Board of Directors 10-10-08
 -Amended by the Board of Directors 10-10-09
 -Amended by the Board of Directors 11-12-10
 -Amended by the Board of Directors 3-11-11
 -Amended by the Board of Directors 9-14-12
 -Amended by the Board of Directors 2-21-20

Woodhill Homeowners Association

EXTERIOR LIGHTING POLICY

LANDSCAPE DECORATIVE LIGHTING

Low profile decorative landscape lights may be installed along walkways/entryways and in the backyard of homes and must adhere to the provisions above.

TREE, FLAGPOLE AND ORNAMENTAL LIGHTING

Low profile landscape lights may be installed to accent a tree, flagpole or ornamental landscape decor. The light source shall be shielded; not to exceed 25 watt spot lights either low or 110 volt system. Solar panel voltage is also permitted.

HOLIDAY LIGHTING

Celebratory holiday lights may be placed on the exterior of your home and landscape 45 days prior to holiday and must be removed within 10 days after holiday.

SECURITY LIGHTING

Security lighting must be directed as not to shine on neighboring property. The light source must be shielded (i.e., the bulb is not visible). Floodlights are not allowed unless they are set on motion sensors and only come on for short intervals and must adhere to the provisions above.

PROHIBITED LIGHTING

All high intensity, sodium and barn lights, unshielded flood lights and like are prohibited.

TOWN OF PAYSON EXTERIOR LIGHTING POLICY

The Town of Payson Unified Development Code 15-02-002(c) states the following:

Outdoor lighting shall be shielded and screened so as to reflect away from streets, adjoining properties and the sky. Outdoor lighting fixtures shall not exceed 30 feet in height within the parking area, and 15 feet in height within 30 feet of a residential area. In addition, the average light intensity of a site shall not exceed four foot candles average, measured three feet above finished grade.

In addition, code states:

All exterior lighting fixtures shall be fully shielded so that the source of illumination is not visible from adjoining properties, public ways or the sky.”
UDC Section 15-03-002.H.

No lighting shall be allowed if the lighting shines off of the owner's lot onto any adjacent lot. This includes pole lighting, porch lights, night lights (dusk to dawn), flood lights, patio lights, and any other type of lighting that may be installed. Furthermore, lights must be directed down to said property (unless stated otherwise in this policy). ***Approval from the Architectural Committee is not needed provided the Owner follows the guidelines set herein.***

Woodhill Homeowners Association

Standard for Lightning Protection & Grounding Systems

Lightning protection systems are to be installed by a licensed Arizona Registrar of Contractors' individual, who is insured, bonded, and certified by the Lightning Protection Institute as a Certified Master Installer/Designer. The lightning protection system shall adhere to the standard of UL96A, NFPA 780, and LPI175 along with all material being UL listed.

The lightning protection system should be installed in a neat and straight manner and cabling should be run in the least conspicuous locations as possible without violating any of the lightning protection system standards design criteria. The system should be designed by a certified designer.

Adopted by the Architectural Committee and

Approved by the Board of Directors 8-9-19

Woodhill Homeowners Association

PORCH & TOWN OF PAYSON SAFETY RAILINGS

Approved materials are concrete (cinder) blocks, metal, wood or composite material that resembles natural wood or a combination thereof.

Vertical support columns must be cinder block, wood or wood composite material. Cinder blocks may be covered with stucco, or left in their original state. Cinder blocks must be painted the body color of the house. As an alternative the cinder blocks may be faced with stone that matches the house.

Railings can be arranged in a horizontal or vertical configuration. All support frames and railings must be painted the trim or body color of the house. White is not an approved color for this application. Wood railings and wood frames may be stained only one of the four approved color stain. Composite material railings and frames must blend with the approved color stains.

Adopted by the Architectural Committee

Approved by the Board of Directors 03-09-12

Woodhill

Architectural Committee

Standards for the Installation of Satellite Dishes

Article 10.7 of the CC&R's Antennas, Poles, Towers and Dishes authorizes the Architectural Committee to regulate and approve the installation of Satellite Dishes.

The mounting location of the dish if installed on the roof or the exterior walls of the dwelling unit must be at or towards the rear of the house (provided there is a good signal). This will adequately screen the dish from the street and neighbors' view. If a ground mounted dish is used, it must be screened with a bush, etc., and approved by the Architectural Committee. The home owner/occupant and the installer must place the dish to conceal it from the neighbors' view, specifically patios and porches.

The approved colors of all external cable are black or dark gray. White coax cable is not allowed. All coax cables as they exit the dish must be tied off in an acceptable visual manner. All external coax cable runs must be installed in an esthetic manner, concealed under the eaves and run to corner molding of the house, down the side of the molding to the cable connect box. Coax cables installed down or across the siding (without approval) are not allowed.

Most satellite installers are paid a flat rate per installation. From a technical standpoint, an additional 70 feet of coax cable will not adversely affect the signal level or picture quality. The home owner/occupant must have Architectural Committee approval before the dish is installed. If the installer is called back to make corrections, this usually involves an additional charge to the home owner/occupant.

Existing dish installations are grand-fathered in and are not subject to these standards. If the property is sold or if the current tenant/occupant move out, or if the satellite service provider is changed, the new standards apply. If the satellite service is disconnected for any reason, the dish, mounting hardware, and coax cable must be removed.

Woodhill Homeowners Association

**THIS DOCUMENT MUST BE SIGNED BY THE OWNER
AND SUBMITTED WITH PROJECT REQUEST FORM**

Architectural Standards for Solar Installation

**All of the following Architectural Standards must be included
on all plans and drawings submitted for approval**

The following standards conform to Arizona Revised Statue 33-1816. All Architectural requests submitted for approval for solar systems must include a roof diagram, which shows the quantity and layout of the solar panels. The panels must be aligned in a neat and workmanlike manner. The drawings for panel layout will also include details showing panel mounting systems and hardware, routing for conduit, and other pertinent information. This **form** must be signed by the homeowner and included with the solar system proposal.

All solar installation must be installed by: (1) a contractor who is properly licensed with the Arizona Registrar of Contractors, and who is qualified to do work in the solar instillation field or (2) a qualified owner/builder who is capable of meeting these standards and is able to satisfy Town of Payson requirements for building permits.

All portions of the solar panel frames, including the cap around the frame will be made from **black anodized aluminum**. The panels will be of a professional quality, and conform to high appearance standards acceptable to the Architectural Committee. Brackets that mount panels and frames to roof must be made from **black anodized aluminum** or suitable metal that is primed and **painted black or powder coated black, with black back sheets**.

Whenever possible, solar panels must be “flat mounted” so that they match the slope of the roof and do not stick up at odd or uneven angles. Roof exposures that require panels to be mounted in positions other than “flat” will be reviewed on a case by case basis subject to Architectural Committee approval. All mounting hardware must be **black anodized aluminum** or suitable metal that is primed and **painted black or powder coated black**.

Electrical conduit that is run on the roof, will be installed straight and square to the roof and solar equipment, and not run diagonally across the roof. The one exception is if the conduit follows a roof valley. All conduit will be installed in such a manner that the very **minimum** amount of exposed conduit will be used, taking the shortest route to the solar equipment. All exposed conduit must be **painted** to match the adjoining surfaces on which it is mounted.

Additional meters and disconnects which are part of the solar system installation will be painted to match the house siding on which they are mounted. Power inverters, which are visible to the street or neighboring homes that cannot be painted due to heat restrains must have a suitable cover painted the body color of the house.

If at any time the panels are abandoned or permanently disconnected, they will be removed along with all associated hardware at the expense of the homeowner and the roof will be repaired to its original condition within ninety (90) days.

Homeowners who have hillside lots, or other lot configurations which will accommodate ground mounted solar panels, will be required to submit plans for optional panel locations which are ground mounted.

It is the homeowner responsibility that their contractor adheres to these standards and all legal obligations associated with said installation.

Homeowners Signature for New Installation _____ Date _____
Approve by Board of Directors August 10, 2012

Woodhill Homeowners Association

Architectural Committee Standards for Storage and Tool Sheds or Structures

Article 10.19 of the CC&R's: Storage and Tool Sheds or Structures.

An owner or other person with the owner's permission shall be permitted to erect, on his, her or its Lot, a storage building which is not attached to the Dwelling Unit on that Lot, so long as the **Construction and Appearance** of such storage building is **substantially** similar to the Dwelling Unit located on that Applicable Lot. Plans for all Storage and Tool Sheds or Structures must be submitted to the Architectural Committee for Approval before erection, construction or placement of such building on a Woodhill lot.

Storage and Tool Sheds or Structures must be of construction substantially similar to the Dwelling Unit and painted the body color of the house. The roof is limited to two equal slopes. The roofing material must be of the same material and color as the house. The maximum allowable height of a shed or structure is 9 ft. The shed must be behind a solid 6ft high fence and have Architectural Committee Approval as to where it is placed on the lot to minimize its visual appearance from the street and the neighbors.

Metal Storage Sheds or Structures are Not Allowed.

Vinyl sheds will be permitted in fenced-in yards on an individual basis and should not be visible from the street. A manufacturer's color cut sheet must be submitted to the Architectural Committee for approval. The shed and roof of the shed must be earth tones in color (no whites) and blend with the color of your house.

Storage Sheds or Structures must be placed 3ft from the property line and 10 ft from the Dwelling Unit. Storage Sheds over 144 sq ft require a permit from the Town of Payson. Storage Sheds or Structures attached to the Dwelling Unit require a permit from the Town of Payson.

Play Houses are Detached Structures and must conform to the above Architectural Committee Standards.

Existing Storage and Tool Sheds or Structures installed before March 11-11 with Architectural Committee Approval are grandfathered in and not subject to this document. As of March-11-11 a replacement or alteration of existing sheds or structures voids the grandfathered clause and all work requires Architectural Approval.

Adopted by the
Architectural Committee

Revised August 12, 2011
Approved by the
Woodhill Board of Directors
March 11, 201

Woodhill Homeowners Association

EXTERIOR SUN CONTROL SCREENS, SUN SHADES & AWNINGS

Sun Control Screens:

All screen designs, materials and colors must be approved by the Architectural Committee before installing. Approved colors are Dark Brown, Dark Gray and Black. If a Homeowner wishes to stray from the approved three dark colors, then Architectural Committee Approval of the requested color is required. If a Homeowner is uncertain about their best choice, an Architectural Committee member would be happy to come to your home to work with you to determine the appropriate color for your home. The screen frames must match the color of the selected materials.

Awnings:

All materials and designs must be approved by the Architectural committee. Fabric covers for awnings and porch/patio must be architecturally compatible with the design for that home. Traditional or Convex (see samples below) are to be used for rectangular windows; Dome for windows arched at the top. Porch/Patio awnings must be of the Traditional design and should be retractable. Awnings that extend above adjacent or adjoining roof line are not allowed. Skirts on awnings are not required. However, if selected, the skirts of all awnings must be of a solid design, no serrations or arches. All awnings on the house must be of the same fabric material. The fabric and frames must match the **Body Color** of the house. If a material is not available to match the body color of the house, the Architectural committee will work with the Owner to find a color that blends. All fabric must be kept clean and replaced when it becomes worn. Metal awnings of any type are not allowed in Woodhill; and roll up fabric awnings are not allowed on the front of the house.

Roll-Up Sun Shades:

All material and colors must blend with the house and require approval by the Architectural Committee prior to installation. Roll up shades are not permitted to be installed on the front of homes.

In any of the above cases, please feel free to contact the Architectural Committee with ANY questions or concerns you may have. Any home owner proceeding without Architectural approval could face the prospect of having to remove and replace materials purchased. Having purchased and installed goods on the exterior of your home without Architectural Committee approval is not an acceptable reason to leave them in place.



Woodhill Homeowners Association

Tenant Registration Form

Woodhill HOA Lot # _____
Present Owner's Name _____
Present Owner's Address _____
Owner's Phone # _____

Lessee or Tenant Name(s) _____
Phone # _____
Starting Date of Rental Contract _____
Expiration Date of Rental Contract (or Length of Lease) _____
How Many People are in the Family: _____ Adults _____ Children
Pet (optional): Yes No (circle one)
How Many Vehicles (optional) _____ Description _____
License Plate #(s)(optional) _____

Owner to initial the following:

- _____ The homeowner will explain the CC&Rs, Rules and Regulations and all Woodhill Policies, etc., to Lessee/Tenant. (Available on Woodhill website at woodhillhoa.com.)
- _____ The Lessee/Tenant agrees that he/she understand the CC&Rs, Rules and all Woodhill HOA Policies, etc., and will obey them fully. **NOTE: Parking Rules are the most commonly violated. No parking on the street overnight. No parking on gravel.**
- _____ The homeowner is fully responsible for actions of the Lessee/Tenant. However, both tenant and Owner can receive monetary penalties for violations of the Governing Documents.
- _____ No change, improvement, alteration, etc. can be placed, constructed or installed on the exterior of the home or property by Owner or Tenant without prior written approval from the Association.
- _____ Tenant and Owner understand that a satellite Dish may only be installed pursuant to the Standards for Installation of Satellite Dishes.
- _____ A copy of the signed Association Rental Agreement will be forwarded to the Association Management Company at least 72 hours prior to move in date by the lessee/tenant.

Owner/Landlord Date Owner/Landlord Date

I have received a copy of, and have read, and agree to obey the Governing Documents for Woodhill Homeowners Association. I shall require my family household, and guests, also to follow all of the rules of the Association. I understand that compliance with all policies is a material condition of my occupancy, and any breach of the same will be treated as Non-compliance with my Lease Agreement, authorizing the Landlord to terminate my Lease Agreement, and occupancy.

Lessee/Tenant Date Lessee/Tenant Date

Please return signed Tenant Registration form to AMCOR Property Professionals, Inc. – 16441 N. 91st Street, Suite 104, Scottsdale, AZ 85260 – FAX (480) 483-6244 – email rthomas@amcorprop.com

Woodhill Homeowners Association

ARCHITECTURAL COMMITTEE STANDARDS & PROCEDURES

APPEAL PROCESS

In accordance with Article 9.10 of the CC&R's, any Owner or Occupant may appeal the decision of the Architectural Committee to the Board of Directors in accordance with the following procedure.

1. The Owner or occupant, on appeal to the Board of Directors of the Association, shall submit in writing a complete review and sequence of events regarding the project with their comments on why the project should be reviewed. The appeal must be mailed no later than 30 days after the decision of the Architectural committee.
2. The appeal must be mailed to:
Woodhill Homeowners Association
c/o AMCOR Property Professionals, Inc.
16441 N. 91st Street, Suite 104
Scottsdale, AZ 85260
3. The Board of Directors will have a hearing with the Owner or Occupant, to be held in conjunction with the regular Board of Directors meeting, which is held on the 2nd Friday of each month. A member of the Board will contact the Owner or Occupant to advise of which meeting date the hearing will be heard.
4. The owners/occupants of properties that may be impacted by the Board decision will be notified of the hearing by a Board member and allowed to state their opinion at the hearing.
5. In the event the decision of the Architectural Committee is over-ruled by the Board on any issue or questions, the prior decision of the Architectural Committee shall be deemed modified to the extent specified by the Board. An approval of all or part of a project will not establish a precedent for future projects of the same nature or like character.
6. If, after the hearing, the Board of Directors of the Association still does not approve the submitted project, the project shall be deemed disapproved and a letter will be submitted to the Owner or Occupant as to why it was denied. No second appeal per project will be allowed.

Woodhill Homeowners Association

FINES AND PENALTIES POLICY

Pursuant to A.R.S. Sections 33-1242, 33-1803 and the Woodhill Homeowners Association's ("Association") Declaration of Covenants, Conditions and Restrictions ("CC&Rs"), after notice of a violation and an opportunity to be heard, the Association may impose reasonable monetary penalties on lot owners for infractions of the Association's CC&Rs, Bylaws, Rules, Architectural Committee Standards and Policies (collectively "Governing Documents").

Any failure to correct an infraction of the Governing Documents (*for parking rules and penalties please refer to the Association's Parking Policy and Penalties*) by a Member (Owner), family member, tenant, guest, invitee or licensee, shall result in a fine against the applicable Owner and penalized as follows (in addition to any other penalties, disabilities or remedies available to the Association):

- **First offense:** *Courtesy Notice* sent to the Owner/Resident explaining the infraction of the Governing Documents and the Article and Section they are in violation of, and the steps to be taken to correct the infraction. The Owner/Resident will have fourteen (14) days to correct the infraction (with the exception of trash can and parking violations which must be corrected immediately). (Trash container violations are to be remedied immediately. Trash container violations will accrue for a 6-month period, i.e., if an owner receives a first violation in January, they can receive a second notice and fine for a second trash container violation in April, and a third notice and fine in June. The accrual will start new the 1st day of January and July of each year).

Any modification to the exterior of a property, that would otherwise require approval from the Architectural Committee, commenced without the requisite written approval from the Association will result in an automatic \$300.00 fine.

- **Second offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected within ten (10) days and imposing a \$100.00 fine for failure to correct the infraction from the previously sent *Courtesy Notice*. The owner will have (10) days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.
- **Third offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected within ten (10) days and imposing a \$100.00 fine for failure to correct the infraction from the previously sent *Violation Notice*. The owner will have (10) days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.
- **Fourth offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected within ten (10) days and imposing a \$100.00 fine for failure to correct the infraction from the previously sent *Violation Notice*. The owner will have (10) days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.

If the infraction is not corrected by the Fourth Violation Notice, the Governing Documents and Arizona law empower the Association to cure the infraction and assess the cost against the Owner's account. Furthermore, the Association may file a lawsuit against the Owner for injunctive relief to have a court order that the infraction be cured. In the event litigation is necessary, the Association will be entitled to seek all of its attorneys' fees and costs incurred in enforcing your compliance with the Governing Documents. These attorneys' fees and court costs can be expensive and will far exceed the amount in fines you have already been assessed.

Appeal Process: The Courtesy Notice and Violation Notices state the Owner's right to appeal any notice of violation. All appeal requests must be in writing and submitted to the Association's Managing Agent no more than ten (10) days from the date of the last Violation Notice. The Owner will be notified of the appeal hearing date. Failure to satisfy the requirements of the notice or to attend said meeting will constitute a waiver of the right to a hearing by the Owner. In the event of a hearing, any determination by the Board of Directors or designated committee shall be deemed conclusive.

Woodhill Homeowners Association

COLLECTION POLICY FOR DELINQUENT ASSESSMENTS

Arizona Statutes and the governing documents for Woodhill Homeowners Association ("Association") establish the personal obligation of each owner for payment of assessments and the procedure to be taken by the Association for the collection of delinquent accounts. (Delinquent assessments serve as an automatic lien on your property.) The Board of Directors has adopted the following written procedure to supplement the provisions of the governing documents.

1. **Payment Due Date:** All Assessments are invoiced annually on January 1st and due February 15th of each year. Payments not received by March 3rd will be assessed a \$15.00 per lot late fee. *Fines for violation of the governing documents are due immediately upon notice and are late after fifteen (15) days.*
2. **15 Days Delinquent:** A *Reminder Notice* will be mailed to each homeowner whose payment has not been received after March 3rd. This statement will specify the amount due including a late fee in the amount of fifteen dollars (\$15.00), per lot.
3. **45 Days Delinquent:** Accounts still delinquent after forty-five (45) days of the due date will receive a *Late Notice* specifying the amount due.
4. **75 Days Delinquent:** Accounts still delinquent after seventy-five (45) days of the due date will receive a *Second Late Notice* specifying the amount due.
5. **90 Days Delinquent:** Accounts still delinquent after ninety (90) days of the due date will receive a *Final Notice* stating that the account will be forwarded to the Association's attorney for legal action if the delinquent amount is not paid within ten (10) days.
6. **100 Days Delinquent:** All accounts delinquent for one hundred (100) days or more will automatically be turned over to an attorney for recording a lien against the property and collection of the delinquent amounts. All fees related to collection, including attorney costs, lien fees and process server's charges, are the contractual obligation and personal debt of the homeowner.

Adopted and Approved by
The Board of Directors
August 12, 2011

Woodhill Homeowners Association

FINES AND PENALTIES POLICY

Pursuant to A.R.S. Sections 33-1242, 33-1803 and the Woodhill Homeowners Association's ("Association") Declaration of Covenants, Conditions and Restrictions ("CC&Rs"), after notice of a violation and an opportunity to be heard, the Association may impose reasonable monetary penalties on lot owners for infractions of the Association's CC&Rs, Bylaws, Rules, Architectural Committee Standards and Policies (collectively "Governing Documents").

Any failure to correct an infraction of the Governing Documents (*for parking rules and penalties please refer to the Association's Parking Policy and Penalties*) by a Member (Owner), family member, tenant, guest, invitee or licensee, shall result in a fine against the applicable Owner and penalized as follows (in addition to any other penalties, disabilities or remedies available to the Association):

- **First offense:** *Courtesy Notice* sent to the Owner/Resident explaining the infraction of the Governing Documents and the Article and Section they are in violation of, and the steps to be taken to correct the infraction. The Owner/Resident will have fourteen (14) days to correct the infraction (with the exception of trash can and parking violations which must be corrected immediately). (Trash container violations are to be remedied immediately. Trash container violations will accrue for a 6-month period, i.e., if an owner receives a first violation in January, they can receive a second notice and fine for a second trash container violation in April, and a third notice and fine in June. The accrual will start new the 1st day of January and July of each year).

Any modification to the exterior of a property, that would otherwise require approval from the Architectural Committee, commenced without the requisite written approval from the Association will result in an automatic \$300.00 fine.

- **Second offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected within ten (10) days and imposing a \$100.00 fine for failure to correct the infraction from the previously sent *Courtesy Notice*. The owner will have (10) days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.
- **Third offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected within ten (10) days and imposing a \$100.00 fine for failure to correct the infraction from the previously sent *Violation Notice*. The owner will have (10) days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.
- **Fourth offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected within ten (10) days and imposing a \$100.00 fine for failure to correct the infraction from the previously sent *Violation Notice*. The owner will have (10) days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.

If the infraction is not corrected by the Fourth Violation Notice, the Governing Documents and Arizona law empower the Association to cure the infraction and assess the cost against the Owner's account. Furthermore, the Association may file a lawsuit against the Owner for injunctive relief to have a court order that the infraction be cured. In the event litigation is necessary, the Association will be entitled to seek all of its attorneys' fees and costs incurred in enforcing your compliance with the Governing Documents. These attorneys' fees and court costs can be expensive and will far exceed the amount in fines you have already been assessed.

Appeal Process: The Courtesy Notice and Violation Notices state the Owner's right to appeal any notice of violation. All appeal requests must be in writing and submitted to the Association's Managing Agent no more than ten (10) days from the date of the last Violation Notice. The Owner will be notified of the appeal hearing date. Failure to satisfy the requirements of the notice or to attend said meeting will constitute a waiver of the right to a hearing by the Owner. In the event of a hearing, any determination by the Board of Directors or designated committee shall be deemed conclusive.

Woodhill Homeowners Association

PARKING POLICY AND PENALTIES

Following is a summary offered by the HOA Board of Directors to clarify the intent of the CC&R's Section 10.9 regarding vehicles.

1. Personal cars, suv's, and pickup trucks can be parked in a garage, in the home's **designated driveway**, on an approved paved additional driveway, or behind a fence. They cannot be parked off a driveway in the gravel.
2. No vehicle of any type, except emergency vehicles such as police, fire, and sheriff, can be parked on the street overnight (note that the holidays: New Years, Easter, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas are exempt from the overnight parking restrictions).
3. Vehicles which contain trash/debris are considered to be a fire hazard and/or unsightly are not authorized to park on any Lot or on any street.
4. Commercial vehicles and/or vehicles altered in appearance for commercial purposes (racks, signs, special paint, etc.) are not authorized to park so as to be Visible from Neighboring Property or on any street, except vehicles currently working within the complex.
5. Pickup trucks that have utility shells that are not wider or higher than the cab can be parked in a driveway. Pickup trucks with larger camper shells cannot be parked in a driveway. **Pickup trucks with racks holding ladders or building materials must be parked behind a solid fence.**
6. No other vehicles (such as boats, scooters, trailers of all types, motor homes, tent campers, ATVs, recreational vehicles, company vehicles and equipment, etc.) can be parked in front of a home. These vehicles must be in a garage or concealed behind a fence. The one exception is for the purpose of loading or unloading a motor home or travel trailer (as defined as one having beds, a bathroom, and kitchen) before and after a trip and has a time limit of 48 hours. Such vehicles may only be parked in the driveway or street in front of the owner's residence.
7. Other types of campers or trailers can be parked in the driveway one day for loading or unloading, but cannot be left in the driveway overnight unless a Temporary Parking Permit has been requested and granted by the Parking Committee.
8. No vehicle repair work can be done in front of a home. Repair work can only be done in a garage. All vehicles that do not have a current license and/or are not in operating condition cannot be parked in a driveway. They must be in a garage or behind a fence.

Exceptions to the above must be approved by a member of the Woodhill Board of Directors or a member of the Parking Committee. If deemed necessary, a Temporary Parking Permit may be issued by the Woodhill Board of Directors or a member of the Parking Committee.

PARKING VIOLATION PENALTIES

1. Notwithstanding the foregoing parking policies, VIOLATIONS OF PARKING RULES, REGULATIONS, POLICIES AND THE CC&R'S will be administered as follows:

1 st Offense	Courtesy Notice and/or Ticket Vehicle(s)
2 nd Offense	Violation letter and/or Ticket <u>and</u> \$100.00 Fine
3 rd Offense	Violation letter and/or Ticket Vehicle and \$200.00 Fine
2. Immediately after the first offense of the Parking Policy, the management company will send the Owner a letter explaining the parking problems and further action to be taken by the Woodhill Homeowners Association ("Association"), if the problem is not corrected immediately.
4. Violations of the PARKING POLICY are subject to a fine as outlined above. Failure to pay the fine may result in the Association seeking legal counsel to compel the Owner's compliance. All attorneys' fees and costs will be the responsibility of the Owner.
5. APPEAL PROCESS: The Owner so notified has the obligation to satisfy the requirements of the notice or submit an Appeal form and appeal the violation at an Executive Session meeting of the Board of Directors. Failure to satisfy the requirements of the notice or to attend said meeting will constitute a waiver of the right to a hearing by the Owner. In the event of a hearing, any determination by the Board of Directors or designated committee shall be deemed conclusive.

Adopted and Approved by
The Board of Directors
September 9, 2011

Woodhill Homeowners Association

Pet Rules and Regulations

Article 10.17 Pets: The CC&R's give the Board of Directors authority to adopt Rules and Regulations regarding pets. Nothing herein shall be construed as prohibiting the keeping of a reasonable number of ordinary household pets in or on a lot, provided they do not create a nuisance to the neighborhood.

Any pet that makes noise, including but not limited to continued barking or other utterances, is considered a nuisance to your neighbors and the Woodhill Subdivision. The owner (or custodian of such pet) must immediately investigate and take action to eliminate the nuisance.

All dogs must be held or kept leashed or otherwise appropriately restrained at all times when they are off the owner's (or custodian's) property. ***There is a designated "off the leash exercise area for dogs" at Rumsey Park which you are encouraged to use.***

Owners of pets shall be held strictly responsible to immediately collect and properly dispose of the waste of their pet when they are off the owner's property. Yards and pet runs must be cleaned of pet waste on a daily basis to prevent an odor nuisance to your neighbors.

Refer to Article 10.17 Pets of the CC&R's for additional information regarding Pets. All Pet violations received by the HOA are subject to the fine schedule for violations of Article 10 of the CC&R's. Furthermore, all pet violations will be forwarded to the Payson Animal Control Officer for their records.

Woodhill Homeowners Association
Statement of Income and Expenses 2022 & 2021
For the Years Ended December 31, 2022 and December 31, 2021

	Jan - Dec 22	Jan - Dec 21
Income		
410 · Membership Dues	17,424.00	17,424.00
415 · Interest Income	14.44	8.78
417 · Transfer fees	2,900.00	3,900.00
418 · Late Payment Penalty	330.00	224.00
421 · Collection Charges	50.00	0.00
Total Income	20,718.44	21,556.78
Gross Profit	20,718.44	21,556.78
Expense		
857 Board Meeting Rental	150.00	0.00
836 · Insurance	1,164.00	1,114.00
842 · Professional Services		
842.1 · Management Company	6,469.22	6,912.85
842.2 · Attorney	850.00	0.00
842.3 · Accounting Services	2,000.00	2,000.00
842.4 · Web Site Maintenance	686.88	299.40
Total 842 · Professional Services	10,006.10	9,212.25
848 · Miscellaneous	0.00	0.00
850 · Office Expense	5.11	49.00
851 · Postage and Delivery	765.07	695.61
852 · Printing and Reproduction	422.08	510.79
859 · Storage Space Rental	120.00	120.00
860 · Repairs/Maintenance	0.00	35.00
861 · Drainage Easement Maintenan...	2,100.00	3,345.00
862 · Cleanup Project	2,031.27	2,461.50
866 · Shreding Event	400.00	400.00
870 · Taxes/Licenses	60.00	60.00
Total Expense	17,223.63	18,003.15
Net Income	<u>3,494.81</u>	<u>3,553.63</u>

Woodhill Homeowners Association
Balance Sheet 2021 & 2022
As of December 31, 2021 and December 31, 2022

	<u>Dec 31, 22</u>	<u>Dec 31, 21</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
101.2 · Checking -- Chase Bank	6,147.88	2,195.51	3,952.37
102.1 · Money Market Acct Chase Bank	48,026.86	48,017.42	9.44
Total Checking/Savings	54,174.74	50,212.93	3,961.81
Accounts Receivable			
110.000 · Accounts Receivable	723.00	1,058.00	(335.00)
Total Accounts Receivable	723.00	1,058.00	(335.00)
Other Current Assets			
110.002 · Allow for Doubtful Receivable	(500.00)	(500.00)	
Total Other Current Assets	(500.00)	(500.00)	
Total Current Assets	54,397.74	50,770.93	3,626.81
TOTAL ASSETS	<u>54,397.74</u>	<u>50,770.93</u>	<u>3,626.81</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
2001 · Revenue collected in Advance	176.00	44.00	132.00
Total Other Current Liabilities	176.00	44.00	132.00
Total Current Liabilities	176.00	44.00	132.00
Total Liabilities	176.00	44.00	132.00
Equity			
1110 · Reserve	50,726.93	47,173.30	3,553.63
Net Income	3,494.81	3,553.63	(58.82)
Total Equity	54,221.74	50,726.93	3,494.81
TOTAL LIABILITIES & EQUITY	<u>54,397.74</u>	<u>50,770.93</u>	<u>3,626.81</u>

Woodhill Homeowners Association

Adopted Budget for 2023

BUDGETED INCOME 2023

	Count	Annual Charge	Total Levy
Membership Dues	396	\$44.00	\$17,424.00
Transfer Fees			3,000.00
Late Payment Penalty			200.00
Fines or Violations			300.00
Interest on Money Market Fund			15.00
Total Income			\$20,939.00

BUDGETED EXPENSE 2023

Write off of Bad Debt	\$200.00
Board meeting Rental	\$200.00
Insurance	1,200.00
Professional Services Management Company	7,600.00
Professional Services Attorney Services	800.00
Professional Services Accounting Services	2,000.00
Professional Services Web Site Maintenance	550.00
Miscellaneous	80.00
Office Expense	25.00
Postage and Delivery	800.00
Printing and Reproduction	750.00
Storage Space Rental	120.00
Repairs/Maintenance	1,654.00
Drainage Easement Maintenance	2,000.00
Cleanup Project	2,500.00
Shreding Event	400.00
Taxes/Licenses	60.00
Total Expense	\$20,939.00

The Board of Directors reserves the right to amend any category within the total budget to meet changing circumstances that might occur during the year.

In the event of an emergency the Board of Directors reserves the right to amend the budget to use the Reserve for Future Operation and Maintenance to meet the emergency.

Any unexpended funds in any category remaining at December 31, 2023 and any excess funds collected will be transferred to the Reserve for Future Operation and Maintenance.

Adopted by the Board of Directors August 12, 2022