

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PIONEER VALLEY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made and entered into as of January 14, 1993, by Transamerica Title Insurance Company, a California Corporation, as Trustee under Trust No. 7267 hereinafter (the "Trustee").

RECITALS.

As an integral part of this Agreement, the Developer Acknowledges and affirms as follows:

1. The Trustee is the owner of that parcel of real property situated in Coconino County, Arizona, described all Exhibit "A" hereto (the "property").
2. The Trustee holds the Property in trust, in accordance with Trust No. 7267 for the benefit of Jericho Investment, Inc., all Arizona Corporation, hereinafter (the "Developer").
3. The Developer has platted the Property as the Pioneer Valley Subdivision, as set forth in the final plat recorded at Case 5, Map 56, of the official records of Coconino County, Hereinafter "Pioneer Valley".
4. The Developer desires and intends that the owner's, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other persons hereinafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, easements, privileges and rights hereinafter set forth, all of which are declared to be in furtherance of a common plan to promote and protect the Property. Notwithstanding the above, in accordance with paragraph 6.05 below, any lien established herein relevant to an Owner's failure to pay assessments is subordinate and junior to the lien of any recorded mortgage or deed of trust on a lot.

NOW THEREFORE, the Developer, for the purposes above set forth, declares that the Property shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereinafter set forth, all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part thereof, and shall insure to the benefit of each owner thereof.

1. LAND USE AND BUILDING TYPE. No Lot within the Property, hereinafter "Lot", shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than a single dwelling not to exceed two stories in height and a single detached private garage or guesthouse, or barn, or tack room. The building material and architectural style of the residential structure and single ancillary structure shall be substantially similar. No more than a single residential Structure and a single ancillary structure, e.g., garage, guesthouse, barn, or tack room, shall be permitted on a lot. No carports shall be permitted within the Pioneer Valley Subdivision. Each residential structure shall

include an enclosed garage, with dimensions no less than 20' X 20'. All residential structure shall have enclosed garages for vehicle parking. All structures shall be of new construction, and no building shall be moved from any other location onto any Lot. Moreover, no structure of any nature, including without limitation homes, storage facilities, antennae, satellite dishes, recreational amenities, or any other accessory use shall be constructed or installed on a Lot without compliance with Paragraph 21 below. No buildings or structures shall be erected or maintained on any Lot within the Property for any business or commercial purpose whatsoever. No guesthouse, garage, barn or similar structure shall be erected on any Lot until the construction of the primary residence shall have been commenced. No such guesthouse, garage or barn shall be maintained or occupied until construction on said single family residence is finalized for occupancy. The Pioneer Valley plat shall identified Tracts of Real Property, which serve as common areas. Notwithstanding the above, except for recreational amenities which shall be approved by a majority vote of the Association, as defined below, no structures or improvements of any nature shall be permitted on the common area Tracts.

2. DWELLING SIZE. No dwelling of less than One Thousand One Hundred and Fifty (1,150) square feet of living space shall be permitted on any Lot, exclusive of one-story open porches, pergolas, carports, and garages.

3. BUILDING LOCATION. All buildings and structures within the Pioneer Valley subdivision shall occur within tile building areas or footprints as depicted on the final plat. For the purpose of this covenant, steps and unsupported eaves shall not be considered a part of any building or structure, but decks, patios, and support structures shall be considered a part of a structure or building. Building envelope must be staked prior to start of construction.

4. MEMBERSHIP.

4.1. Establishment of Rights. There shall be one membership in the Pioneer Valley Homeowners Association, hereinafter "Association", pertinent to each Lot. The owner of the Lot shall designate in writing to the Association an individual who shall be the member, hereinafter "Member", with respect to the Lot. In the absence of such, written designation, an assessment shall nevertheless be charged against the Lot an owner thereof.

4.2. Voting. The Association Member, shall be the only person entitled to vote on behalf of the owner at Association meetings and elections. The number of Memberships, and therefore, votes, which an owner is entitled to cast shall be equal to the number of Lots owned by an individual.

5. ASSOCIATION.

5.1. Formation of the Association. The Association shall be incorporated by the Developer as a non-profit corporation to serve as the governing body for all of the owners of Lots within Pioneer Valley relevant to the protection, improvement, insurance, maintenance, and repair of the Property, including without limitation, the common areas.

5.2. Membership. Each owner of a Lot within Pioneer Valley shall be a member of the Association as long as he owns a Lot within the Property. Any attempt to make a transfer of membership independent of any Lot shall be invalid and shall not be recognized by the association.

5.3. Affairs of the Association. The Association shall be governed by a Board of Directors, in accordance with the Articles and Bylaws of the Association. The Developer shall have the absolute power and right to appoint and remove the members of the Board until seventy five percent (75%) of the Lots within the entire Pioneer

Valley Subdivision, including any additional phases of Pioneer Valley annexed hereto pursuant to Paragraph 9 below, or ten (10) years after the recording date of this Declaration, whichever occurs sooner, hereinafter "Transition Date". At or prior to the Transition Date, the Developer shall appoint successor Directors and Officers of the Association. At or before the Transition Date, the Developer shall convey title to all common area Tracts within Pioneer Valley to the Association. If any Director or Officer ceases to own a Lot within a subdivision, he will thereupon cease to be a Director or Officer and his place on the Board shall be deemed vacant. At the first annual meeting of the Association subsequent 'to the Transition Date, the Lot owners shall elect successor Directors of the Association.

5.4. Board's Determination Binding. In the event of any dispute or disagreement between any owners, Members, or any other persons subject to this Declaration relating to the Property, or any question of interpretation or application of the provisions of this Declaration, the Articles, or Bylaws, the determination thereof by the Board shall be final and binding. The Board may, at its election, delegate the resolution of such dispute or disagreement to a committee appointed by the Board or the Association President.

5.5. Indemnification. To the fullest extent permitted by law, every director and every officer of the Association, and the members of the Architectural Control Committee, and the Developer shall be indemnified by the Association, and every other person serving as an employee or direct agent of the Association, or on behalf of the Association as a member of a committee or otherwise, may, in the discretion of the Board, be indemnified by the Association, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association (or in the case of the Developer by reason of having appointed, removed or controlled or failed to control members of the Board or the Architectural Control Committee), or any settlement thereof, whether or not he or she is a director, officer or member of the Architectural Control Committee or serving in such other specified capacity at the time such expenses are incurred, provided that the Board shall determine, in good faith, that such officer, director, member of the Architectural Control Committee or other person, or the Developer, did not act, fail to act, or refuse to act willfully or with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all rights to which such persons may be entitled at law or otherwise.

5.6. Non-Liability of Officials. To the fullest extent permitted by law, neither the Developer, the Board, the Architectural Control Committee or any other committees of the Association nor any member thereof, nor any directors or officers of the Association, shall be liable to any Member, Owner, Occupant, the Association or any other Person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which the Developer, the Board, or such committees or Persons reasonably believed to be within the scope of their respective duties.

6. EASEMENTS. Except for the use limitations and restrictions set forth in tile Pioneer Valley Plat, hereinafter "Plat", each owner shall have the non-exclusive right to use the common areas and open space easement identified in the Plat, in common with all other owners of Lots within the subdivision. No motorized vehicles shall, be permitted in the common areas or open space easement shown on the plat. As referenced in Paragraph 9 below, the Developer anticipates annexing Phases II and III of the Pioneer Valley Subdivision to be subject to this Declaration of Covenants. In addition to the restrictions set forth in the final plat for each Phase

within Pioneer Valley, the common area tracts and open space easements for each Phase shall, subsequent to annexation, be subject to the terms as set forth herein.

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ASSESSMENTS.

7.01. Creation of Lien and Personal Obligations. Each Lot owner hereby covenants and agrees to pay to the Association regular assessments, to be established and collected from time to time as provided in this Declaration. The assessments, together with interest thereon, late fees, attorneys fees, court costs and any other cost of collection, shall be a continuing lien of such owner's or member's Lot or Lots. Each assessment, including any arrearage and collection cost, shall become the obligation of an owner's successor or assign, even if not expressly assumed by him. The lien against a Lot as provided for in this Declaration shall be continuing and shall not be extinguished by the sale, conveyance or any other transfer of a Lot. All assessment obligations shall be joint and several. The assessments levied by the Association shall be used to promote tile health, safety, and welfare of the owners of Lots within Pioneer Valley, including without limitation to pay the cost of administration of the Association and all other expenses, including without limitation, insurance, taxes, and any maintenance expenses associated with the Pioneer Valley common areas.

7.02. Basis of the Assessment. Each member shall pay as his regular assessment, in the amount established by the Association Board of Directors and their business judgment, the owner's proportionate share of the association's expenses. The Association shall establish the payment frequency of the assessments in its discretion including without limitation, monthly, quarterly or annually.

7.03. Developer Obligations. Prior to the Transition Date, the Developer shall ensure that the association has a reasonably sufficient budget, but shall not be required to pay any assessments for Lots owned by the Developer. The Developer, shall, however, fund a reasonable reserve or sinking fund for the Association which, in the business judgment of the Developer, is determined to be no less than two hundred fifty dollars (\$250.00).

7.04. Special Assessments. The Association shall be authorized, based upon a majority vote, to establish Special Assessments for any capital project or improvements within Pioneer Valley. Any Board resolution, however, which would authorize a Special Assessment which represents an increase of the regular, annual assessments by more than one hundred percent (100%), shall require a 3/4 majority vote of the Board.

7.05. Subordination of Lien. The lien associated with any assessment obligations as set forth herein shall be subordinate to any deed of trust, mortgage or Purchase Agreement recorded against a Lot.

7.06. Lien Enforcement. The lien provided for in this Declaration may be foreclosed by the Association in any manner provided or permitted for the foreclosure of realty mortgages or deeds of trust in the State of Arizona. Nothing herein shall be construed as requiring the Association taking any action required hereunder in any particular instance, and the failure of the Association to take such action at any time, shall not constitute a waiver of the right to take action at a later time or in a different instance.

8. EMINENT DOMAIN.

8.01. Definition of Taking. The term "taking" as used in this Section shall mean condemnation by eminent domain or sale under threat of condemnation of all or any portion of the Common Areas.

8.02 Representation in Condemnation Proceedings. In the event of a threatened taking of all or any portion of the Common Areas, the owners and members hereby appoint the Association through such persons as the Board may delegate to represent the Association and all of the Owners and Members in connection therewith. The Association shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

8.03. Award for Common Areas. Any awards received by the Association on account of the taking of Common Areas shall be paid to the Association. The Association may, in its sole discretion, retain any award in the general funds of the Association or distribute all or any portion thereof to tile owners or members as their interests may appear. The rights of an owner and the mortgagee of a Lot as to any such distribution shall be governed by the provisions of the mortgage encumbering the Lot.

9. ANNEXATION OR MODIFICATION OF SUBJECT PROPERTY. The Developer, in the Developer's sole discretion, retains the right to increase or decrease the real property subject to this Declaration prior to the Transition Date. Specifically, the Developer anticipates annexing, by recording a Declaration of Amendment and Annexation hereto, the real property described in the final plats of Phase II and Phase III of the Pioneer Valley Subdivision to be subject to and governed by the provisions set forth herein. Subsequent to the Transition Date, any modification of the real property subject to this Declaration shall require the approval, by majority vote, of the Association Board of Directors. Prior to the recording of said Declaration of Amendment and Annexation, no real property other than that described in the Pioneer Valley Plat recorded At Case _____ Map _____ of the official records of Coconino County shall be subject to these restrictions.

10. NUISANCES. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

No clotheslines shall be erected except between the rear walls of the house and the rear property line inside all common area easements.

No disabled motor vehicle or any motor vehicle, which is under repair or not in operating condition shall be placed or permitted to remain on the street or any portion of any Lot.

No lights, floodlight or other high intensity lighting shall be placed or utilized upon any Lot which, in any manner, will allow light to be directed or reflected on Public Roads, or any other Lot.

Other than barbecues in properly constructed barbecue pits or grills no open fires shall be permitted.

11. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, tent, shack, garage, or barn or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently.

12. SIGNS. NO signs of any kind shall be exposed to the public view on any Lot except one professional sign of not more than one (1) square foot, one sign of not more than five (5) square feet advertising the property for sale or for rent, or sign used by a builder to advertise the property during the construction and sales period.

13. OIL AND MINING OPERATIONS. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any

Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot.

14. LIVESTOCK AND POULTRY. All animals, of any kind, shall only be maintained on any Lot in strict accordance with Coconino County Zoning ordinances. Additionally, the restrictions imposed by Coconino County ordinances, no pigs, goats, sheep or poultry shall be owned or maintained on any lot within the Pioneer Valley Subdivision.

15. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

16. SIGHT DISTANCE AT INTERSECTIONS. No fence, wall, hedge, or shrub planting shall be installed or maintained by any Lot owner which unreasonably obstructs sight distances on any corner Lot or at the driveway serving any Lot.

17. TERM. The foregoing restrictions and covenants run with the land and shall be binding on all persons owning any of said Lots in PIONEER VALLEY, until the year 2020, at which time this declaration shall be automatically extended for successive periods of ten (10) years each, unless by vote of the majority of the then-owners of said PIONEER VALLEY, it is agreed to amend the covenants in whole or in part.

18. ENFORCEMENT. Deeds of conveyance of said property or any part thereof may contain the above restriction covenants by reference to this document, but whether or not such reference is made in such deed, each and all of such restrictive covenants shall, be valid and binding upon the respective grantees. These restrictions and the provisions set forth herein shall be enforceable by the Association and any owner of a Lot within the Property. Violations of any one or more of such covenants may be restricted or enjoined by any court of competent jurisdiction and damages awarded against such violations, provided, however, that a violation of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now of record, or which hereafter may be placed on record upon said Lots, or any part thereof.

19. SEVERABILITY Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect any of the other provided provisions, which shall remain in full force and effect.

20. REQUIRED APPROVAL. No building, structure, of any nature, including without limitations, fence, wall, storage facility, antenna, satellite dish or any other recreational or accessory use shall be constructed, erected, installed or maintained, on any Lot within the Pioneer Valley subdivision until the plans, specifications, and site plan showing in detail the nature, kind, shape, height, building materials, colors, and location of such facility, shall have been submitted to and approved by the architectural Control Committee, as described below, as finally approved by the Committee. The Committee shall have the right to refuse to approve any such plans and specifications which are not suitable, desirable, or compatible, in its sole discretion, to the character and aesthetic attributes of the Pioneer Valley Subdivision. The Committee may adopt development standards or engage design professionals to assist in its decision making process. The Committee may require as a condition of approval, the design and construction, of culverts or other engineered improvements when reasonably necessary. The Association may adopt a fee for review and approval of plans. The requirement for approval by the Architectural Control Committee shall also apply to any and all subsequent additions, remodels, or alterations in any residential, use or related accessory structure. All decisions of the Committee shall be final, and no Lot owner or any other party shall have recourse against the Committee, or its members, for its decision with respect to any proposed land use. The

Committee shall not be responsible for any defects in design or construction of any residential, land use or related accessory uses. The Architectural Control Committee shall be appointed by the Homeowners Association, described below, or in the alternative, the Homeowners Association's Board of Directors may serve as the Architectural Control Committee.

21. Architectural Control Committee. The Architectural Control committee shall be composed originally of the Developer, and two appointees of the Developer. At such time as the Developer elects, but no later than the Transition date, the Developer shall appoint three Lot purchasers to serve on the Committee. Thereafter, on an annual basis, or at any other time desired by the Committee, members shall be appointed by the Association Directors. The Committee may adopt bylaws or guidelines with respect to its operation and governance.

22. Lot Division No Lot may be divided or subdivided except in strict accordance with all relevant requirements imposed by Coconino County.

23. Additional Building Restrictions. The roofing on any structure within Pioneer Valley shall not include wood, shake shingles or three tab shingles, and all shingles shall be of architectural grade. Lavatory faucets and replacement aerators shall be designed to deliver no more than an average of three gallons of water per minute at a pressure of eighty PSI or shall be equipped with permanent flow control devices that allow delivery of no more than an average of three gallons of water per minute at a pressure of eighty PSI. Kitchen faucets and replacement aerators shall be designed to deliver no more than an average of three gallons of water per minute at a pressure of eighty PSI or shall be equipped with permanent flow control devices that allow delivery of no more than an average of three gallons of water per minute at a pressure of eighty PSI. Shower heads shall be designed to deliver no more than an average of three gallons of water per minute at a pressure of eighty PSI. Water closets shall be designed to use no more than an average of one and six-tenths gallons of water per flush. Urinals shall be designed to use no more than an average of one gallon of water per flush. No urinals may be installed that use a timing device to flush periodically regardless of demand. Evaporative cooling systems and decorative fountains shall be equipped with water recycling or reuse systems. Neither the principle residence nor any guesthouse located on any lot shall exceed Three Thousand Six Hundred (3,600) livable square feet. Each principle residence shall be identified with address numbers no less than four inches in height, which shall be visible from the street adjacent to the lot.

IN WITNESS WHEREOF, the Developer has caused this Declaration to be duly

By K. Andrew Fox
Its Assistant Vice President

STATE OF ARIZONA)

County of COCONINO)

executed as of the date first above written.

ACKNOWLEDGEMENT. On this 14th day of January, 1992, before me, a Notary public, personally appeared K. Andrew Fox known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same on behalf of PIONEER VALLEY for the purposes therein contained.

Notary Public

My Commission Expires: OFFICIAL SEAL
CABRINA WHEELER

NOTARY PUBLIC--STATE OF ARIZONA--COCONINO COUNTY
My commission expires 1/23/1993