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JAMES PERRY

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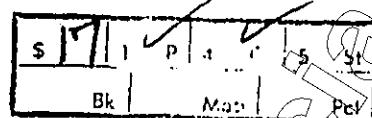
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DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS OF

MILLSITE VILLAGE



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DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
MILLSITE VILLAGE

The undersigned, owner of that certain real property situated in County of Yavapai, State of Arizona, to wit:

Lots 2, 3, 4, 6, 8, 9, 10, 11, 13, 14, 15, 16, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, and Tracts B, D, E, and F, MILLSITE VILLAGE according to a plat thereof recorded in the office of the Yavapai County Recorder in Book 26 of Maps, at Page at 67 (the "Plat");

hereby declares that all of the said 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 and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

1. "Association" shall mean and refer to the Millsite Village Property Owners Association, a non-profit corporation, which has been or will be incorporated under the laws of the State of Arizona to manage and maintain the Common Area within Millsite Village.
2. "Common Area" within Millsite Village shall be those areas designated as Tracts B, D, E and F on the Plat.
3. "Declarant" shall mean and refer to James Watt Perry and Jean H. Perry, their heirs, successors and assigns, if such heirs, successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.
4. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, as amended from time to time.
5. "Lot" shall mean and refer to any plot of land shown upon the recorded plat of Millsite Village, as such may be amended from time to time.

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6. "Millsite Village" shall mean and refer to all that real property included within the Millsite Village Plan of Development including the Plat, and any additional property which developer may obtain or designate for Development as part of Millsite Village.

7. "Owner" shall mean and refer to the record owner of equitable title in fee simple (or legal title if equitable title has merged), whether one or more persons or entities, of any Lot which is a part of Millsite Village, but excluding those having such interest merely as security for the performance of an obligation, and further excluding any buyer of a Lot from Declarant until the sales escrow has closed and such buyer becomes the owner of record of legal title.

The aforesaid definitions shall be applicable to this Declaration and also to any other supplemental or amended Declaration (unless the context prohibits) filed in accordance with this Declaration.

## ARTICLE II

### RESTRICTIONS ON USE

1. Buildings Allowed. No building, except (1) a single family residential or recreational dwelling (hereinafter sometimes called "Dwelling") not to exceed thirty (30) feet in height above existing lot grade, (2) an attached or detached private garage not to exceed one story in height above existing lot grade for use in connection with the Dwelling, and (3) such other structure or structures in the nature of a wood shed or storage facility or similar design as specifically approved by the Association, shall be permitted, erected, placed or maintained on a Lot or any portion thereof. All buildings, dwellings, structures and garages permitted on a Lot shall be of a design harmonious with each other and with the Millsite Village development.

2. Minimum Square Feet of Dwelling. No dwelling shall be erected upon any Lot unless such Dwelling contains at least 1400 square feet of enclosed living area floor space. The term "Living Area Floor Space" is exclusive of floor space in porches, pergolas, basements and garages. All Dwellings shall be constructed of woods, brick, cement block or other substantial construction or insulated frame construction. No more than one Dwelling shall be built on any one Lot.

3. Established Drainage. Each Owner agrees for himself and his successors in interest that he will not in any way interfere with the established drainage pattern over his Lot from adjoining or other Lots, or that he will make adequate provisions for proper drainage in the event it is necessary to change the established drainage over his Lot. For these purposes,

"established" drainage is defined as the drainage which occurred at the time this Declaration is recorded.

4. Board Approval Required for Structures of Any Kind. Except as erected or planned by Declarant, no structure or any kind whatsoever, including but not limited to buildings, fences, walls or other improvements, attached or detached from other structures of any kind whatsoever, shall be erected, placed, altered, or maintained on any Lot until the construction plans and specifications and a plan showing the location of the structure or plot plan have been approved by a majority vote of the Board of the Association as to material, quality of workmanship, colors and harmony with the external design and color of existing structures on the Lot and on neighboring Lots, and as to location with respect to topography and finished grade elevation and view from the Lot and from neighboring Lots.

5. Building Pad Area. No construction whatsoever shall be permitted on a Lot outside of the building pad area designated by the Declarant and shown on the recorded Plat for Millsite Village.

6. Removal of Trees. No trees shall be removed other than those absolutely necessary for the construction of the Dwelling or other approved construction.

7. Completion of Construction. All construction shall be completed within one (1) year of commencement thereof.

8. Architectural Committee. The Board of the Association may establish an advisory architectural committee (the "Architectural Committee") consisting of individual Lot owners. The Architectural Committee shall meet monthly or as needed and review all plans and specifications submitted for approval before forwarding to the Board its recommendation of approval or disapproval together with any suggested changes in the plans and specifications submitted.

9. Architectural Guidelines. The Board of the Association, with the advice from the Architectural Committee, shall promulgate and adopt guidelines which, as amended from time to time, shall be available for inspection by a prospective purchaser or Lot owner. The guidelines shall cover such area or areas of construction, plans and specifications as the Board, in its sole and absolute discretion, shall deem necessary or advisable. The Board shall have wide discretion in approving or disapproving plans and specifications to aid and promote the harmonious development and maintenance of Millsite Village for the benefit of Declarant and all Owners. The Board's approval or disapproval, as required by this Declaration, shall be in writing. In the event the Board does not give written disapproval within thirty (30) days after plans and specifications have been submitted to it at its business address, then said plans and

specifications shall be deemed approved and this restriction satisfied.

10. No Signs or Billboards. No advertising signs or billboards whatsoever (including, but not limited to commercial, political or similar signs) which are visible from neighboring Lots shall be erected or maintained on any Lot or parcel of property within Millsite Village except:

- (1) Such signs as may be required by legal proceedings;
- (2) Not more than two (2) residential identification signs each of a combined total face area of seventy-two (72) square inches or less; and
- (3) One "for sale" or "for rent" sign not exceeding five (5) square feet.

11. No Business Activities. No store, office or other place of business of any kind and no hospital, sanatorium or other place for the care or treatment of the physically or mentally ill, nor any theater, saloon or other place of entertainment shall be erected or permitted upon any Lot, and no business of any kind or character whatsoever shall be conducted in or from the buildings located on any Lot or from any Lot.

12. No Metal Fences. No metal peripheral fences shall be erected, placed or maintained on any Lot.

13. Spark Arrestors Required. Spark arrestors shall be installed upon all chimneys and no fires shall be started or maintained outside the Dwelling.

14. No Prefabricated Buildup. No prefabricated building or structure of any nature whatsoever, permanent or temporary, shall be moved or placed upon or assembled or otherwise maintained on any Lot. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for Declarant and any Owner to maintain, during the period of construction such facilities as may be reasonable, convenient or incidental to such construction including, but without limitation, a business office, storage area, construction yard, signs and sales offices.

15. Approved of Water and Wastewater System Required Prior to Occupancy. The Dwelling shall not be occupied until it is serviced by a water and wastewater disposal system approved by the Board of the Association.

16. No Antennas Allowed. Except as approved by the Board in writing, no antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained

outdoors whether attached to a building or structure or otherwise.

17. No Unsightly Appearance. All clotheslines, equipment, service yards, wood piles or storage piles shall be kept screened by a solid wall, a solid fence or a hedge so as to conceal them from view of neighboring Lots and roadways. All rubbish, trash or garbage shall be screened by adequate fencing or planting so as to conceal it from view of neighboring Lots and roadways, shall be regularly removed from the Lots, shall not be allowed to accumulate thereon and shall not be burned.

18. No Recreational Vehicles as Living Area. No boat, truck, trailer, mobile home, tent, camper, motorhome or recreational vehicle shall be used as living area in Millsite Village, except incidental to the initial construction on a Lot (not to exceed 210 days) and shall be promptly removed upon completion of construction.

19. No Parking. Parking of any vehicle on a Lot is prohibited except in the garage or on the designated driveway or parking area.

20. Licensed Vehicles and Drivers. Only licensed vehicles driven by licensed drivers shall be allowed upon the common, private roads within Millsite Village.

21. Construction Activities. During the course of construction, Owners and contractors shall confine construction activities and materials (stock piles, etc.) to the respective Lot upon which improvements are being constructed.

22. No Animals. No swines, horses, cows or other livestock, and no pigeons, chickens, ducks, turkeys, or other poultry shall ever be kept upon any Lot. Dogs, cats or other household pets may be kept, provided they are confined to their Owner's Lot and not permitted to run free and further provided they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers.

23. No Grading and Cutting Without Approval. Except as graded, cut or filled by Declarant, no grading or cutting shall be performed nor fill added to any Lot without the approval of the Board of the Association.

### ARTICLE III

#### PROPERTY RIGHTS

1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of use in and to the Common Area, which such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use of the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid; and for any period during which an Owner is in violation of this Declaration or the Articles and Bylaws of the Association or any rules and regulations adopted by the Association.

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as are appropriate; but no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is approved by two-thirds (2/3) of each class of members has been recorded.

2. Delegation of Use. Any Owner may delegate, subject to compliance with this Declaration and the Articles of Incorporation, Bylaws and rules and regulations of the Association, his right of use of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property. All parties to whom these rights are delegated shall be subject to compliance with, and no such delegation shall relieve the Owner of his obligations to comply with all terms and conditions of, this Declaration and with the Articles of Incorporation, Bylaws and rules and regulations of the Association.

3. Easements. Vehicular easements, drainage easements and other easements shown upon the recorded plat of this subdivision are reserved for the installation and maintenance of public service utilities and other public and private uses consistent with this Declaration. No structures or other improvements shall be placed upon such easements or interference be made with the free use and access to said easements for the purposes intended.

4. Encroachment on Easements. No tree, fence, shrub or planting of any kind on any Lot within Millsite Village shall be allowed to encroach upon any dedicated easement.

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

## ARTICLE IV

### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

1. Membership. Membership in the Association, except for membership of the incorporators, the Declarant and the first Board of Directors, shall be limited to record owners of equitable title in fee simple (or legal title if equitable title has merged) of Lots on which a residence is constructed or planned to be constructed within Millsite Village or on any duly annexed property. Every Owner of a Lot in Millsite Village shall, automatically upon becoming the Owner of a Lot, become a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically terminate. Ownership of a Lot shall be the sole qualification and criteria for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot and shall not be transferred, pledged or alienated in any way, except upon the sale of a Lot and then only to the purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association shall record the transfer of a Lot upon the books of the Association and issue a new membership to the purchaser or transferee and thereupon the old membership outstanding in the name of the seller or transferor shall be null and void.

The record Owner of equitable title in fee simple (or legal title if equitable title has merged) of each Lot shall be entitled to one membership in the Association, for himself and his family residing on the Lot, which membership shall be subject to all of the provisions of the Association's Articles of Incorporation, Bylaws, Management Agreement, rules and regulations and this Declaration as now in effect or duly adopted and amended from time to time.

2. Class A and Class B Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners, excluding the Declarant, and they shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. In the event more than one vote is cast with respect to any one Lot, all such Votes shall be disregarded.

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**Class B.** Class B members shall be the Declarant and it shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the first to occur of the following:

- (a) When the Class A votes equal the Class B votes, or
- (b) December 31, 1993.

## ARTICLE V

### COVENANTS FOR MAINTENANCE ASSESSMENTS OF THE ASSOCIATION

1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within Millsite Village hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, incurred in the collection of such assessments, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents within Millsite Village by providing for the improvement and maintenance of the Common Area, and to permit the Board of the Association to carry out their obligations consistent with this Declaration and the purposes of the Association.

3. Maximum Annual Assessment. Until January 1st of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant, the maximum annual assessment shall not exceed                    Dollars (\$120.00) per Lot.

(a) From and after January 1st of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

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(b) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant, the maximum annual assessment may be increased above ten percent (10%) with the approval of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of all members of the Association who are voting in person or by proxy at a meeting duly called for this purpose.

5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4 of this Article. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all members as provided in the Bylaws of the Association as they may, from time to time, be amended. The quorum requirement for any such meeting shall be as provided in the Bylaws of the Association as they may, from time to time be amended.

6. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots and shall be collected on an annual basis or as otherwise determined by the Board of Directors from time to time.

7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence for each Lot on the first day of the month following the conveyance of such Lot to an Owner other than the Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the assessment year. The first assessment shall be paid through escrow upon purchase of the Lot and annually thereafter. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the corporation setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the

Association as to the status of assessments on a Lot is binding upon the the Association as of the date of its issuance.

8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twenty percent (20%) per annum. The Association may bring an action at law against the owner personally obligated to pay the same, and/or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust and the sale or transfer of any Lot pursuant to mortgage or deed of trust foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No mortgage or deed of trust foreclosure or any proceeding in lieu thereof shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

## ARTICLE VI

### EASEMENTS

1. Blanket Easement for Utilities. There is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewers, gas, telephones and electricity, irrigation facilities and a master television antenna system. By virtue of this easement, it shall be expressly permissible for the providing electrical utility and/or telephone company to install all necessary underground utility lines and other necessary equipment on said property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said Dwelling units. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the property, except as initially designed and approved by the Declarant or as approved by the Board of Directors of the Association in the event the Common Area is involved. This easement shall in no way affect any other recorded easements on the property.

2. Easement for Encroachment Due to Construction. Each Lot and the Common Area shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed and for the maintenance of same, so long as it stands, shall and does exist. In the event any improvements are partially or totally destroyed and then rebuilt, the Owners agree that minor encroachments on parts of the adjacent

Lots or Common Area due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist. Notwithstanding any provision herein to the contrary, any encroachment permitted herein shall not exceed five (5) feet.

## ARTICLE VII

### GENERAL PROVISIONS

1. Restriction Against Partition. The Common Area shall remain undivided, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Common Area. No Owner shall have the right to bring an action for partition.

2. Right to Lease. No Lot nor Dwelling unit shall be leased by an owner, nor landlord-tenant relationship established unless such lease or landlord-tenant relationship is in writing and the lessee or tenant has agreed in writing that the lease is subject in all respects to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and all rules and regulations duly adopted by the Association. Said writing shall provide that any failure of the lessee or tenant to comply with the terms of such documents or rules and regulations shall be a default under the lease.

3. Management Agreements. The Association is authorized to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided, that any contract with a person or firm appointed as a manager or managing agent shall provide for the right of the corporation to terminate the same for any or no reason whatsoever upon thirty (30) days written notice of such cancellation and termination to the managing agent.

4. Indemnification. Every director and every officer of the Association shall be indemnified by the corporation 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 which he may become involved, by reason of his being or having been a director or officer of the corporation, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the corporation. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

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5. Saving Clause. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this instrument or any part thereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid or should operate to render this Declaration invalid, this Declaration shall be construed as if such invalid phrase or paragraphs or section or sections had not been inserted. In the event that any provision or provisions of this instrument appear to be violative of the Rule against Perpetuities, such provision or provisions shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving incorporator, or initial director or officer, of the Association, or twenty-one (21) years after the death of the last survivor of all of said incorporators', or initial directors' or officers', children or grandchildren who shall be living at the time the corporation is incorporated, whichever is the later.

6. Injunctive Relief. Failure of the Owner or any occupant of a Lot to comply with the provisions of this Declaration, as from time to time amended, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association shall be grounds for an action to recover sums due from damages and/or for injunctive relief.

7. Enforcement. The Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, covenants, conditions, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event legal action is filed hereunder, the non-prevailing party shall pay the prevailing party's reasonable attorneys' fees incurred in addition to any relief or judgment ordered by the Court.

8. Abandoned or Unattended Lot. If a Lot is abandoned or left unattended, the Association shall have the right and power to enter the Lot and perform all repairs and maintenance work necessary to keep said Lot in a reasonably nice appearance, provided that the Association give thirty (30) days' written notice of its intent to enter and remedy deficiencies in repairs and maintenance. Notice shall be sent by first class mail to the address provided to the Association for assessment purposes and shall be deemed effective upon mailing.

The costs and expenses incurred by the Association in entering the Lot to perform necessary repair and maintenance work together with interest thereon at the rate of twenty percent (20%) per annum and reasonable attorneys' fees incurred in the collection thereof shall be the personal obligation of the Owner of the Lot and shall be a continuing lien upon the premises. the Association shall have the right and obligation to recover these

sums by bringing an action at law against the Owner who is personally obligated and/or by foreclosing the lien against the property.

9. Resubdivision of Lots. None of the Lots shall be resubdivided or split into Lots of a lesser size than the size of the original Lot as shown on the Plat.

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

11. Amendment. This Declaration may be amended at any time within ninety (90) days of its recording by an instrument signed by Declarant. Thereafter this Declaration may be amended at any time by an instrument approved by the Owners of not less than two-thirds (2/3) of the Lots. This Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time it shall be automatically extended for successive periods of ten (10) years, unless, at any time from the date of its recording, it is amended pursuant to this paragraph. No amendment shall be effective until recorded. No amendment shall relieve an Owner from mandatory membership in the Association or from the payment of any assessments payable to any said entities.

12. FHA/VA Approval. As long as there is a Class B membership in the Association, and if this subdivision is approved for mortgage insurance commitments by FHA/VA, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Abandonment, Annexation of Additional Properties, Dedication of Common Areas, and Amendment of this Declaration.

13. FNMA/GNMA Approval. For as long a period of time as may be required to fully amortize any mortgage or deed of trust upon any of the Lots upon which the Federal National Mortgage Association (FNMA) or the Government National Mortgage Association (GNMA) has an interest, no amendment shall be made which would be deemed to be in conflict with, or contrary to, the terms of any promissory note, mortgage, deed of trust, regulatory agreement or document executed by the the Association or any of the owners for purposes of obtaining financing which involves FNMA or GNMA without obtaining written approval and consent of FNMA or GNMA, as the case may be.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have executed this Declaration as of this 14th day of October, 1988.

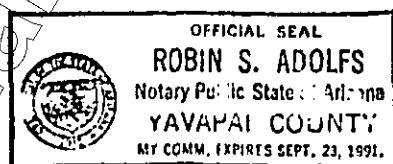
James Watt Perry  
James Watt Perry

Jean H. Perry  
Jean H. Perry

STATE OF ARIZONA      )  
County of Maricopa    ) ss.

On this, the 14th day of October, 1988, before me, the undersigned notary public, personally appeared James Watt Perry and Jean H. Perry and who acknowledged that they executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires:

9/23/91

Robin S. Adolfs  
Notary Public

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