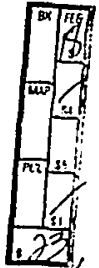


When Recorded Return to:  
**Robert Erven Brown, Esq.**  
11811 North Tatum Blvd.  
Suite 3031  
Phoenix, Arizona 85028-1621



INSTRUMENT # 9561696  
OFFICIAL RECORDS OF  
YAVAPAI COUNTY  
MARGO W. CARSON  
REQUEST OF

LARRY BEALEY  
DATE: 11/29/95 TIME: 16:30  
FEE: 18.00 LC 4.00 FI 1.00  
BOOK 3116 PAGE 700 PAGES 018



### Declaration of Covenants, Conditions & Restrictions of Crossroads Ranch Phase I

This Declaration legally binds and encumbers the property described on the Results of Survey of Crossroads Ranch Phase I recorded in Book 32, Page(s) 6, 7, 8, 9, 10, 11 in the records of Yavapai County, Arizona (Results of Survey or the Property), and as amended or supplemented beginning on the date of recording (the Effective Date) and continuing for the Term defined below.

#### Background & Overview

A. **Declarant & Owner.** Properties of the West, Inc., a Delaware corporation (the Declarant), owns the Property and desires to subject it to: (i) these Covenants, Conditions and Restrictions; (ii) the Rules issued by the Board of the Association; and (iii) the Bylaws of the Association (collectively referred to as the Protective Documents). References to the Property include all Improvements constructed thereon from time to time, as well as all easements, rights and appurtenances. The Property will be sold to the public in Parcels as defined in the Results of Survey.

B. **Purpose of this Declaration.** The purpose of these Protective Documents is to assure that the Property will be used only for attractive non-commercial farm and ranch purposes and to secure for each Owner the full benefit and enjoyment of the Parcels in the furtherance of this common plan. These Protective Documents are to enhance and protect the value, desirability and attractiveness of all of the Property to benefit the Owners and Declarant and their heirs, successors, grantees and assigns. The Protective Documents are intended to run with the land so that all or any portion of the Parcels which are sold and conveyed from time to time are subject to these Protective Documents.

C. **Crossroads Ranch Phase I Property Owners Association, Inc. (the Association),** an Arizona nonprofit corporation, will hold legal title to all Common Elements as defined in the Results of Survey, including, but not limited to, roads and improvements, if any, and certain utility easements and items indicated on the Results of Survey. The Association administers and enforces these Protective Documents. Upon receiving title to a Parcel, the Owner automatically becomes a Member of the Association and is liable for certain Assessments as needed to pay the costs of maintaining the Common Elements. Declarant controls the Association during the Declarant Control Period defined below; thereafter, the Owners will elect a Board of Directors to manage the Association.

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## **Declaration**

**NOW, THEREFORE, to protect and preserve the character of the Property, the Declarant officially subjects it to these Conditions, Covenants and Restrictions:**

### **Article I Use and Occupancy Restrictions.**

**1.1 Only Non-commercial Uses are Permitted.** Parcels may only be used for non-commercial farm and ranch purposes. No trade or business may be conducted from, on, or in a Parcel, except that an Owner of a Parcel may conduct a business activity within a Parcel, if prior written approval is obtained from the Board, which approval may be withheld in its absolute discretion.

**1.2 Limited Right to Split a Parcel.** An Owner has a limited right to split a Parcel. This right is subject to these limitations:

**1.2.1** A Parcel may be split only once and into no more than two resulting smaller parcels, each of which must be at least fifteen acres in size;

**1.2.2** A Parcel may not be split until the earlier of (a) the third anniversary of the Parcel being deeded from the Declarant to an Owner, or (b) the date on which the Period of Declarant Control expires; and

**1.2.3** The Owner receives the Board's prior written approval of the proposed plan of Parcel split. An Owner's submission of a proposed plan of Parcel split must be accompanied by evidence of compliance with all applicable governmental regulations, a plan for supplying domestic water and legal access to both resulting Parcels and the document review fee in an amount set by the Board.

**1.3 Restrictions On Placement of Improvements on a Parcel.** Improvements (other than approved fencing) (i) must be located more than One Hundred Fifty feet away from the Parcel boundaries; (ii) must comply with applicable government regulations; and (iii) may not be placed on an easement or on a Common Element.

**1.4 Limitation on Construction of Improvements.** Only these Improvements are permitted on a Parcel: (i) one single family dwelling of at least 1500 square feet of living area, exclusive of carport, garage, open porches and patio; (ii) a private garage and a non-commercial shop area; (iii) a guest house, servant's quarters or other buildings; (iv) a tack room, barn and feed storage facility; and (v) non-commercial loading chutes, corrals and pens.

**1.4.1.** Any guest house, which may include a kitchen, must be only for the use of bona fide guests or servants or occupants of the main residence or members of the occupant's family, but shall not be rented or leased separately from the main residence.

**1.5 All Improvements & Alterations Must be Approved in Writing Prior to Construction.** No leveling, excavation, grading, planting, landscaping, or other construction of any type may begin on a Parcel until the Owner fully complies with these provisions. An Owner may neither construct an Improvement, add to, destroy, nor otherwise alter an existing Improvement located on his Parcel (collectively, an Alteration)

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without the prior written approval of (i) the Declarant (or his agent) during the Period of Declarant Control; or, thereafter (ii) the Board (or its designated committee or agent) of the plans and specifications reflecting the nature, kind, shape, height, color, materials, floor plans, location and approximate cost of the Improvement or Alteration.

1.5.1 During the Period of Declarant Control, the Declarant has absolute discretion in waiving a Restriction or in approving or rejecting a proposed Improvement or an Alteration for any reason, including, but not limited to, aesthetics or potential negative impact on its ability to sell its remaining Parcels. The suitability of the proposed building or other structure for the proposed site, its harmony with its surroundings and the overall effect of the proposed structure on the Property as well as neighboring Parcels may be considered. Declarant's waiver of a Restriction is not a waiver of its right to enforce the Restriction in subsequent cases. Improvements and Alterations are also subject to local county building codes and regulations. It is the Owner's responsibility to comply with all applicable building codes and regulations. Approval of plans and specifications for an Improvement or an Alteration does not constitute a warranty or representation of the structural integrity, feasibility, safety or compliance of the plans with any applicable governmental regulation.

1.5.2 Each Owner who submits a request for approval of an Improvement or Alteration shall indemnify, defend and hold the Declarant and the Association, and their officers, directors, shareholders and Members harmless for, from and against all costs, claims or charges arising from the submission of the request and from the construction of the Improvements or the implementation of an Alteration.

1.5.3 If the Board fails to respond in writing within 30 days to the submission of a complete set of documents as required by the Board (i.e., site plan, elevation, and a general description of the materials, etc.) then the proposed submission shall be deemed approved.

**1.6 Miscellaneous Building Requirements.** No reflective roofs or windows are allowed. All Improvements must be constructed from new material (or equivalent approved by the Board). No generator, radio, microwave or television antenna, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation may be erected, used or maintained on a Parcel if it is visible from the Property, unless approved in writing by the Board or the Declarant in their sole and absolute discretion.

1.6.1 All residences shall contain water flush toilets within the residence. Waste water shall be discharged into a legally approved septic or sewage disposal system installed by the Owner. Septic and sewage systems (i) must be maintained so as not to disturb surrounding neighbors with offensive odors and sight; (ii) must be located to minimize grading and disturbance to existing vegetation; and (iii) are considered as an Improvement requiring prior approval by the Board or the Declarant.

1.6.2 Fireplace chimneys and outlets from stoves, heating appliances and outside fire boxes must be protected from sparks by capping or screening. No campfires are allowed.

1.6.3 Geodesic domes, A-Frame structures, manufactured housing, mobile homes (i.e., a moveable or portable unit for residential purposes constructed to be towed on its own chassis and designed to be installed with or without a permanent foundation),

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buses, recreational vehicles, vans, camper trailers, tent trailers, trailers or other readily moveable residential structure or vehicle, basement of any incomplete buildings, tents, shacks, garages, barns or other structures or temporary Improvements of any kind are not permitted to be used on a Parcel as a residence or for storage. Temporary buildings or Improvements used during the construction of Improvements are permitted but must be removed within seven days after completion of the construction. During the Period of Declarant Control, the Declarant is not bound by this Article 1.6.3.

1.6.4 Clotheslines, equipment, propane tanks, service yards, wood piles and storage areas must be screened by plants, fencing or other aesthetically pleasing form of concealment so that they will not be visible from neighboring Parcels. No laundering is permitted unless conducted inside of an approved Improvement.

1.6.5 Construction of all exterior portions of Improvements must be finished within six months after commencement of construction.

1.7 **Fences & Roads.** No solid wall or fence of any type over six feet in height may be erected, except as permitted in writing by the Board in its absolute discretion. All Parcels with livestock must have fences constructed of new material (or equivalent approved by the Board) and be of a height and strength as to adequately contain all permitted animals. All livestock owned by a Parcel Owner must be contained at the expense of the Owner within the Parcel where permitted for the protection of those who travel on the Common Elements or on adjacent county or state highways and roads.

1.7.1 All fences installed by Owner are at Owner's sole expense and must be built in accordance with normal ranch standards to contain horses and other livestock. If Owner wishes to fence off any portion of Owner's property to restrict horses and other livestock, Owner may do so, but when constructing a fence at the perimeter of Owner's property, construction must be set back so as not to encroach upon any easement shown on the Results of Survey. Declarant or the Association may move any existing fence which is within the ten foot perimeter easement in order to make use of the easement for road or utility purposes. The Board may issue Rules from time to time setting specific standards for the construction of fences.

1.8 **Underground Utility Service.** Except for lines, wires and devices existing on the Property as of the Effective Date (and maintenance and replacement of the same), no lines, wires, or other devices for the communication or transmission of electric current or power, including but not limited to, telephone, television, and radio signals, may be erected, placed or maintained on a Parcel by an Owner unless installed and maintained underground or concealed within an approved Improvement; provided, however, that during the Period of Declarant Control, the Declarant may erect temporary power, telephone or other Improvements or otherwise waive, modify or revoke this Section 1.8 in its sole and absolute discretion.

1.9 **Trash Containers and Collection.** No Parcel may be used for temporary or permanent storage of rubbish, trash, or hazardous or toxic materials (collectively, Garbage). No Garbage may be kept on the Property except in covered containers of a type, size, style and in locations which are approved by the Board, which may subscribe to a Garbage collection service for the mandatory use by the Association and all Owners. The Board may adopt Rules regarding Garbage, its containers and collection. Incinerators may not be operated on a Parcel. Upon ten days written notice from the

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Association to an Owner, the Association or its agents may remove Garbage from the Parcel at the sole cost of the Owner, which is payable upon demand. The Association may enforce collection of this charge in the same manner and to the same extent as if the delinquent amount was a delinquent Assessment.

**1.10 Animals.** Except as specifically provided below, no animals, birds, fowl, poultry, livestock or pets of any kind may be kept on a Parcel. No swine, ostriches, fighting chickens, pit bulls, or wild animals of any kind may be raised, bred or kept on any Parcel. While the Parcel may be used for non-commercial ranching, including a reasonable number of horses, cattle, dogs, cats, and house pets such as birds, fish rabbits or turtles, the Parcels may not be used for a stockyard, dairy, horseback riding stable or any other activity which would create excessive dust, noise or obnoxious odors. Breeding and raising livestock or poultry for commercial purposes is prohibited, except as an individual bona fide 4-H project or similar organization. All livestock and poultry must be confined within a fenced area, which shall be kept clean and well maintained, with all manure removed on a regular basis. (Also see the fencing requirements above.) The Board may set or modify the Rules to regulate the number and type of permitted animals from time to time.

**1.11 Agriculture & Mineral Exploration.** Raising agricultural crops for personal use is permitted; all commercial agricultural use is prohibited. Noxious and offensive plants are prohibited. Each Owner is under an affirmative obligation, at its expense to prevent the spread of noxious or offensive plants to other Parcels or Common Elements. The Board or the Declarant may designate offensive plants for removal or other treatment by Owner by issuing Rules from time-to-time. If Owner fails to take the required steps after thirty day's written notice, then the Board or the Declarant may remove the designated plants at Owner's expense, which expense shall be treated as a Assessment. All agricultural activity shall be conducted in accordance with the Rules of the Board. No portion of the Property may be used to explore for or to remove any oil or other hydrocarbons, gold, silver, minerals of any kind, gravel, earth, or other earth substance of any kind.

**1.12 Motor Vehicles, Machinery & Equipment.** No Vehicle may be stored, maintained, constructed, reconstructed or repaired on any part of the Property except when done inside a shed, garage or screening so that it is not visible from other Parcels. Inoperable or unlicensed Vehicles must be stored or parked inside of an approved Improvement so as not to be visible from adjoining Parcels.

**1.12.1** All Vehicles or motors must be operated with a muffler. All terrain vehicles, ATC's, go-carts, motoreycles, minibikes, motorized scooters and the like may be operated only within the Owner's Parcel and are not allowed on the Common Elements unless they are licensed, driven by a licensed driver, and operated in a way which does not disturb or annoy the adjoining Owners. The Board may restrict or prohibit the use of any polluting, noisy or otherwise bothersome vehicles on a Parcel or on the Common Elements by Rule from time to time.

**1.12.2** No machinery or equipment of any kind may be placed, operated or maintained upon the Property except as is usual and customary in connection with the use, maintenance or construction of Improvements and except those used by Declarant or by the Association.

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1.12.3 The Board may remove any vehicle or other mechanical equipment which violates the Protective Documents at the sole cost and expense of the Owner of the Parcel on which it sits. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand.

1.13 **Signs.** Signs (including, but not limited to, For Sale or For Rent signs) are not permitted on the Property without the prior written approval of the Board; provided, however, that an unlighted, neatly painted Sale or For Rent sign not to exceed 2' by 2' in size may be placed on the Parcel after the expiration of the Period of Declarant Control. None of the sign restrictions in the Protective Documents apply to the Declarant for the purpose of selling the Parcels pursuant to a Public Report issued by the State of Arizona.

1.14 **Public Events, Nuisances and Offensive Activity.** No event open to the general public, nuisance or other generally offensive activity is permitted on the Property. No activity may be conducted on a Parcel which is offensive or detrimental or annoying to any portion of the Property, any Owner or other occupant of the Property. No exterior speakers, horns, whistles, bells or other sound devices, except security or other emergency devices used exclusively for security or emergency purposes, may be located, used or placed on the Property. Hunting, discharging firearms, or indiscriminate use of vehicles creating dust or excessive noise are a nuisance and are prohibited. No Owner shall permit any thing or condition to exist upon the Property which could induce, breed or harbor infectious plant diseases or noxious insects.

1.15 **Limitation on Leasing of Parcels.** An Owner may not (i) lease less than his entire Parcel; (ii) lease for a period of less than thirty days; (iii) enter into an oral lease; or (iv) exempt the tenant from the Protective Documents since the lease is subject in all respects to the Protective Documents. Failure by the tenant (or sub-tenant) to comply with the Protective Documents is a default under the lease. Upon leasing his Parcel, an Owner shall promptly notify the Association of the commencement date and termination date of the lease and the names of each person who will be occupying the Parcel.

1.16 **Lawful Use and Declarant Approvals.** No immoral, improper, offensive, or unlawful use may be made of any part of the Property. Violation of a governmental law, zoning ordinance, or regulation also violates the Protective Documents. As long as the Declarant owns a Parcel, any action requiring the consent or approval of the Board also requires the Declarant's written consent.

## **Article 2 The Association; Rights, Duties and Membership.**

2.1 **Purpose, Rights, Powers and Duties of the Association.** No later than the date on which the first Parcel is conveyed to a Purchaser, the Association shall be organized as a nonprofit Arizona corporation acting through its Board of Directors (or their agents or committees) to: (i) maintain bridges, if any, roadways, crossings, fences and other Improvements located on the Common Elements; (ii) act as or appoint an architectural control committee or agent to act in accordance with the Protective Documents; (iii) collect from the Owners the funds necessary to repair and maintain the Common Elements and fulfill the other legal duties of the Association; (iv) adopt, amend, and repeal rules and regulations (the Rules) to, among other things, restrict and govern

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the use of all or any part of the Property by Owners, their families, invitees, licensees, guests and lessees; (v) enter into contracts with third parties to perform all or part of its functions and to hire employees, agents, attorneys, accountants and others as necessary to interpret and enforce the Protective Documents; and (vi) dedicate roads, grant easements, or revoke or amend them (or the Plat) from time to time. The Association has the rights, powers and duties as listed in the Protective Documents broadly interpreted as may be reasonably necessary in order to effectuate the purposes of the Association.

2.1.1 The Association may finance capital improvements in the Common Elements by encumbering future Assessments if approved by the written consent of Owners holding a Majority of the votes in the Association. Unless the Protective Documents specifically require a vote of the Members, approvals or actions to be given or taken by the Association are valid if given or taken by the Board or their designated committees or agents.

**2.2 Members & Membership.** Upon receiving title to a Parcel, the Purchaser automatically becomes both an Owner and a Member of the Association. By accepting a deed, the Owner agrees to be bound by the Protective Documents as amended from time to time. Membership is appurtenant to the Parcel and may not be separated from ownership of the Parcel. The rights and obligations of an Owner and Member (which terms are used interchangeably) may not be alienated, assigned, transferred, pledged or conveyed apart from ownership of the Parcel; any attempt to violate this restriction is void.

**2.3 Directors and Officers.** During the Period of Declarant Control, the Declarant may appoint and remove the members of the Board and the officers of the Association. Upon the termination of the Period of Declarant Control, the Owners shall elect the Board as provided by the Bylaws of the Association, who shall then elect the officers of the Association. The Declarant may voluntarily surrender his right to appoint and remove the members of the Board and the officers of the Association before termination of the Period of Declarant Control. For the duration of the Period of Declarant Control, Declarant may, by recorded instrument, require that specified actions of the Association be conditioned upon obtaining Declarant's prior written approval. After the expiration of the Period of Declarant Control, all members of the Board of Directors must be Parcel Owners.

**2.4 Allocation of Votes in the Association.**

2.4.1 Each Owner (other than the Declarant) of a Parcel as defined in the Results of Survey, is entitled to two votes per Parcel and is referred to as a "Class A" Member as defined in the Articles and Bylaws of the Association.

2.4.2 When and if a Parcel is lawfully split as allowed by the Protective Documents, each of the resulting Parcels is entitled to one vote.

2.4.3 The Declarant is a "Class B" Member and has ten votes for each Parcel which it owns.

2.4.4 The total number of votes may be changed from time to time by recording a Supplemental Declaration executed and recorded by the Declarant. Unless otherwise specified in this Declaration, all details of Association governance and voting are governed by the Articles and Bylaws of the Association.

2.4.5 While delinquent in the payment of an Assessment or other amount owed to the Association or while otherwise in violation of the Protective Documents, delinquent Members are not allowed to vote. If more than one party is the Owner of a Parcel, then there must be unanimous agreement among those who own an interest in the Parcel as to how to cast their ballots associated with that Parcel; otherwise the votes shall not be counted.

### Article 3 Assessments.

**3.1 Assessment Obligations.** Except as otherwise provided below, commencing with the date of the closing of the first sale of a Parcel by Declarant, all persons who own an interest in a Parcel are jointly and severally liable to pay all costs associated with that Parcel, including, but not limited to (i) annual assessments for all items approved by the Board, including but not limited to, normal maintenance and repair and reserves, insurance, operating costs; (ii) Special Assessments for capital improvements or other extraordinary expenses; and (iii) late payment penalties, interest charges, attorneys' fees, court costs, collection costs, transfer fees, monthly or special statement charges, Garbage removal charges, towing charges and all other fees or costs approved by the Board (collectively, the Assessments).

3.1.1 The initial annual Assessment is Ten Dollars per acre, but is subject to change from time to time by the Declarant or the Board. Assessments shall be charged to the Owners on a per acre basis; provided, however, that the Declarant shall not be liable for, and shall not be required to pay, any Assessments upon Parcels owned by Declarant during the period of Declarant Control. In lieu thereof, during the Period of Declarant Control, the Declarant shall pay to the Association the difference between the amount of Assessments actually levied by the Association and the actual expenses of the Association. The total amount payable by Declarant under the preceding sentence shall not, however, exceed the amount of the normal Parcel assessment for each Parcel owned by Declarant determined on a per acre basis. Assessments may be specified as being due monthly, quarterly, semiannually, or annually in the Board's discretion. The Board may permit or require that Assessments be paid in installments.

3.1.2 If not timely paid, then Assessments become a lien on the Owner's Parcel. The phrase Assessment Lien refers to the lien hereby granted to the Association to secure the payment of Assessments, monetary penalties and other charges owed to the Association, all as further provided below. This personal obligation for delinquent Assessments does not pass to the Owner's successor in title unless expressly assumed by the successor. The obligation to pay is, however, a continuing lien on the Parcel; the successor's ownership interest is acquired subject to all rights of foreclosure and enforcement against the Parcel.

**3.2 Budgets.** In calendar year 1996 and in each year thereafter during the Period of Declarant Control, the Declarant or its designee will prepare the Budget containing an estimate of the total Expenses for operation of the Association in that year. In the first full year after the end of the Period of Declarant Control, the Board will prepare the Budget. The Board is expressly authorized to adopt and amend budgets for the Association without ratification by the Owners. Within thirty days after receipt of a

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written request, the Board should send the requesting Owner a summary of the budget and a statement of the amount of the Owner's Annual Assessment. All Assessments are due thirty days after Notice to the Owners, unless otherwise specified by the Board. The Association shall pay all ad valorem, or other real property taxes or assessments or charges relating to the Common Elements and include this cost in the Budget.

3.2.1 The Declarant's or the Board's failure to prepare or adopt a Budget does not constitute a waiver or release of an Owner's obligation to pay his allocable share of the Expenses. Each Owner shall continue to pay the Assessment against his Parcel as established for the previous year until notice of the Assessment for the new year has been established by the Board. The amount of the Assessment is determined in the reasonable discretion of the Declarant or the Board as appropriate, which Assessment may be amended or supplemented. Assessments commence on the date designated by the Board. An Owner's liability for Assessments begins on the date the Owner acquires title. If an expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against the Owner's Parcel.

3.3 **Special Assessments.** In addition to Annual Assessments, the Association may levy a Special Assessment to pay for construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, or for any other lawful Association purpose or Expense, provided that any Special Assessment must be approved by Members (including Declarant) holding two-thirds of the votes in the Association who are voting in person or by proxy at a meeting duly called for that purpose. Unless otherwise specified by the Board, Special Assessments are due thirty days after notice of the Special Assessment is given to the Owners.

3.4 **Effect of Nonpayment of Assessments; Remedies of the Association; Certain Remedies Incorporated by Reference; Compliance with the Planned Communities Act; Open Meeting Requirements & Mandatory Information to Purchasers.** The collection of Assessments and late fees is vital to the proper achievement of the goals of the Protective Documents. To the extent consistent with these provisions, the Declarant incorporates by reference and reserves for itself and its successors and assigns for the Association, all of the powers and rights of lien enforcement and of collection of Assessments as set forth in A.R.S. § 33-1201, et seq. To the extent any provision in the Protective Documents is inconsistent with the Planned Communities Act, A.R.S. § 33-1801, then that provision is hereby modified to the extent required by law so that it can be enforced.

3.4.1 Any Assessment, installment of an Assessment, or other amount owed by an Owner to the Association which is not paid within fifteen days after it is due is delinquent, shall bear interest from the date of delinquency at the rate of One Percent per month, (unless a different interest rate is established by the Board) and is subject to a late fee in an amount set by the Board.

3.4.2 All Assessments, monetary penalties and other fees and charges imposed or levied against any Parcel or Owner shall be secured by the Assessment Lien as provided in the Protective Documents or otherwise at law. The recording of this Declaration constitutes record notice and perfection of the Assessment Lien, and no further recordation of any claim of lien is required. Although not required in order to

perfect the Assessment Lien, the Association has the right, but not the obligation, to record a notice setting forth the amount of any delinquent assessments, monetary penalties or other fees or charges imposed or levied against a Parcel or the Owner which are secured by the Assessment Lien.

3.4.3 The Association may, at its option, enforce collection of any delinquent Assessments, monetary penalties and all other fees and charges owed to the Association in any manner allowed by law including, but not limited to: (i) bringing an action at law against the Owner personally obligated to pay the delinquent amounts; this action may be brought without waiving the Assessment Lien securing any such delinquent amounts; or (ii) bringing an action to foreclose its Assessment Lien against the Parcel in the manner provided by law for the foreclosure of a realty mortgage. Declarant hereby expressly grants to the Association a power of sale in connection with this lien, which lien is in favor of the Association and for the benefit of all of the Owners. The Association is hereby expressly granted the power to bid at any foreclosure sale and purchase, acquire, hold, lease, mortgage and convey any Parcel purchased at either a judicial or nonjudicial sale.

3.4.4 As required by A.R.S. § 33-1803, the Association shall provide not less than five days written notice, including the right to request a hearing before the Board, prior to levying a monetary penalty for violation of the Protective Documents. These penalties are enforceable in the same manner as unpaid Assessments.

**3.5 Limited Subordination of Assessment Lien to Bona Fide Mortgages.** The Assessment Lien is subordinate to all Mortgages as defined below.

3.5.1 Even though the Association has a valid lien against a Parcel, if a person, unrelated to the Owner, acquires fee title to a Parcel through (i) foreclosure of a Mortgage, (ii) at a trustee's sale or (iii) by accepting a deed in lieu of foreclosure, then that person takes title to the Parcel free of the Association's Lien and is not required to pay unpaid Assessments, monetary penalties and other fees and charges against the Parcel which became payable prior to the date on which that person acquired fee title.

3.5.2 Delinquent Assessments, monetary penalties and other fees and charges which are uncollectible may be reallocated and assessed on a per acre ownership basis to all Parcels. Any Assessments, monetary penalties and other fees and charges against the Parcel which accrue prior to such sale or transfer remain the obligation of the defaulting Owner. Taxes, assessments, and charges which may become liens prior to a Mortgage relate only to the individual Parcel and not to the Property as a whole.

**3.6 Exemption of Owner.** No Owner may exempt himself from liability for payment of Assessments, monetary penalties and other fees and charges levied pursuant to the Protective Documents by waiver and non-use of any Common Elements or by the abandonment of his Parcel.

**3.7 No Offsets.** All Assessments, monetary penalties and other fees and charges are payable in accordance with the provisions of this Declaration; no offsets against Assessments, monetary penalties and other fees and charges are permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Protective Documents.

**3.8 Transfer Fees, Document Review Fees & Monetary Penalties.** Upon becoming the Owner of a Parcel, each Purchaser of a Parcel shall pay to the Association a transfer fee in such amount as is established from time to time by the Declarant or by the Board. In accordance with the procedures set forth in the Protective Documents, the Board may levy monetary penalties, fines, delinquent interest, etc. against a Owner for violations of the Protective Documents. With every request for approval of an Improvement or other consent from the Board or its architectural review committee, including but not limited to plans and specification, the Owner shall include a review fee of \$75 payable to the Board (or its designee) for review of proposed Improvements. The amount of the review fee may be changed from time to time.

**3.9 Insurance.** The Association may maintain, to the extent reasonably available, insurance as the Board deems prudent and pay the premiums with Association funds, including, but not limited to liability, property, casualty, errors and omissions, director's insurance and the like.

#### **Article 4 Declarant's Special Rights**

**4.1 Reservation of Rights.** In making this Declaration, the Declarant specifically reserves to itself and its successors and assigns these powers and rights (Development Rights) for the Period of Declarant Control.

**4.2 Development Rights.** Development Rights means the right of Declarant or its successor or assign, subject to all applicable government laws and regulations, during the Period of Declarant Control to:

4.2.1 Add or remove real estate to the Property;

4.2.2 Create easements, Parcels, Common Elements within the Property;

4.2.3 Split Parcels, convert Parcels into Common Elements or convert Common Elements into Parcels;

4.2.4 Amend the Results of Survey and legal description of the Property to withdraw or add additional real estate to the defined Property and as otherwise provided below;

4.2.5 Make the Property part of a larger or smaller planned community;

4.2.6 Maintain sales offices, management offices, models, and signs advertising the Property, conduct tours of the Property, and conduct any event or promotion desired by Declarant in its exclusive discretion to assist its sales activities;

4.2.7 Grant, modify or use easements through the Common Elements to construct Improvements within the Property;

4.2.8 Appoint or remove any officer of the Association or any member of the Board during the Period of Declarant Control; and

4.2.9 Exercise any other right or privilege granted to the Declarant or the Association in the Protective Documents, including but not limited to, the power to review and approve all proposed Improvements and Alterations and to establish procedures, fees and procedures, committees and timetables for reviewing them.

**Article 5 Definitions.** In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, Bylaws or the Association word/crossroads/ccers5  
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Rules, the provisions of this Declaration shall prevail. All capitalized words or phrases have these meanings when interpreting the Protective Documents:

5.1 **Act** refers to the Arizona Planned Communities Act, A.R.S. § 33-1802, et seq.

5.2 **Alteration** means any improvement to, addition to, destruction of or otherwise altering an existing Improvement located on a Parcel.

5.3 **Assessment Lien** means the lien granted to the Association to secure the payment of Assessments, monetary penalties and other charges owed to the Association.

5.4 **Assessments** refers to any Annual Assessments for all items approved by the Board, including but not limited to, normal maintenance and repair and reserves, insurance, operating costs, Special Assessments for capital improvements or other extraordinary expenses, late payment penalties, interest charges, attorneys' fees, court costs, collection costs, transfer fees, monthly or special statement charges, Garbage removal charges, towing charges and all other fees or costs approved by the Board.

5.5 **Association** means Crossroads Ranch Phase I Property Owners Association, a nonprofit corporation.

5.6 **Budget** refers to the estimate of the total Expenses for operation of the Association as approved by the Board.

5.7 **Common Elements** means, but may not be limited to, roads, bridges, if any, and utility easements and items indicated on the Results of Survey and as amended or supplemented.

5.8 **CC&Rs** means this Declaration of Covenants, Conditions and Restrictions.

5.9 **Declarant** means Properties of the West, Inc., an Delaware corporation, its successors, assigns and any person or entity to whom Development Rights are transferred from time to time.

5.10 **Development Rights** means the rights of Declarant or its successors or assigns during the Period of Declarant Control as specified in Article 4.

5.11 **Effective Date** means the date of recordation of this Declaration.

5.12 **Mortgage** refers to a mortgage, deed of trust, agreement for deed, double beneficiary trust or other arm's length encumbrance on a Parcel given for fair consideration in favor of the Declarant or a party unrelated to the Owner.

5.13 **Majority** means 51% of the Members in good standing.

5.14 **Member** means Owners of an interest in a Parcel.

5.15 **Owner or Owners** means (i) the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Parcel; and (ii) a purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract subject to A.R.S. § 33-741, et seq. Owner excludes (i) Persons having an interest in a Parcel merely as security for the performance of an obligation, (ii) a lessee or tenant of a Parcel and (iii) a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to executory contracts

pending the closing of a sale or purchase transaction. In the case of Parcels the fee simple title to which is vested in a trustee pursuant to A.R.S. § 33-801, et seq., the Trustor shall be deemed to be the Owner. In the case of Parcels, the fee simple title to which is vested in a trustee pursuant to a split trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the Parcel shall be deemed to be the Owner.

5.16 **Parcels** are defined in the Results of Survey.

5.17 **Period of Declarant Control** means the time period commencing on the Effective Date and ending on the later of: (i) Ninety days after the conveyance of eighty-five percent of the Parcels to Owners other than the Declarant; or (ii) Ten years after Declarant or its successor has ceased to offer Parcels for sale in the ordinary course of business in Phase I or in any related phase or in any contiguous or associated real property, including, but not limited to, the real property previously known as the Malli Ranch. Provided, however, that Declarant or its successor may declare an earlier termination to be effective on the date of recording in the Yavapai County Recorder's Office of a Notice of Relinquishment of all or part of the Declarant's Rights.

5.18 **Results of Survey** means the Results of Survey map recorded as indicated on page one of this Declaration.

5.19 **Property** means the property as defined in the Results of Survey.

5.20 **Protective Documents** means this Declaration of Covenants, Conditions and Restrictions, the Rules issued by the Board of the Association, and the Bylaws of the Association and the Articles of Incorporation of the Association.

5.21 **Purchaser** means any Person, other than the Declarant, who by means of a voluntary transfer becomes a Owner, except for a Person who purchases multiple Parcels and who, in addition, is expressly in writing assigned any Development Rights by the Declarant (or its successors).

5.22 **Special Assessment** means a charge levied to pay for construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, or for any other lawful Association purpose as approved by the Board.

5.23 **Vehicle** means any car, bus, van, pickup, truck, all terrain vehicle, ATV, ATC, sand rail, dune buggy, go cart, motorcycle, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer, or other similar equipment or motorized.

#### **Article 6 General Provisions.**

6.1 **Grant of Easement.** Declarant grants to each Owner a right and easement of enjoyment and use of the Common Elements. This grant is appurtenant to, and shall pass with title to each Parcel subject, however, to the Owner's obligation to pay all fees and Assessments owed to the Association. If any Common Element is dedicated to public use and formally accepted by Yavapai County, an improvement district or other governmental or quasi-governmental entity, then the Association shall pay the cost of constructing or modifying streets, roads, bridges or other improvements as required by Yavapai County, the improvement district or other district.

## **6.2 Enforcement.**

6.2.1 If the Board determines that an Owner has violated or is threatening to violate a provision of the Protective Documents, then it may order an investigation or hearing. Upon receipt of written notice of a violation of the Protective Documents, than an Owner shall, within 15 days, correct the condition. If not correctable within that period, then the Owner shall submit corrective plans proposing its remedy within fifteen days after receipt of the notice. The Board shall approve or disapprove the proposal within a reasonable time. If the proposal is disapproved or if the Owner fails to complete the proposed correction, then the Board may undertake the remedy and assess the cost to the Owner. The Board is hereby granted the right of entry to the affected Parcel to correct violations of the Protective Documents. The Board may also impose penalties, interest and attorneys' fees on a violator.

6.2.2 The Association, or any Owner, may enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or later imposed by the Protective Documents. Failure of the Declarant, the Association or by any Owner to enforce any covenant or restriction contained in the Protective Documents shall not be deemed a waiver of that right.

6.3 **Severability.** 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.

6.4 **Term.** This Declaration (and the other Protective Documents) shall run with and bind the Property for a Term of twenty years from the Effective Date, after which time they shall be automatically extended for successive periods of ten years unless a Majority of the Owners execute and record a written notice of termination in the office of the Yavapai County Recorder prior to the expiration of the Term then in effect. This Declaration may not be repealed, amended, or terminated during the Period of Declarant Control without the written consent of the Declarant (or its successors), which consent may be granted or withheld in its absolute discretion. The rights to prohibit or amend the power to Split a Parcel are personal and exclusive to the Declarant (and its successor) and may not be reduced, or amended in any manner without the prior written consent of the Declarant (or its successor), which consent may be withheld in its absolute discretion.

6.5 **Amendment.** Except in cases of amendments executed or approved in writing by Declarant in the exercise of its Development Rights, by the Association under the Protective Documents or as needed to comply with the Act, this Declaration, including the Results of Survey, may be amended only by the Owners holding at least sixty-seven percent of the votes in the Association. Any amendment adopted by the Owners shall be signed by the President or Vice President of the Association and shall be recorded with the Yavapai County Recorder.

6.5.1 An amendment to the Declaration shall neither terminate or decrease any unexpired Development Right or Period of Declarant Control unless the Declarant approves the amendment in writing.

6.5.2 So long as the amendment does not materially and substantially diminish the rights of any Owner and is not in violation of any applicable government

regulation, then, during the Period of Declarant Control, the Declarant may amend the Declaration, including the Results of Survey, for any reason.

**6.6 Remedies Cumulative.** All remedies are cumulative and not exclusive.

**6.7 Notices.** All notices, demands, statements or other communications required to be given to or served on a Owner under this Declaration shall be in writing and are deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed to the Owner, at the address placed on file by the Owner with the Association; or, if no address is on file, then at the address listed in the records of the Yavapai County Assessor for the Owner of that Parcel. An Owner may change his address on file with the Association for receipt of notices by delivering a written notice of change of address to the Association pursuant to this Section. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Parcel is owned by more than one person, notice to one of the Owners shall constitute notice to all Owners of the same Parcel. Each Owner shall file his correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

**6.7.1** During the Period of Declarant Control, a copy of all notices intended for the Declarant or the Association shall be sent to these addresses and to any other address specified in a Request for Notice subsequently recorded in the County Recorder's Office in Yavapai County, Arizona:

Patten Corporation  
Attn: Patrick Rondeau, Esq.  
5295 Town Center Road  
Boca Raton, Florida 33486

Properties of the West, Inc.  
Attn: Peter M. Gooding  
Suite 210  
7950 East Redfield Road  
Scottsdale, Arizona 85260

Robert Erven Brown, Esq.  
Suite 3031  
11811 North Tatum Blvd.  
Phoenix, Arizona 85021-1621

**6.8 Binding Effect.** By acceptance of a deed or by acquiring any ownership interest in any portion of the Property, each Person, for himself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by the Protective Documents and any amendments. In addition, each such person by so doing thereby acknowledges that the Protective Documents set forth a general scheme for the improvement and development of the Property and Improvements covered thereby and hereby evidences his agreement that all the restrictions, conditions, covenants, rules and regulations contained in the Protective Documents shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees.

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rev. 11/16/95

Furthermore, each such person fully understands and acknowledges that the Protective Documents shall be mutually beneficial, prohibitive and enforceable by future Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the Parcels and the membership in the Association and the other rights created by the Protective Documents shall not be separated or separately conveyed, and that each shall be deemed to be conveyed or encumbered with its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

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

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

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

**6.12 Counting Votes.** Notwithstanding any language to the contrary elsewhere in the Protective Documents, references to a specific number of votes as being required for certain actions, such as amending the CC&Rs, etc., shall be interpreted to mean the exercise of the vote by the holders of the specified number of votes. Class A and class B votes shall be counted together in determining the total number of votes.

**6.13 Joint and Several Liability.** In the case of joint ownership of a Parcel, the liabilities and obligations of each of the joint Owners set forth in, or imposed by, the Protective Documents shall be joint and several.

**6.14 Guests and Tenants.** Each Owner is responsible for compliance by his agents, tenants, guests, invitees, licensees and their respective servants, agents, and employees with the provisions of the Protective Documents. An Owner's failure to ensure compliance by such persons shall be grounds for the same action available to the Association or any other Owner by reason of such Owner's own non-compliance.

**6.15 Attorneys' Fees.** If the Declarant, the Association or any Owner employs an attorney or attorneys to enforce a lien or to collect any amounts due from a Owner or to enforce compliance with or recover damages for any violation of the Protective Documents, the prevailing party is entitled to recover from the other party his reasonable attorneys' fees and costs incurred in the action, including those incurred in Federal Bankruptcy Court and on appeal.

**6.16 Number of Days.** In computing the number of days for purposes of any provision of the Protective Documents, 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 holiday, then the next day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.

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rev 11/16/95



**6.17 Notice of Violation.** As provided elsewhere in this Declaration, in the Protective Documents or at law, the Association has a lien against the Parcel owned by an Owner who fails to timely pay Assessments without the necessity of recording any additional notice or claim of lien. In its discretion, however, the Association may record a claim of lien or other written notice of a violation by any Owner of any restriction or provision of the Protective Documents. The notice may be executed and acknowledged by an officer of the Association, among other things, may contain this information: (i) the name of the Owner; (ii) the legal description of the Parcel against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner to cure the violation. Recordation of a Notice of Violation shall serve as a notice to the Owner and to any subsequent purchaser of the Parcel that there is a violation of the provisions of the Protective Documents. 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 actual 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 Parcel 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, that it did not exist.

**6.18 Incorporation by Reference.** The provisions of the Background section and of all exhibits are incorporated by reference as an integral part of this Declaration. If there is a conflict between the provisions of the Declaration section and the provisions of either the Background section of any exhibit, then the provisions of the Declaration section shall prevail and control. Notwithstanding any provision contained elsewhere, these CC&Rs shall prevail and control over any contrary provision in any other Protective Document.

**6.19 Granting Consent.** During the Period of Declarant Control, whenever the Declarant, the Board, the Association or its committee or agents are granted the power to grant or to withhold consent, that power may be exercised in the sole, absolute and unreasonable discretion of the decision maker.

**6.20 Special Reservation of Rights Concerning Ingress/Egress, Grazing Rights and Grazing Fees.** The Declarant hereby expressly reserves these rights:

Declarant excepts and reserves to the Association, its successors and assigns, permanent easements for ingress and egress and for utilities 10 feet in width measured inward from any Parcel perimeter boundary which faces a Common Element.

Declarant excepts and reserves to itself, its successors and assigns, an easement and right for grazing horses and other livestock on all the Property, provided that this easement does not affect any Parcel sold to an Owner after and while the Owner, at the Owner's sole expense, has erected sufficient fencing to keep livestock off of, (or restrained within) the Parcel. All grazing fees received are the exclusive property of the Declarant (and its assigns). Parcel Owners have no right to all or any part of these grazing fees.

Declarant excepts and reserves to itself, its successors and assigns, the exclusive rights but not the obligations to establish and operate a water company, a community or municipal sewer system, a cable television company, a telephone company and any other common utility system and, including, but not limited to, the rights to enter into any part of the Property from time to time to install, maintain, replace and repair all water or sewer or lines, pumps, tanks, electric or other utility connections reasonably related to systems of this type for the delivery of water, sewer, television, telephone, other electric signals or other utilities. The Declarant and its successors or assigns reserve the right to execute and deliver any additional documents or grants of easement or license reasonably required to implement the general purpose of these reservations.

The Declarant signed this Declaration of Conditions, Conditions and Restrictions to be legally binding as of the Effective Date listed above.

**DECLARANT:**  
Properties of the West, Inc.,  
a Delaware corporation,

By Larry Henley  
Its Vice President

STATE OF ARIZONA )  
                                  ) ss.  
County of Yavapai

Subscribed and sworn to before me this 29<sup>th</sup> day of November, 1995, by  
Larry Henley the Representative of Properties of the West,  
Inc. who swore or affirmed that he was duly authorized to execute and deliver this  
Declaration on behalf of the Company as its authorized officer and agent.

Stephanie L. Medley  
Notary Public

OFFICIAL SEAL  
STEPHANIE L. MEDLEY  
Notary Public - State of Arizona  
YAVAPAI COUNTY  
My Comm. Expires April 30, 1999

My Commission Expires:

My Commission Expires April 30, 1999

When Recorded Return to:  
Robert Erven Brown, Esq.  
11811 N. Tatum Blvd., Ste. 3031  
Phoenix, AZ 85028-1621



INSTRUMENT # 9632306  
OFFICIAL RECORDS OF  
YAVAPAI COUNTY  
MARGO W. CARSON  
REQUEST OF:  
TRANSACTION TITLE INS CO  
DATE: 06/11/96 TIME: 15:00  
FEE: 5.00 SC: 4.00 PT: 1.00  
BOOK 3222 PAGE 168 PAGES: 001

BK	FEE
MAP	5
PCL	10

**FIRST AMENDMENT OF JUNE 11, 1996 TO THE  
DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS  
OF CROSSROADS RANCH PHASE I**

As of June, 11, 1996, this "First Amendment" supersedes, amends and replaces all contrary provisions in the "Declaration" of Covenants, Conditions & Restrictions of Crossroads Ranch Phase I which was recorded in the Yavapai County Recorder's Office on November 29, 1995 as Instrument No. 95-61696.

The undersigned Declarant, in exercise of its "Development Rights" which were reserved to itself pursuant to Section 4.1.1 of the Declaration and, alternatively, in exercise of its rights as a holder of a majority of the Voting Rights in the Association, the undersigned Declarant hereby amends the Declaration as follows:

1. The Provisions of Section 1.2 (2) are stricken with the intent that the three year time restriction regarding subdivision rights is hereby eliminated.

The Amendment is legally binding as of the 11th day of June, 1996.

DECLARANT:  
PROPERTIES OF THE WEST, INC.,  
a Delaware corporation,

By Peter M. Gooding  
Its President

STATE OF ARIZONA. )

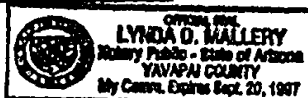
County of Yavapai ) ss.

Subscribed and sworn to before me this 11th day of June, 1996, by Peter M. Gooding, Executive Vice President of Properties of the West, Inc. who swore or affirmed that he was duly authorized to execute and deliver this Amendment on behalf of the Company.

Lynda D. Mallery  
Notary Public

My Commission Expires:

J:\d\patten\crossroa.ran\2amend.ccr





INSTRUMENT # 9633886  
 OFFICIAL RECORDS OF  
 YAVAPAI COUNTY  
 MARGO W. CARSON  
 REQUEST OF:  
 TRANSACTION TITLE INS CO  
 DATE: 06/18/96 TIME: 11:20  
 FEE: 5.00 SC: 4.00 PT: 1.00  
 BOOK 3226 PAGE 163 PAGES: 001

BK	FEE
5	10
MAP	24
PCL	35
10	10

INDEXED &  
 MICROFILMED

When Recorded Return to:  
 Robert Erven Brown, Esq.  
 11811 N. Tatum Blvd., Ste. 3031  
 Phoenix, AZ 85028-1621



INSTRUMENT # 9632306  
 OFFICIAL RECORDS OF  
 YAVAPAI COUNTY  
 MARGO W. CARSON  
 REQUEST OF:  
 TRANSACTION TITLE INS CO  
 DATE: 06/11/96 TIME: 15:00  
 FEE: 5.00 SC: 4.00 PT: 1.00  
 BOOK 3222 PAGE 168 PAGES: 001

BK	FEE
5	10
MAP	24
PCL	35
10	10

**FIRST AMENDMENT OF JUNE 11, 1996 TO THE  
 DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS  
 OF CROSSROADS RANCH PHASE I**

As of June, 11, 1996, this "First Amendment" supersedes, amends and replaces all contrary provisions in the "Declaration" of Covenants, Conditions & Restrictions of Crossroads Ranch Phase I which was recorded in the Yavapai County Recorder's Office on November 29, 1995 as instrument No. 95-51826 in Book 3116 of Official Records page 700.

The undersigned Declarant, in exercise of its "Development Rights" which were reserved to itself pursuant to Section 4.1.1 of the Declaration and, alternatively, in exercise of its rights as a holder of a majority of the Voting Rights in the Association, the undersigned Declarant hereby amends the Declaration as follows:

1. The Provisions of Section 1.2 (2) are stricken with the intent that the three year time restriction regarding subdivision rights is hereby eliminated.

The Amendment is legally binding as of the 11th day of June, 1996.

DECLARANT:  
 PROPERTIES OF THE WEST, INC.,  
 a Delaware corporation,

By  
 Its

*Peter M. Gooding*  
*P. M. Gooding*

STATE OF ARIZONA. )  
 County of Yavapai ) ss.

Subscribed and sworn to before me this 11th day of June, 1996, by Peter M. Gooding, Executive Vice President of Properties of the West, Inc. who swore or affirmed that he was duly authorized to execute and deliver this Amendment on behalf of the Company.

*Lynda D. Mallery*  
 Notary Public

My Commission Expires:

J:\d\patten\crossroa.ran\2amend.ccr



THIS DOCUMENT IS BEING RE-RECORDED FOR THE SOLE PURPOSE OF CORRECTING THE BOOK AND PAGE OF THE COVENANTS, CONDITIONS & RESTRICTIONS OF CROSSROADS RANCH PHASE I.

BOOK 3222 PAGE 168

BOOK 3226 PAGE 163

Recorded at the request of:

When Recorded, MAIL TO:

NORMAN L. MEARNES  
8655 W. MINT WASH PASS  
PRESCOTT, AZ. 86305

3266464 BK 3761 PG 235  
Yavapai County  
Patsy Jenney-Colon, Recorder  
06/16/2000 10:01A PAGE 1 OF 19  
NORMAN L. MEARNES  
RECORDING FEE 19.00  
SURCHARGE 4.00  
POSTAGE 1.00

AMENDMENT TO RESTRICTIONS

**Declaration of  
Covenants, Conditions & Restrictions  
of Crossroads Ranch Phase I**

This Declaration legally binds and encumbers the property described on the Results of Survey of Crossroads Ranch Phase I recorded in Book "32", Pages "6,7,8,9,10, and 11" in the records of Yavapai County, Arizona (Results of Survey of the Property), and as amended or supplemented beginning on the date of this recording (the Effective Date) and continuing for the Term defined below.

*BOOK 3116  
PAGE 700*

**Background & Overview**

**A. Crossroads Ranch Phase I Property Owners Association and its Board of Directors** desire to subject this property to "the Protective Documents". The Protective Documents consist of (1.) The Covenants, Conditions and Restrictions; (2.) The Bylaws of the Association; and (3.) The Rules issued by the Board of the Association. References to the Property include all Improvements constructed thereon from time to time, as well as all easements, rights and appurtenances. The property was sold to the public in Parcels as defined in the Results of Survey.

**B. Government laws and Regulations.** Any and all of the Protective Document rules and restrictions are superseded by Federal, State, and County statutes. These Government Regulations take precedent over all of the Protective Documents if they are in conflict with them.

**C. Purpose of this Declaration.** The purpose of these Protective Documents is to assure that the Property will be used only for attractive non-commercial farm and ranch purposes and to secure for each Owner the full benefit and enjoyment of the Parcels in the furtherance of this common plan. These Protective Documents are to enhance and protect the value, desirability and attractiveness of all of the Property to the benefit the Owners and their heirs, successors, grantees and assigns. The Protective Documents are intended to run with the land so that all or any portion of the Parcels which are sold and conveyed from time to time are subject to these Protective Documents.

**D. Crossroads Ranch Phase I Property Owners Association, Inc. (the Association),** an Arizona nonprofit corporation, will hold legal title to all Common Elements as defined in the Results of Survey, including but not limited to, Roads and improvements, if any, and certain utility easements and items indicated on the Results of Survey. The Association administers and enforces these protective Documents. Upon receiving title to a Parcel, the Owner automatically becomes a Member of the Association and is liable for certain Assessments as needed to pay the costs of maintaining the Common Elements and easements. The Property owners will elect a Board of Directors to manage the Association.

**E. Common Elements and Easements.** All existing Common Elements and Easements are recorded on the Results of Survey. The Association has the right but not the obligation to use, assign, or convey a temporary or permanent Easement for public Ingress and Egress, to install fencing or landscaping, to install, maintain, repair, improve or replace public or private roadways, utilities or other use as determined by the Association in a strip of land 10 feet in width measured inward from any Parcel perimeter boundary which abuts Tracts A, B, C, & E, and Williamson Valley Rd.. None of these rights are included in a conveyance to the owner of an individual Parcel. No Owner may fence, impede, or otherwise interfere with the use of any Easement by the Association or the Utility Grantees.

Other Easements on the Results of Survey are; Utility Easements for Electrical power, Gas lines, Communication lines and any other agency or company designated by the Association for any utility or related purpose.

Also defined in the Results of Survey is a Non-motorized, Equestrian Ingress/Egress Easement. The Owners of Parcels 1, 3 through 18, 20, 22, 24 and 34 are prohibited by the C, C, & R's recorded at Book 3116, Page 700 from fencing their property in any manner which would interfere with the Non-motorized Vehicular Easement.

On the Results of Survey, Tracts "A", "B", "C", & "E" are defined as " Common Elements". These Tracts are the private roads in Crossroads Ranch, Phase I. Each Parcel Owner has a right and easement of enjoyment and use of the Common Elements.

**Each Parcel Owner is urged to obtain a copy of the Results of Survey and study the Easement and Common Element rules and guide lines before planning any Improvement or Alteration.**

## **Declaration**

**Now, Therefore, to protect and preserve the character of the Property, the Homeowners Association officially subjects said Property to these Conditions, Covenants and Restrictions:**

**1.1 Only Non-commercial Uses are Permitted.** Parcels may only be used for non-commercial farm and ranch purposes. No trade or business may be conducted from, on, or in a parcel, except that an Owner of a Parcel may conduct a business activity within a Parcel, if prior written approval is obtained from the Board. This Approval may be withheld by the Board in its absolute discretion.

**1.2 Limited Right to Split a Parcel.** An Owner has a limited right to split a Parcel. This right is subject to these limitations:

**1.2.1** A Parcel may be split only once and into no more than two resulting smaller parcels, each of which must be at least fifteen acres in size.

**1.2.2** The Owner receives the Board's prior written approval of the proposed plan of Parcel split. An Owner's submission of a proposed plan of Parcel split must be accompanied by evidence of compliance with all applicable governmental regulations, a plan for supplying domestic water and legal access to both resulting Parcels and the document review fee in an amount set by the Board.

**1.3 Restrictions On Placement of Improvements on a Parcel.** Improvements (other than approved fencing) :

**1.3.1** Improvement must be located more than One Hundred and Fifty feet away from the parcel boundaries.

**1.3.2** Improvement must comply with all applicable government regulations.

**1.3.3** Improvement may not be placed on an easement or on a Common Element.

**1.4 Limitation on Construction of Improvements.** Only these improvements are permitted on a Parcel:

**1.4.1** One single family dwelling of at least 1500 square feet of living area, exclusive of carport, garage, open porches and patio.

**1.4.2** A private garage and a non-commercial shop area.

**1.4.3** A guest house, servant's quarters or other buildings. Any guest house, which may include a kitchen, must be only for the use of bona fide guests or servants or occupants of the main residence or members of the occupant's family, but shall not be rented or leased separately from the main residence.

**1.4.4** A tack room, barn and feed storage facility.

**1.4.5** Non-commercial loading chutes, corrals, and pens.

**1.5 All Improvements & Alterations must be Approved in Writing Prior to Construction.** No leveling, excavation, grading, planting, landscaping or other



construction of any type may begin on a Parcel until the Owner fully complies with these provisions. An Owner may neither construct an Improvement, add to, destroy, nor otherwise alter an existing Improvement located on his Parcel (collectively, an Alteration) without the prior written approval of the Board of Directors (or its designated committee or agent) of the plans and specifications reflecting the nature, kind, shape, height, color, materials, floor plans, location and approximate cost of the Improvement or Alteration.

1.5.1 The Board of Directors has absolute discretion in waiving a Restriction or in approving or rejecting a proposed Improvement or an Alteration for any reason, including, but not limited to, aesthetics, the suitability of the proposed building or other structure for the proposed site. Harmony with its surroundings and the overall effect of the proposed structure on the Property as well as neighboring Parcels may be considered. The Board's waiver of a Restriction is not a waiver of its right to enforce the Restriction in subsequent cases.

1.5.2 It is the Owner's responsibility to comply with all applicable building codes and regulations. Approval of plans and specifications for an Improvement or an Alteration by the Board does not constitute a warranty or representation of the structural integrity, feasibility, safety or compliance of the plans with any applicable governmental regulation.

1.5.3 Each Owner who submits a request for approval of an Improvement or Alteration shall indemnify, defend and hold the Association, and their Board of Directors and other members harmless for, from and against all costs, claims or charges arising from the submission of the request and from the construction of the Improvements or the implementation of an Alteration.

1.5.4 If the Board fails to respond in writing within 30 days to the submission of a complete set of documents as required by the Board (i.e., site plans, elevation, and a general description of the materials, etc.) then the proposed submission shall be deemed approved.

**1.6 Miscellaneous Building Requirements.** No reflective roofs or windows are allowed. All Improvements must be constructed from new materials (or equivalent approved by the board). No generator, radio, microwave or television antenna, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation may be erected, used or maintained on a Parcel if it is visible from Property, unless approved in writing by the Board in its sole and absolute discretion.

1.6.1 All residences shall contain water flush toilets within the residence. Waste water shall be discharged into a legally approved septic or sewage disposal system installed by the Owner. Septic and sewage systems;

- (1.) Must be maintained so as not to disturb surrounding neighbors with offensive odors and sight.
- (2.) Must be located to minimize grading and disturbance to existing vegetation.
- (3.) Are considered as an improvement requiring prior approval by the Board.

1.6.2 Fireplace chimneys and outlets from stoves, heating appliances and outside fire boxes must be protected from sparks by capping or screening. No campfires are allowed.

1.6.3 Geodesic domes, A-Frame structures, manufactured housing, mobile homes (i.e., a moveable or portable unit for residential purposes constructed to be towed on its own chassis and designed to be installed with or without a permanent foundation), buses, recreational vehicles, vans, camper trailers, tent trailers, trailers or other readily moveable residential structure or vehicle, basement of any incomplete buildings, tents, shacks, garages, barns or other structures or temporary Improvements of any kind are not permitted to be used on a Parcel as a residence or for storage. Temporary buildings or Improvements used during construction of Improvements are permitted but must be removed within seven days after completion of the construction.

1.6.4 Clotheslines, equipment, propane tanks, service yards, wood piles and storage areas must be screened by plants, fencing, or other aesthetically pleasing form of concealment so that they will not be visible from neighboring Parcels. No laundering is permitted unless conducted inside of an approved Improvement.

1.6.5 Construction of all exterior portions of Improvements must be finished within six months after commencement of construction.

**1.7 Fences & Roads.** No solid wall or fence of any type over six feet in height may be erected, except as permitted in writing by the Board in its absolute discretion. All Parcels with livestock must have fences constructed of new materials (or equivalent approved by the Board) and be of a height and strength as to adequately contain all permitted animals. All livestock owned by a Parcel Owner must be contained at the expense of the Owner within the Parcel where permitted for the protection of those who travel on the Common Elements or on adjacent county or state highways and roads.

1.7.1 All fences installed by Owner are at Owner's sole expense and must be built in accordance with normal ranch standards to contain horses and other livestock. If Owner wishes to fence off any portion of Owner's property to restrict horses and other livestock, Owner may do so, but when constructing a fence at the perimeter of Owner's property, construction must be set back so as not to encroach upon any easement shown on the Results of Survey. The Association, through the Board of Directors, may move any existing fence which is within the ten foot perimeter easement in order to make use of the easement for road or utility purposes. The Board may issue Rules from time to time setting specific standards for the construction of fences.

**1.8 Underground Utility Service.** Except for lines, wires, and devices existing on the Property as of the Effective Date (and maintenance and replacement of the same), no lines, wires, or other devices for the communication or transmission of electric current or power, including but not limited to, telephone, television, and radio signals, may be erected, placed or maintained on a Parcel by an Owner unless installed and maintained underground or concealed within an approved Improvement.

**1.9 Trash Containers and Collection.** No Parcel may be used for temporary or permanent storage of rubbish, trash, or hazardous or toxic materials (collectively, Garbage). No Garbage may be kept on the Property except in covered containers of a type, size, style and in locations which are approved by the Board, which may subscribe to a Garbage collection service for the mandatory use by the Association and all Owners.

The Board may adopt Rules regarding Garbage, its containers and collection. Incinerators may not be operated on a Parcel. Upon ten days written notice from the Association to an Owner, The Association or its agents may remove Garbage from the Parcel at the sole cost of the Owner, which is payable upon demand. The Association may enforce collection of this charge in the same manner and to the same extent as if the delinquent amount was a delinquent Assessment.

**1.10 Animals.** Except as specifically provided below, no animals, birds, fowl, poultry, livestock or pets of any kind may be kept on a Parcel. No swine, ostriches, fighting chickens, pit bulls, or wild animals of any kind may be raised, bred or kept on any Parcel. While the Parcel may be used for non-commercial Ranching, including a reasonable number of horses, cattle, dogs, cats, and house pets such as birds, fish, rabbits or turtles, the Parcels may not be used as a stockyard, dairy, horseback riding stable or any other activity which would create excessive dust, noise or obnoxious odors. Breeding and raising livestock or poultry for commercial purposes is prohibited, except as an individual bona fide 4-H project or similar organization. All livestock and poultry must be confined within a fenced area, which shall be kept clean and well maintained, with all manure removed on a regular basis. (Also see the fencing requirements above). The Board may set or modify the Rules to regulate the number and type of permitted animals from time to time.

**1.11 Agriculture & Mineral Exploration.** Raising agricultural crops for personal use is permitted; all commercial agriculture use is prohibited. Noxious and offensive plants are prohibited. Each Owner is under an affirmative obligation, at their expense to prevent the spread of noxious or offensive plants to other Parcels or Common Elements. The Board may designate offensive plants for removal or other treatment by the Parcel Owner by issuing Rules from time to time. If Owner fails to take the required steps after thirty day's written notice, then the Board may remove the designated plants at the Owner's expense, which expense shall be treated as a assessment. All agricultural activity shall be conducted in accordance with the Rules of the Board. No portion of the Property may be used to explore for or to remove any oil or other hydrocarbons, gold, silver, minerals of any kind, gravel, earth, or other earth substance of any kind.

**1.12 Motor Vehicles, Machinery & Equipment.** No Vehicle may be stored, maintained, constructed, reconstructed or repaired on any part of the property except when done inside a shed, garage or screening so that it is not visible from other Parcels. Inoperable or unlicensed Vehicles must be stored or parked inside of an approved Improvement so as not to be visible from adjoining Parcels.

**1.12.1** All Vehicles or motors must be operated with a muffler. All Terrain Vehicles, ATC's, go-carts, motorcycles, minibikes, motorized scooters and the like may be operated only within the Owners Parcel and are not allowed on the Common Elements unless they are licensed, driven by a licensed driver, and operated in a way which does not disturb or annoy the adjoining Owners. The Board may restrict or prohibit the use of any polluting, noisy or otherwise bothersome vehicles on a Parcel or on the Common Elements by Rule from time to time.

**1.12.2** No Machinery or equipment of any kind may be placed, operated or maintained upon the Property except as is usual and customary in connection with the use, maintenance or construction of Improvements and except those used by the Association.

1.12.3 The Board may remove any Vehicle or other mechanical equipment which violates the Protective Documents at the sole cost and expense of the Owner of the Parcel on which it sits. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand

**1.13 Signs.** Signs (including, but not limited to, For Sale or For Rent signs) are not permitted on the Property without the prior written approval of the Board; provided, however, that an non-lighted, neatly painted For Sale or For Rent sign not to exceed 2 foot by 2 foot in size may be placed on the Parcel.

**1.14 Public Events, Nuisances and Offensive Activity.** No event open to the general public, nuisance or other generally offensive activity is permitted on the Property. No activity may be conducted on a Parcel which is offensive, detrimental, or annoying to any portion of the property, any Owner or other occupant of the Property. No exterior speakers, horns, whistles, bells, or other sound device, except security or other emergency devices used exclusively for security or emergency purposes, may be located, used or placed on the Property. Hunting, discharging firearms, or indiscriminate use of vehicles creating dust or excessive noise are a nuisance and are prohibited. No Owner shall permit any thing or condition to exist upon the Property which could induce, breed or harbor infectious plant diseases or noxious insects.

**1.15 Limitation of Leasing of Parcels.**

- (1.) An Owner may not lease less than his entire Parcel.
- (2.) An Owner may not lease for a period of less than thirty days.
- (3.) An Owner may not enter into a oral lease.
- (4.) An Owner may not exempt the tenant from the Protective Documents since the lease is subject in all respects to the Protective Documents.

Failure by the tenant (or sub-tenant) to comply with the Protective Documents is a default under the lease. Upon leasing his Parcel, an Owner shall promptly notify the Association of the commencement date and termination date of the lease and the names of each person who will be occupying the Parcel.

**1.16 Lawful Use.** No immoral, improper, offensive, or unlawful use may be made of any part of the Property. Violation of a governmental law, zoning ordinance, or regulation also violates the Protective Documents.

**Article 2. The Association; Rights, Duties and Membership.**

**2.1 Purpose, Rights, Powers, and Duties of the Association.** The Association shall be organized as a nonprofit Arizona corporation acting through its Board of Directors (or their agents or committees) to:

- (1.) Maintain bridges, if any, roadways, crossings, fences, and other Improvements located on the Common Elements.
- (2.) Act as or appoint an architectural control committee or agent to act in accordance with the Protective Documents.
- (3.) Collect from the Owners the funds necessary to repair and maintain the Common Elements and fulfill the other legal duties of the Association.
- (4.) Adopt, amend, and repeal rules and regulations (The Rules) to, among other things, restrict and govern the use of all or any part of the Property by the Owners, their families, invitees, licensees, guests, and lessees.
- (5.) Enter into contracts with third parties to perform all or part of its functions and to hire employees, agents, attorneys, accountants and others as necessary to interpret and enforce the Protective Documents.
- (6.) Dedicate roads, grant easements, or revoke or amend them (or the Plat) from time to time.

The Association has the rights, powers, and duties as listed in the Protective Documents broadly interpreted as may be reasonably necessary in order to effectuate the purposes of the Association.

2.1.1 The Association may finance capital improvements in the Common Elements by encumbering future Assessments if approved by the written consent of the Owners holding a Majority of the votes in the Association. Unless the Protective Documents specifically require a vote of the members, approvals or actions to be given or taken by the Association are valid if given or taken by the Board or their designated committees or agents.

**2.2 Members & Membership.** Upon receiving title to a Parcel, the purchaser automatically becomes both an Owner and a member of the Association. By accepting a deed, the Owner agrees to be bound by the Protective Documents as amended from time to time. Membership is appurtenant to the Parcel and may not be separated from ownership of the Parcel. The rights and obligations of an Owner and Member (which terms are used interchangeably) may not be alienated, assigned, transferred, pledged or conveyed apart from ownership of the Parcel. Any attempt to violate this restriction is void.

**2.3 Directors and Officers.** The Owners shall elect the Board of Directors as provided by the Bylaws of the Association, who shall then elect the officers of the Association. All members of the Board of Directors must be Parcel Owners.

**2.4 Allocation of Votes in the Association.**

2.4.1 Each Owner of a Parcel as defined in the Results of Survey, is entitled to two votes per Parcel and is referred to as a "Class A" Member as defined in the Articles and Bylaws of the Association

2.4.2 When and if a Parcel is lawfully split as allowed by the Protective Documents, each of the resulting Parcels is entitled to one vote.

2.4.3 While delinquent in the payment of an Assessment or other amount owed to the Association or while otherwise in violation of the Protective Documents, delinquent Members are not allowed to vote. If more than one party is the Owner of a Parcel, then there must be a unanimous agreement among those who own an interest in the Parcel as to how to cast their ballots associated with that Parcel, otherwise the votes shall not be counted.

**Article 3. Assessments.**

**3.1 Assessment Obligations.** Except as otherwise provided below, all persons who own an interest in a Parcel are jointly and severally liable to pay all costs associated with that Parcel, including, but not limited to:

- (1.) Annual assessments for all items approved by the Board, including but not limited to, normal maintenance and repair and reserves, insurance, and operating costs.
- (2.) Special Assessments for capital improvements or other extraordinary expenses.
- (3.) Late payment penalties, interest charges, attorneys' fees, court costs, collection costs, transfer fees, monthly or special statement charges, garbage removal charges, towing charges, and all other fees or costs approved by the Board (collectively, the Assessments).

3.1.1 The initial annual Assessment is Ten Dollars per acre, but is subject to change from time to time by the Board. Assessments shall be charged to the Owners on a per acre basis. Assessments may be specified as being due monthly, quarterly, semiannually, or annually in the Board's discretion. The Board may permit or require that the Assessments be paid in installments.

3.1.2 If not timely paid, then Assessments become a lien on the Owner's Parcel. The phase Assessment Lien refers to the lien hereby granted to the Association to secure the payment of Assessments, monetary penalties and other charges owed to the Association, all as further provided below. This personal obligation for delinquent Assessments does not pass to the Owner's successor in title unless expressly assumed by the successor. The obligation to pay is, however, a continuing lien on the Parcel; the successor's ownership interest is acquired subject to all rights of foreclosure and enforcement against the Parcel.

**3.2 Budgets.** The Board will prepare the Budget. The Board is expressly authorized to adopt and amend budgets for the Association without ratification by the Owners. Within thirty days after receipt of a written request, the Board should send the requesting Owner a summary of the budget and a statement of the amount of the Owner's Annual Assessment. All Assessments are due thirty days after Notice to the Owners, unless otherwise specified by the Board. The Association shall pay all ad valorem, or other real property taxes or assessments or charges relating to the Common Elements and include this cost in the Budget.

3.2.1 The Board's failure to prepare or adopt a Budget does not constitute a waiver or release of an Owner's obligation to pay his allocable share of the Expenses. Each Owner shall continue to pay the Assessment against his Parcel as established for the previous year until notice of the Assessment for the new year has been established by the Board. The amount of the Assessment is determined in the reasonable discretion of the Board as appropriate, which Assessment may be amended or supplemented. Assessments commence on the date the Owner acquires title. If an expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against the Owner's Parcel.

**3.3 Special Assessments.** In addition to Annual Assessments, the Association may levy a Special Assessment to pay for construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, or for any other lawful Association purpose or expense, provided that any Special Assessment must be approved by Members holding two-thirds of the votes in the Association who are voting in person or by proxy at a meeting duly called for that purpose. Unless otherwise specified by the Board, Special Assessments are due thirty days after notice of the Special Assessment is given to the Owners.

**3.4 Effect of Nonpayment of Assessments; Remedies of the Association; Certain Remedies Incorporated by Reference; Compliance with the Planned Communities Act; Open Meeting Requirements & Mandatory Information to Purchasers.** The collection of Assessments and late fees is vital to the proper achievement of the goals of the Protective Documents. To the extent consistent with these provisions, the Association reserves for itself all of the powers and rights of lien enforcement and of collection of Assessments as set forth in A.R.S. #33-1201, et seq. To the extent any provision in the Protective Documents is inconsistent with the Planned Communities Act, A.R.S. #33-1801, then that provision is hereby modified to the extent required by law so that it can be enforced.

3.4.1 Any Assessment, installment of an Assessment, or other amount owed by a Owner to the Association which is not paid within fifteen days after it is due is delinquent, shall bear interest from the date of delinquency at the rate of One Percent per month, (unless a different interest rate is established by the Board) and is subject to a late fee in an amount set by the Board.

3.4.2 All Assessments, monetary penalties and other fees and charges imposed or levied against any Parcel or Owner shall be secured by the Assessment Lien as provided in the Protective Documents or otherwise at law. The recording of this Declaration constitutes record notice and perfection of the Assessment Lien, and no further recordation of any claim of lien is required. Although not required in order to perfect the Assessment Lien, the Association has the right, but not the obligation, to record a notice setting forth the amount of any delinquent assessments, monetary penalties or other fees or charges imposed or levied against a Parcel or the Owner which are secured by the Assessment Lien.

3.4.3 The Association may, at its option, enforce collection of any delinquent Assessments, monetary penalties, and all other fees and charges owed to the Association in any manner allowed by law including, but not limited to:

- (1.) Bringing an action at law against the Owner personally obligated to pay the delinquent amounts; this action may be brought without waiving the Assessment Lien securing any such delinquent amount.
- (2.) Bringing an action to foreclose its Assessment Lien against the Parcel in the manner provided by law for the foreclosure of a realty mortgage. The Association has the power of sale in connection with this lien, which lien is in favor of the Association and for the Benefit of all of the Owners. The Association has the power to bid at any foreclosure sale and purchase, acquire, hold, lease, mortgage, and convey any Parcel purchased at either a judicial or non judicial sale.

3.4.4 As required by A.R.S. #33-1803, the Association shall provide not less than five days written notice, including the right to request a hearing before the Board, prior to levying a monetary penalty for violation of the Protective Documents. These Penalties are enforceable in the same manner as unpaid Assessments.

**3.5 Limited Subordination of Assessment Lien to Bona Fide Mortgages.**  
The Assessment Lien is subordinate to all Mortgages as defined below.

3.5.1 Even though the Association has a valid lien against a Parcel, if a person, unrelated to the Owner, acquires fee title to a Parcel through;

- (1.) Foreclosure of a Mortgage.
- (2.) At a trustee's sale
- (3.) Accepting a deed in lieu of foreclosure.

That person takes title to the Parcel free of the Association's Lien and is not required to pay unpaid Assessments, monetary penalties and other fees and charges against the Parcel which became payable prior to the date on which that person acquired fee title.

3.5.2 Delinquent Assessments, monetary penalties and other fees and charges which are not collectible may be reallocated and assessed on a per acre ownership basis to all Parcels. Any Assessments, monetary penalties, and other fees and charges against the Parcel which accrue prior to such sale or transfer remain the obligation of the defaulting Owner. Taxes, assessments, and charges which may become liens prior to a Mortgage relate only to the individual Parcel and not to the Property as a whole.



**3.6 Exemption of Owner.** No Owner may exempt himself from liability for payment of Assessments, monetary penalties and other fees and charges levied pursuant to the Protective Documents by Waiver and non-use of any Common Elements or by the abandonment of his Parcel.

**3.7 No Offsets.** All Assessments, monetary penalties and other fees and charges are payable in accordance with the provisions of this Declaration; no offsets against Assessments, monetary penalties and other fees and charges are permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Protective Documents.

**3.8 Transfer fees, Document Review Fees & Monetary Penalties.** Upon becoming the Owner of a Parcel, each Purchaser of a Parcel shall pay to the Association a transfer fee in such amount as is established from time to time by the Board. In accordance with the procedures set forth in the Protective Documents, the Board may levy monetary penalties, fines, delinquent interest, etc. against a Owner for violations of the Protective Documents. With every request for approval of an Improvement or other consent from the Board or its architectural review committee, including but not limited to plans and specifications, the Owner shall include a review fee of \$75 payable to the Board (or its designee) for review of the proposed Improvements. The amount of the review fee may be changed from time to time.

**3.9 Insurance.** The Association may maintain, to the extent reasonably available, insurance as the Board deems prudent and pay the premiums with Association funds, including, but not limited to liability, property, casualty, errors and omissions, director's insurance and the like.

**Article 4 Definitions.** In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, bylaws, or the Association Rules, the provisions of this Declaration shall prevail. All capitalized words or phrases have these meanings when interpreting the Protective Documents:

- 4.1 Act** refers to the Arizona Planned Communities Act, A.R.S. #33-1802, et seq.
- 4.2 Alteration** means any improvement to, addition to, destruction of, or otherwise altering an existing Improvement located on a Parcel.
- 4.3 Assessment Lien** means the lien granted to the Association to secure the payment of Assessments, monetary penalties, and other fees and charges owed to the Association.
- 4.4 Assessments** refers to any Annual Assessments for all items approved by the Board, including but not limited to, normal maintenance and repair and reserves, insurance, operating costs, Special Assessments for capital improvements or other extraordinary expenses, late payment penalties, interest charges, attorneys' fees, court costs, collection costs, transfer fees, monthly or special statement charges, Garbage removal charges, towing charges and all other fees or costs approved by the Board.

- 4.5 Association** means Crossroads Ranch Phase I Property Owners Association, a nonprofit corporation.
- 4.6 Budget** refers to the estimate of the total expenses for operation of the Association as approved by the Board.
- 4.7 Common Elements** means, but may not be limited to, roads, bridges, if any, and utility easements and items indicated on the Results of Survey and as amended or supplemented.
- 4.8 C. C. & R's** means this Declaration of Covenants, conditions, and Restrictions.
- 4.9 Effective Date** means the date of recordation of this Declaration.
- 4.10 Majority** means 51% of the Members of the Association in good standing.
- 4.11 Member** means Owners of an interest in a Parcel.
- 4.12 Owner or Owners** means:
- (1.) The record Owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Parcel.
  - (2.) A purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract subject to A.R.S. #33-741, et seq.
- Owner excludes:
- (1.) Persons having an interest in a Parcel merely as security for the performance of an obligation.
  - (2.) A lessee or tenant of a Parcel.
  - (3.) A purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to executory contracts pending the closing of a sale or purchase transaction. In the case of Parcels the fee simple title to which is vested in a trustee pursuant to A.R.S. #33-801, et seq., the Trustor shall be deemed to be the Owner. In the case of Parcels, the fee simple title to which is vested in a trustee pursuant to a split trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the Parcel shall be deemed to be the Owner.
- 4.13 Parcels** are defined in the Results of Survey.
- 4.14 Property** means the property as defined in the Results of Survey
- 4.15 Protective Documents** means this Declaration of Covenants, Conditions, and Restrictions, the Rules issued by the Board of the Association, the Bylaws of the Association and the Articles of Incorporation of the Association.
- 4.16 Results of Survey** means the Results of Survey map recorded as indicated on page one of this Declaration.

- 4.17 Special Assessment** means a charge levied to pay for construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, or for any other lawful Association purpose as approved by the Board.
- 4.18 Vehicle** means any car, bus, van, pickup, truck, all terrain vehicle, ATV, ATC, sand rail, dune buggy, go cart, motorcycle, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer, or other similar equipment or motorized equipment.

## **Article 5 General Provisions.**

**5.1 Grant of Easement.** The Association grants to each Owner a right and easement of enjoyment and use of the Common Elements. This grant is appurtenant to, and shall pass with the title to each Parcel subject, however, to the Owner's obligation to pay all fees and Assessments owed to the Association. If any Common Element is dedicated to public use and formally accepted by Yavapai County, an improvement district or other governmental or quasi-governmental entity, then the Association shall pay the cost of constructing or modifying streets, roads, bridges, or other improvements as required by Yavapai County, the Improvement district, or other governmental entity.

### **5.2 Enforcement.**

**5.2.1** If the Board determines that an Owner has violated or is threatening to violate a provision of the Protective Documents, then it may order an investigation or hearing. Upon receipt of written notice of a violation of a provision of the Protective Documents, then a Owner shall, within 15 days, correct the condition. If not correctable within that period, then the Owner shall submit corrective plans proposing its remedy within 15 days after receipt of the notice. The Board shall approve or disapprove the proposal within a reasonable time. If the proposal is disapproved or if the Owner fails to complete the proposed correction, then the Board may undertake the remedy and assess the cost to the Owner. The Board is hereby granted the right of entry to the affected Parcel to correct violations of the Protective Documents. The Board may also impose penalties, interest, and attorney's fees on a violator.

**5.2.2** The Association, or any Owner, may enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or later imposed by the Protective Documents. Failure of the Association or by any Owner to enforce any covenant or restriction contained in the Protective Documents shall not be deemed a waiver of that right.

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

**5.4 Term.** This Declaration (and the other Protective Documents) shall run with and bind the Property for a Term of twenty years from the Effective Date, after which time they shall be automatically extended for successive periods of ten years unless a Majority of the Owners execute and record a written notice of termination in the office of the Yavapai County Recorder prior to the expiration of the Term then in effect.

**5.5 Amendment.** Except in cases of amendments executed or approved in writing by the Association under the Protective Documents or as needed to comply with the Act, this Declaration, including the Results of Survey, may be amended only by the Owners holding at least sixty-seven percent of the votes in the Association. Any amendment adopted by the Owners shall be signed by the President or Vice President of the Association and shall be recorded with the Yavapai County Recorder.

**5.6 Remedies Cumulative.** All remedies are cumulative and not exclusive.

**5.7 Notices.** All notices, demands, statements, or other communications required to be given to or served on a Owner under this Declaration shall be in writing and are deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed to the Owner, at the address placed on file by the Owner with the Association; or if no address is on file, then at the address listed in the records of the Yavapai County Assessor for the Owner of that Parcel. An Owner may change his address on file with the Association for receipt of notices by delivering a written notice of change of address to the Association pursuant to this Section. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Parcel is owned by more than one person, notice to one of the Owners shall constitute notice to all Owners of the same Parcel. Each Owner shall file his correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

**5.8 Binding Effect.** By acceptance of a deed or by acquiring any ownership interest in any portion of the Property, each Person, for himself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by the Protective Documents and any amendments. In addition, each such person by so doing thereby acknowledges that the Protective Documents set forth a general scheme for the improvement and development of the Property and Improvements covered thereby and hereby evidences his agreement that all the restrictions, conditions, covenants, rules, and regulations contained in the Protective Documents shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees. Furthermore, each such person fully understands and acknowledges that the Protective Documents shall be mutually beneficial, prohibitive and enforceable by the future Owners.

The Association covenants and agrees that the Parcels and the membership in the Association and the other rights created by the Protective Documents shall not be separated or separately conveyed, and that each shall be deemed to be conveyed or encumbered with its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

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

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

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

**5.12 Counting Votes.** Notwithstanding any language to the contrary elsewhere in the Protective Documents, references to a specific number of votes as being required for certain actions, such as amending the C. C. & R's, etc., shall be interpreted to mean the exercise of the vote by the holders of the specific number of votes. Class A and Class B votes shall be counted together in determining the total number of votes.

**5.13 Joint and Several Liability.** In the case of joint ownership in a Parcel, the liabilities and obligations of each of the joint Owners set forth in, or imposed by, the Protective Documents shall be joint and several.

**5.14 Guests and Tenants.** Each Owner is responsible for compliance by his agents, tenants, guests, invitees, licensees and their respective servants, agents and employees with the provisions of the Protective Documents. An Owner's failure to ensure compliance by such persons shall be grounds for the same action available to the Association or any other Owner by reason of such Owner's own non-compliance.

**5.15 Attorney's Fees.** If the Association or any Owner employs an attorney or attorneys to enforce a lien or to collect any amounts due from a Owner or to enforce compliance with or recover damages for any violation of the Protective Documents, the prevailing party is entitled to recover from the other party his reasonable attorney's fees and costs incurred in the action, including those incurred in Federal Bankruptcy Court and on appeal.

**5.16 Number of Days.** In computing the number of days for purposes of any provision of the Protective Documents, all days shall be counted including Saturdays, Sundays and Holidays; provided, however, that if the final day of any time period fall on a Saturday, Sunday, or Holiday, then the next day shall be deemed to be the next day which is not a Saturday, Sunday, or Holiday.

**5.17 Notice of Violation.** As provided elsewhere in this Declaration, in the Protective Documents or at law, the Association has a lien against the Parcel owned by an Owner who fails to timely pay Assessments without the necessity of recording any additional notice or claim of lien. In its discretion, however, the Association may record a claim of lien or other written notice of a violation by any Owner of any restriction or provision of the Protective Documents. The notice may be executed and acknowledged by an officer of the Association, among other things, may contain this information:

- (1.) The name of the Owner
- (2.) The legal description of the Parcel against which the notice is being recorded.
- (3.) A brief description of the nature of the violation.
- (4.) A statement that the notice is being recorded by the Association pursuant to this Declaration.
- (5.) A statement of the specific steps which must be taken by the Owner to cure the violation.

Recordation of a Notice of Violation shall serve as a notice to the Owner and to any subsequent purchaser of the Parcel that there is a violation of the provisions of the Protective Documents. 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 actual 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 Parcel 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 that it did not exist.

**5.18 Incorporation by Reference.** The provisions of the Background section and of all exhibits are incorporated by reference as an integral part of this Declaration. If there is a conflict between the provisions of the Declaration section and the provisions either the Background section of any exhibit, then the provisions of the Declaration section shall prevail and control. Notwithstanding any provision contained elsewhere, these C. C. & R's shall prevail and control over any contrary provision in any other Protective Document..

**5.19 Granting Consent.** The Association and its Board of Directors, or its committees or agents are granted the power to grant or to withhold consent, that power may be exercised in the sole, absolute and unreasonable discretion of the decision maker.

**5.20 Special Reservation of Rights Concerning Ingress/Egress.** The Association has the right of permanent easements for ingress and egress and for utilities 10 feet in width measured inward from any Parcel perimeter boundry which faces a Common Element.

The Board of Directors of the Homeowners Association, Crossroads Ranch, Phase I signed this Declaration of Covenants, conditions, & Restrictions to be legally binding as of the Effective Date which will be the date the Document is recorded by Yavapai County.

PRESIDENT:

Loretta Jones *Loretta Jones* Date: 6-15-00

V. P. SECRETARY:

Dennis Beaver *Dennis Beaver* Date: 6-15-00

DIRECTOR - TREASURER:

Gerrie Hatten *Gerrie Hatten* Date: 6/15/00

DIRECTOR:

Joe Pennacchio *Joe Pennacchio* Date: 6/16/00

DIRECTOR:

Norman Mearns *Norman Mearns* Date: 6-15-00