

STATE OF ARIZONA, County of Yavapai

18742

I do hereby certify that the within instrument was filed and recorded at the request of

on JUN 2 - '81 1 20 PM o'clock book 1385 Official Records Page 416 - 443

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder
By *[Signature]*

Deputy

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
TIMBER RIDGE UNIT I

THIS DECLARATION, made on the date hereinafter set forth by ASPEN CREEK ENTERPRISES, INC., an Arizona corporation, hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property situated in Yavapai County, Arizona, which is more particularly described on Exhibit A, attached hereto and made a part hereof; and

WHEREAS, Declarant desires to provide for the construction of a Planned Area Development consisting of townhouses, patio homes, single family detached residences, common areas and recreational and other facilities; and

WHEREAS, Declarant desires and intends that the owners, mortgagees, beneficiaries and trustees under trust deed, occupants and other persons hereafter acquiring any interest in any portion of the described property shall at all times enjoy the benefits of, and shall hold their interest subject to, the rights, easements, privileges, covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspects of the described property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Timber Ridge Unit I; and

WHEREAS, Declarant at this time includes in this Declaration and imposes these covenants, conditions and restrictions upon only the lots and other areas situated within Timber Ridge Unit I,

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450 W. Goodwin
Phoenix

but may, subsequent to the date of this Declaration desire to include or annex in this Declaration additional Units or phases for Timber Ridge, as provided for in Article IX, Section 5 below;

NOW, THEREFORE, Declarant hereby declares that the lots and other property situated within Timber Ridge, now and in the future, shall be held, sold and conveyed subject to the following reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges and liens (hereinafter sometimes collectively termed "covenants, conditions and restrictions") and which shall run with the real property and be binding upon all parties having any right, title or interest in the described lots or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I DEFINITIONS

Section 1. "Association" shall mean TIMBER RIDGE OWNERS ASSOCIATION, INC., which will hereafter be incorporated by Declarant and others as a non-profit corporation, and that Association's successors and assigns.

Section 2. "Association Rules" shall mean the rules and regulations adopted by the Association, as the same may be amended from time to time.

Section 3. "Articles" shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

Section 4. "Board" shall mean the Board of Directors of the Association.

Section 5. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 6. "Common Expenses" shall mean expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserve, which expenses shall be assessed to the Owners or Members at regular intervals, by special assessments, or otherwise.

Section 7. "Common Area" shall mean all areas shown on the recorded plat map designated as "open space" or abbreviated as "O.S." which shall be owned by the Association when the first lot is conveyed to a Class A Member as hereinafter defined. Although termed "open space", such areas may include picnic benches, charcoal grills, tennis courts, a swimming pool, a clubhouse, and other recreational amenities which would enhance the use of the common area. In addition, "common area" shall include those certain Easements, streets and roadways as are more specifically described on the plat map, attached hereto as Exhibit B and made a part hereof.

Section 8. "Limited Common Elements" shall mean any portion of the project property designed for the use of the Owners or Members owning more than one but fewer than all of the lots.

Section 9. "Declarant" shall mean ASPEN CREEK ENTERPRISES, INC., an Arizona corporation, and its successors and assigns.

Section 10. "Lot" shall mean any one of the lots described in Timber Ridge Unit I and any other lot within one or more additional Units which may hereafter be annexed to or included in this Declaration as provided herein.

Section 11. "Never Occupied Lot" shall mean a lot on which no physical improvements have been commenced towards the construction of a dwelling thereon.

Section 12. "Member" shall mean any person, corporation, partnership, joint venture or other legal entity who is a member of the Association.

Section 13. "Owner" shall mean the record Owner, whether one or more persons or entities, of equitable or beneficial title (and legal title if the same has merged with the equitable or beneficial title) of a lot. "Owner" shall not include the purchaser of a lot under a recorded Agreement for Sale, Installment Land Sale Contract or other recorded executory contract for the sale of real property. "Owner" shall not include persons or entities having an interest in a lot merely as security for the

performance of an obligation. "Owner" shall not include a lessee or tenant of a lot or dwelling.

Section 14. "Person" shall mean a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREA

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and pass with the title to every lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated in, under, across or upon the Common Area;

(b) The right of the Association to suspend the voting rights and/or the right to use of the Common Area for nonpayment of assessments during any period which any assessment against the Owner's Lot remains unpaid, or to impose the same sanctions for other breaches of this Declaration, the Association Bylaws or its published Rules and Regulations;

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer (which shall be by a document executed by the President and Secretary of the Association) shall first have received written approval of the Board of the Association, and have received the assent of two-thirds (2/3) of the votes of the Members who are voting in person or proxy at a meeting duly called for such purpose.

(which purpose must be stated in the notice of the meeting) all in accordance with the Bylaws of the Association, and the instrument recorded.

(d) The right of the Association to establish uniform Rules and Regulations pertaining to the use of the Common Area, the recreational facilities thereon and such other miscellaneous provisions which may be appropriate to assure proper repair and maintenance of the entire property (including individual Lots) to encourage uniform and attractive appearance throughout Timber Ridge Unit I and any additional property which may hereafter be annexed thereto.

(e) The right of Developer (and its sales agents and representatives) to the non-exclusive use of the Common Area for display, sales and exhibit purposes, which rights Declarant hereby reserves to Developer(s).

Section 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws or Rules and Regulations of the Association, his right of enjoyment of the Common Area and facilities to the members of his family, his tenants, or others, who properly reside in the residential unit.

Section 3. Waiver of Use. No member may exempt himself from personal liability for assessments duly levied by the Association, nor release the Lot owner by him from the liens and charges hereof, by non-use or waiver of the use and enjoyment of the Common Area and related facilities thereto or by abandonment of his Lot.

ARTICLE III

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

Section 1. Permitted Uses and Restrictions. The permitted uses, easements, and restrictions for all property covered by this Declaration, or annexed hereto, shall be as follows:

(a) Residential Use. All property, except for the Common Area, shall be used, improved and devoted exclusively for residential use in accordance with the laws of the City of Prescott, Arizona. The plat map, attached hereto and incorporated herein, more specifically delineates the various townhouses, patio homes, and single family detached residences. All zoning requirements applicable to each residential zoning classification within the entire development and any annexation(s) hereto shall be strictly adhered to. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any such property. Lots owned by a Developer may be used as model homes, and for sales and construction offices for the purposes of enabling the Developer to sell Lots within the project property, until such time as all of the Lots owned by the Developer have been sold to public purchasers.

(b) Antennas and Utility Service. No antennas, lines, wires, or other devices for the communication, transmission or receiving of electrical current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any property whether attached to a building or structure or otherwise, unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or upon buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incidental to the construction of buildings or structures approved by the Architectural Committee.

(c) Improvements and Alterations. No improvements, alterations, repairs, excavation or other work which

in any way alters the exterior appearance of any Property or the Improvements located thereon from its natural or improved state existing on the date such Property was first conveyed or transferred by Declarant to an Owner shall be made or done without prior approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. Pursuant to its rulemaking power, the Architectural Committee shall establish a procedure for the preparation, submission and determination of applications for any such alteration or improvement. All additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme and building materials, shall be subject to the prior approval of the Architectural Committee. All decisions of the Architectural Committee shall be final, and no Lot Owner or other parties shall have recourse against the Architectural Committee or any of its members, for or with respect to any decisions made in good faith.

(d) Landscape Maintenance. The Association shall maintain the natural landscape, together with additional plantings on all Common Area, and for this purpose, Declarant and the Association shall have the right, at any time, to plant, replace, maintain and cultivate landscaping, shrubs, trees, and other similar plantings on any Common Area and on such easements over an Owner's Lot as may have been granted to Declarant or the Association. No Owner shall remove, alter, injure or interfere in any way with any landscaping, shrubs, trees, grass or plantings placed upon any Common Area by Declarant or the Association without the written consent of the Association having first been obtained. Although it shall be the duty and the obligation of the Owner to maintain its landscaping in the front yard in a weed-free and attractive manner, the Association or its authorized agents shall have the right to enter upon any Lot, at any reasonable time, for the purpose of weeding, planting, replacing, maintaining or

cultivating such landscaping, shrubs, trees, or other plantings, and shall not be liable for trespass for so doing. Any cleanup work required to be performed by the Association on any person's Lot shall be paid for by the Owner of such Lot and shall become a lien upon said Lot until paid, as otherwise set forth herein.

(e) Repair of Buildings. No improvements upon any Property shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. The Association shall have the right, after thirty (30) days' notice to an Owner, to repair, paint, or otherwise maintain the exterior of any Improvement. All costs and expenses, including reasonable attorneys' fees, incurred by the Association, shall be borne by the Owner, and shall be paid to the Association on demand plus interest at the maximum lawful rate for contracting parties from ten (10) days after said demand until paid in full. Any sum not paid by an Owner may be treated as an Assessment. The Association shall have the right to determine when a structure is in need of repair and/or paint, and in the cases of townhouses and patio homes may elect to coordinate such repairs and/or painting so as to maintain a uniform appearance throughout any given grouping of structures. In any event, no change in exterior color of the paint may be applied to either a townhouse, a patio home, or a single family detached residence without obtaining prior approval from the Architectural Committee.

(f) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Property except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be stored or maintained so as to be visible from neighboring property except to make the same available for collection, and then for only the shortest time reasonably necessary to effect such collection. No incinerators shall be kept or maintained on any Lot.

(g) Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of buildings, improvements or structures which are within the permitted uses of such property, and except that which Declarant or the Association may require for the operation and maintenance of the Common Area.

(h) Utility Easements. There is hereby created a blanket easement upon, across, over and under the above described Property for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephones, electricity, television cable or communication lines and systems, etc.

(i) Animals. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot covered by this Declaration and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal, bird, fowl, poultry or livestock is a generally recognized house or yard pet, or a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein.

(j) Temporary Occupancy. No trailer, recreational vehicle, mobile home, tent, shack, or garage, and no temporary structure of any kind shall be used at any time for a residence on any Lot either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any Lot shall be removed immediately after the completion of construction.

(k) Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors shall be permitted to arise therefrom, so as to render any such Lot or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Lot in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such Lot so as to be offensive or detrimental to any other Lot in the vicinity thereof or to its occupants. The Board, in its sole discretion, shall have the right to determine the existence of any such nuisance. No Owner shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

(l) Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying for airing clothes shall not be erected, placed or maintained on any Lot.

(m) Party Walls and Fences. The rights and duties of the Owners of Lots with respect to party walls shall be governed by the following:

(1) Each wall, including patio walls, which is constructed as part of the original construction of a residence unit, any part of which is placed on the dividing line between separate residence units or lots, shall constitute a party wall. With respect to any such wall, each of the adjoining Owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto.

(2) The cost of normal repair and maintenance of a party wall shall be shared equally by the adjoining Owners of such wall, without prejudice, however, to the right of any Owner to call for a larger contribution from the adjoining Owner under any rule of law regarding liability for negligent or willful acts or omissions. As between adjoining Owners, an Owner

shall be responsible for the negligent or willful acts of his agents, tenants, licensees, invitees, guests or family and such persons' licensees, invitees or guests.

(3) In the event any such party wall is damaged or destroyed by some cause other than an act which is the responsibility of one of the adjoining Owners, such as, without limitation, ordinary wear and tear and deterioration from lapse of time, then, in such event, the adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.

(4) In addition to meeting the other requirements of the restrictive covenants and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his residence unit in any manner which requires the extension or other alteration of any party wall, shall first obtain the written consent of the adjoining Owner prior to submitting a request to the Architectural Committee.

Section 2. Permitted Uses and Restrictions - - Common Area.

The permitted uses and restrictions for the Common Area shall be as follows:

(a) Maintenance by Association. The Association may, at any time, as to any Common Area under its jurisdiction, in the discretion of the Board, without any approval of the Owners do the following:

(1) Reconstruct, repair, replace or refinish any improvement or portion thereof; and

(2) Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of such area used as a road, street, walk, driveway and parking area.

- (3) Replace injured or diseased vegetation, plant trees, shrubs or ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes, taking into consideration the unique natural vegetation within Timber Ridge Unit I, and emphasizing the use and preference for low maintenance supplemental vegetation; and
- (4) Place and maintain upon any such area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and
- (5) Place and maintain upon any such area such picnic benches and tables, charcoal grills and other such family oriented recreational amenities as the Board may deem appropriate; and
- (6) Regulate, coordinate and organize the most appropriate procedure for the use of any tennis courts, and repair and maintain the tennis courts to prevent any of them from falling into disrepair; and
- (7) Cause the swimming pool to be maintained on a regular basis, with any repairs, alterations or additions being made to prevent its falling into disrepair, and to purchase such additional equipment, supplies, water, etc. to allow the swimming pool to be maintained in safe and sanitary condition, as determined by the Board; and
- (8) Secure and maintain liability, fire and extended insurance coverage for the Common Area, the improvements on the individual lots and/or contents of any building thereon; and
- (9) Do all such other and further acts which the Board deems necessary to preserve and protect the property and the beauty thereof, in accordance with the general purposes specified in this Declaration; and
- (10) Pay all proper charges and fees for services furnished for the Common Area or related facilities; and

(11) At such time as a clubhouse is constructed, adopt rules for the use of same, maintain and repair all improvements as may be deemed appropriate by the Board ; and

(12) The Board shall be the sole judge as to the appropriate maintenance of all grounds within the Common Area, or any similar annexation thereto.

(b) Damage or Destruction of Common Area by Owners. In the event any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents or members of his family, such Owner does hereby authorize the Association to repair said damaged area, and the Association shall so repair said damaged area in a good workmanlike manner in substantial conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association, in the discretion of the Association. The amount reasonably necessary for such repairs shall be paid by said Owner, upon demand, to the Association. If not so paid, the Association may enforce collection of same to the extent the owners and their guests, tenants, licensees and agents may be liable under applicable law.

ARTICLE IV

THE ASSOCIATION

Section 1. Organization. The Association is to be a non-profit corporation, under the laws of the state of Arizona, charged with the duties and vested with the powers prescribed by law and set forth in its Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Directors may elect or appoint, in accordance with the Articles and the Bylaws, as same may be amended from time to time.

Section 3. Powers and Duties of the Association.

The Association shall have such rights, duties and powers as set forth in the Articles and Bylaws, as same may be amended from time to time

Section 4. The Association Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the Association Rules. The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners (unless there is determined to be a logical and reasonable necessity for distinguishing the rights, duties, obligations and benefits of Owners of townhouses, patio homes, or single family detached residences) and shall not be inconsistent with this Declaration, the Articles or Bylaws in any event. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon such recordation, said Rules shall have the same force and effect as if they were set forth in and were part of the Declaration.

Section 5. Personal Liability. No member of the Board or any Committee of the Association, or any officer of the Association, or the Manager, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Association, the Board, the Manager or any other representative or employees of the Association, or any other Committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of a Lot to the new Owner, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer of membership shall be void and shall not be reflected upon the books and records of the Association. The Association shall record the proper transfer of ownership upon the books of the Association, thus effecting the issuance of a new membership to a new Owner. It is the responsibility of the new Owner to notify the Association, in writing, of purchase of a Lot and, prior to such notification, the Association is entitled to rely on its books and records as showing a Lot's true Owner and all notices given and action taken by the Association with respect to a Lot and the Owner shown on the Association's official books and records shall be valid.

Section 2. Membership Categories. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners except those who are Class B Members (Declarant). Each lot shall be entitled to one (1) vote in Association meetings. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Any notice for all Association purposes needs be furnished only to the first named Owner on the recorded document evidencing ownership, or to such other person as the first named Owner may direct in writing to the Association. A single notice sent to a person otherwise

entitled to notice for more than one Lot shall be sufficient as to all such Lots.

Class B. Class B Members shall be the Declarant who shall have the right to vote immediately upon formation of the Association. Class B Members shall be entitled to seven (7) votes for each Lot owned. Class B membership may be converted to Class A membership in whole or in part at the Developer's or Declarant's option at any time and from time to time by notice in writing to the Association. In any event, Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, including any annexation(s) hereto.

Section 3. Voting Rights Suspended Upon Default. In the event that any Owner is (i) in arrears in the payment of any amount due to the Association, or (ii) in default in the performance of any provision of this Declaration or the Articles, Bylaws, Rules or Regulations of the Association for a period of fifteen (15) days or more, after written notice of same, the right to vote of the Lot to which the default or violation relates may be suspended at any time without notice by any officer of the Association when duly authorized and directed by the Board of Directors of the Association, and may remain suspended until all payments are brought current and all defaults and violations remedied.

Section 4. Effect of Annexation of Additional Units. Throughout this Declaration, reference is made to the inclusion or annexation of additional Lots or Units at some future date. Declarant, in the spirit of full disclosure, fully intends to annex one or more additional Units to this Unit I of substantially the same character and construction as to be built in Unit I. This may have the effect of possibly delaying the complete conversion of Class B memberships to Class A memberships, but should provide a larger quantity of Class A Members and more revenue from Class A Members as a total group.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Assessments and the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within Timber Ridge Unit I, hereby covenants, and each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessment or charges, which may or may not be actually assessed on a monthly basis if more convenient and appropriate; and
- (b) special assessments for capital improvements; and
- (c) emergency assessments .

Any such regular annual, special, or emergency assessments, together with interest, costs, late charges and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs of collection and enforcement and reasonable attorneys' fees, shall also be the independent personal obligation of the Owner of such Lot at the time when the delinquent assessment fell due. The liability of multiple Owners of a Lot shall be joint and several. No Lot shall be sold, transferred or conveyed by any Owner without all assessments having been paid in full, whether or not a lien has been filed or recorded.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the proper functions of the Association, the health, safety and general welfare of the residents, and for the improvements and maintenance of the Common Area and any maintenance authorized by the Association or required by this Declaration. The assessments shall cover the cost of all repairs, replacement and maintenance of the Common Area and all other authorized activities and facilities, including but not limited to, private streets,

sprinkler systems, water ponds, a swimming pool and related equipment and structures, landscape maintenance and replacement, tennis courts, clubhouse and its varied related facilities, cost of additional common facilities and improvements, taxes and insurance, reserve for common expenses and replacement of equipment and common facilities, as may, from time to time, be authorized by the Association's Board of Directors. The Association may also include a reserve against uncollected assessments and other contingencies. Surplus funds of the Association remaining after payment of or provision for the above expenses and/or reserves need not be credited to the Lot Owners to reduce their future common expense assessments.

Section 3. Notice of Assessment--First Assessment.

Notice of any assessment shall be given to the Owner entitled to notice on the Association's books and records and shall thereby be effective as to all Owners of a Lot. At the time of the first conveyance or occupancy (whichever occurs first) of each Lot, other than to or by the Developer for construction financing or sales purposes, and from time to time thereafter, the Association shall notify the Owner of each Lot of the amount of the estimated annual assessment and of the assessment collection dates (either monthly or quarterly) as the Board of Directors of the Association may direct. The assessments on a Lot shall begin to accrue on the date of said first conveyance or first occupancy of a Lot, and billing therefore shall commence as soon as practicable thereafter. The Board shall have the authority to grant certain relief and/or to impose certain rules upon what is herein defined as a "Never Occupied Lot" but shall not be required to do so.

Section 4. Maximum Annual Assessment. After the first annual meeting of the Association for the election of the Directors, the maximum annual assessment per any Lot may not be increased each successive year by more than fifteen percent (15%) above the Lot's assessment for the previous year without a vote of two-thirds of the members who are voting in person or by proxy, at a meeting duly called for this purpose (which purpose must be stated in the

notice of the meeting) in accordance with the Bylaws of the Association. The Board may fix the annual assessment at an amount not in excess of the maximum.

Section 5. Special Assessment for Capital Improvements.

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

Section 6. Emergency Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are, or will, become inadequate to meet all expenses of the Association for any reason, including nonpayment of assessments by any Owner or Owners, it shall immediately determine the approximate amount of such inadequacies for such fiscal year and issue a supplemental budget and levy an emergency assessment against the Owners of each Lot for the amount required to pay all such expenses; provided, however, that any such emergency assessment must first be approved by the Owners having at least fifty-one percent (51%) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose (which purpose must be stated in the notice of the meeting) in accordance with the Bylaws of the Association.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots which shall share them equally, and such assessment may be collected in either a monthly, quarterly or annual basis as determined by the Board of Directors. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of the annual assessment period when practicable.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within fifteen (15) days after the due date shall be delinquent and shall bear interest from the due date at the highest allowable interest rate allowable by law until paid. No further notice of such interest accrual shall be necessary. In addition to said interest, the Owner shall, at the election of the Association, pay a "late charge" in a sum not to exceed \$5.00 per month. The Association may bring, without electing a remedy, any and all actions and seek any and all relief against the Owner personally obligated to pay same, and/or foreclose a lien (which may be recorded at any time) against the property, and such Owner hereby expressly grants to the Association the power of sale in connection with said lien. No Owner may waive or otherwise escape liability for the assessments provided for hereby by non-use of the Common Area, abandonment of his Lot, or any other means. In any action through lien foreclosure or otherwise, the Owner shall be obliged to pay, in addition to any and all other amounts required herein, all costs and all attorneys' fees incurred by the Association in such collection procedure whether such action proceeds to suit or not. All the Association's rights and remedies shall be cumulative and not exclusive and shall be exercisable in whole or in part at any time and from time to time, concurrently or consecutively.

Section 9. Subordination of the Lien to Mortgages. The lien for the assessments and charges provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the lien for assessments or charges. However, the sale or transfer of any Lot pursuant to foreclosure of an institutional first mortgage or any proceeding or deed in lieu thereof, shall extinguish the lien of such assessments or charges as to payment which became due prior to such sale or transfer but shall not release the delinquent Owner from liability for those assessments and charges. No sale or transfer shall relieve such Lot from liability for any assessments or charges thereafter becoming due or from the lien thereof.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Organization, Power of Appointment and Removal of Members. There shall be an Architectural Committee, to be organized as follows:

(a) Committee Composition. The Architectural Committee shall consist of three (3) members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association.

(b) Terms of Office. The term of office for members of the Architectural committee shall be a period of one year, or until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have been expired may be reappointed. Vacancies on the Architectural Committee shall be filled by the Board.

Section 2. Duties. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt any appropriate rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

Section 3. Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The vote at a meeting, or written consent, of at least a majority of its members, shall constitute the act of the Committee. The Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services.

Section 4. Architectural Committee Rules. The Architectural Committee may from time to time adopt, amend and repeal its rules and regulations, to be known as "Architectural Committee Rules". Said Rules shall interpret and implement this Declaration by setting forth the standards and procedures for Architectural Committee review and any guidelines for architectural design, placement of buildings, landscaping, exterior color schemes, exterior finishes and materials and similar features which are recommended for use within the Property.

Section 5. Improvements and Alterations. No improvement, alteration, repair, excavation or other work which in any way alters the exterior appearance of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by Declarant to the Owner may be made without the prior written approval of the Architectural Committee. No building, patio cover, awning, patio, landscaping, hedge, tree, swimming or other pool, fence, wall, solar or air conditioning unit, or other structure shall be commenced, erected, maintained, improved, altered, made or done, without the prior written approval of the Architectural Committee. The Architectural Committee has no power to approve any matter otherwise prohibited by this Declaration. In the event said Committee fails to approve or disapprove any complete application for approval within thirty (30) days after an application is submitted (together with adequate supporting plans and specifications), approval will not be required and this Section will be deemed to have been fully complied with.

Section 6. Waiver. The approval of the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee hereunder shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Right to Annex. Subject to the approval of any and all appropriate governmental agencies having jurisdiction, Declarant hereby reserves the right at any time, without the consent of any other Members, to amend its Planned Area Development by the addition of one or more additional Units, intended to compliment and supplement Unit I herein; provided, however, Declarant does not anticipate any other type of development other than that which is planned in Unit I, i.e., patio homes, townhouses, single family detached residences and common area. Any such annexed lands shall comply with the provisions of this Declaration or any amendments hereto.

Section 2. One Association. It is contemplated that any additional annexed Units will serve to compliment and assist Members of Unit I with increased common area which may or may not overlap, but which is presently intended to be used by every Member of Timber Ridge who desires to do so. A later such annexation of an additional Unit will reflect an easement for ingress and egress to be allowed for Sheriff's Posse Road.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement. The Association, in the first instance, or any Owner, should the Association fail to act within a reasonable time, shall have the right to enforce, by any proceeding at law or in equity, all limitations, restrictions, liens and charges now or hereafter imposed by the provisions of this Declaration, or any amendment hereto or by the Association's Articles of Incorporation or Bylaws. Failure by the Association or by any Owner to enforce any limitation, condition, reservation, lien, charge, covenant or restriction herein contained or in those Articles and Bylaws shall in no event be deemed a waiver of the right to do so thereafter. Deeds of conveyance of said property, or any part thereof, may contain the above restrictive

covenants by reference to this document, but whether or not such reference is made in such deeds, or any part thereof, each and all such restrictive covenants shall be valid and binding upon the respective grantees. Violators of any one or more of the covenants may be restrained by any Court of competent jurisdiction and damages awarded against such violators; provided, however, that a violation of these restrictive covenants or any one or more of them shall not affect the lien of any mortgage or deed of trust now of record or which hereafter may be placed of record upon said lots or any part thereof.

Section 2. Severability. Invalidation of any one of these covenants, conditions or restrictions, or any portion thereof, by judgment or Court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions and all other terms of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

Section 4. Amendment. Unless otherwise required herein, this Declaration or any part thereof may be amended during the first twenty (20) year period and thereafter by an instrument signed and acknowledged by the President and Secretary of the Association pursuant to the affirmative vote of two-thirds (2/3) of the aggregate votes in the membership of the Association which are then entitled to vote, as shown on the records of the Association. To be effective, any such amendment must be recorded with the Yavapai County Recorder within thirty (30) days from the date the last required signature of approval is obtained. Such amendment shall require the prior written approval of the then holders of all first mortgages on any of the Lots.

Section 5. Inclusion of Additional Phased Units. Additional phases of Lots and Common Area (Units) in said Timber Ridge Planned Area Development may be annexed to and included under and

made subject to this Declaration without the consent of Members by recording a Supplemental Declaration. When a phase or Unit has been included (annexed) under this Declaration, the Owners of the Lots in such additional included phase shall have the same rights and duties under this Declaration as the Owners of Lots in the first phase (Unit I), i.e., the Lots initially covered by this Declaration. Any tract thus added as a Common Area shall be added for the benefit of the Lot Owners in Unit I. Further, upon addition of a tract, it shall be conveyed unencumbered by any mortgage lien to the Association. The Association shall maintain any such added Common Area tract and all Lot Owners shall be assessed for the maintenance and subsequent development of any such tract as though all Lots and all Common Area tracts then covered by this Declaration had been initially included with Unit I (first phase).

Section 6. Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

Section 7. Construction. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan and scheme for the development of a planned area development consisting of patio homes, townhouses, single family detached residences and Common Areas with maintenance as provided. The provisions hereof shall be construed in a manner which will effectuate the inclusion of additional Lots, Common Areas, etc. as provided for in this document. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, masculine, feminine or neuter, as the context or sense of this Declaration or any Article or Section herein may require, with the same effect as if such number and words had been fully and properly written in the required number and gender.

Section 8. Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any Lot included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed. In addition, each such person by so doing thereby acknowledged that this Declaration sets forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his intent that all the restrictions, covenants, conditions, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 2nd day of June, 1981.

ASPEN CREEK ENTERPRISES, INC.,
an Arizona corporation

By: _____

Its: _____

APPROVAL:

FIRST INTERSTATE BANK OF ARIZONA,

By: _____

Its: _____

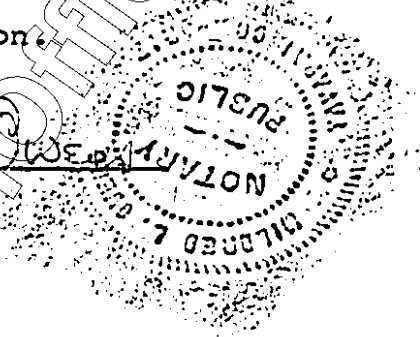
STATE OF ARIZONA)
) ss.
County of Yavapai)

This instrument was acknowledged before me this 2nd day
of June, 1981, by James A. Sarti, as President of
ASPEN CREEK ENTERPRISES, INC., an Arizona corporation.

Mildred J. Owsen
Notary Public

My Commission Expires:

My commission expires Jan. 23, 1984



BOOK 1385 PAGE 442

"EXHIBIT A"

LEGAL DESCRIPTION

LOTS 1 through 79, LOTS 375 through 422 and LOTS 449 through 505, TIMBER RIDGE UNIT ONE, according to the Plat of Record in the Office of the Yavapai County Recorder in Book 22 of Maps, Page 3.

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