

# **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

## **ELK VALLEY RANCH UNIT I**

### **Apache County, Arizona**

THIS DECLARATION, is made by First American Title Insurance Company, a California corporation, as Trustee, Trust No. 8527 acting on behalf of its beneficiary, R.D.S. Inc., an Arizona corporation, who along with its successors and designees, shall be hereinafter referred to as "Declarant" with regard to the following described real property.

Parcels 1 through 64, ELK VALLEY RANCH UNIT I, according to the Result of Survey recorded in the Office of the Apache County Recorder in Book 10 of Land Surveys, Page 38.

Declarant hereby declares that all of the Parcels, or any portion thereof, described above shall be held, sold and conveyed subject to the following covenants, conditions, and restrictions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of all the Parcels, and all of which are hereby declared to be for the benefit of all the real property described herein and the owners thereof, their heirs, successors, grantees and assigns.

### **1. PURPOSE OF THESE RESTRICTIONS, COVENANTS AND CONDITIONS**

The purpose of these restrictions, covenants and conditions is to assure the use of the property for attractive residential and non-commercial ranch purposes (as set forth herein) only, and securing to each Parcel owner the full benefit and enjoyment of his or her Parcel in furtherance of a common plan.

### **2. DEFINITIONS**

As used herein, the following terms have the following meanings:

A. "Association" means the Elk Valley Ranch Property Owners Association, Inc. as referred to in Part 3 of this Declaration.

B. "Bona Fide First Mortgage" means any Realty Mortgage or Deed of Trust made in good faith and for value and properly executed and recorded so as to create a lien on any Parcel or Parcels that is prior to the lien of any other Realty Mortgage or Deed of Trust.

C. "Declaration" means this Declaration of Covenants, Conditions and Restrictions.

D. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee or equitable or beneficial title to any Parcel, including Trustee and Declarant. Owner shall include the purchaser of a Parcel under an executory contract for purchase.

The foregoing definition does not include persons or entities who hold an interest in any Parcel as security for the performance of an obligation.

E. "Parcel" or "Parcels" means the Parcels as shown on the Result of Survey, either individually or collectively, as the case may be, and any divisions thereof as allowed by law.

F. "Property" means the real property described in the Result of Survey or any part thereof.

G. "Result of Survey" or "Survey Map" means the result of survey of record, and subsequent results of survey included by Expansion pursuant to Section 4, as may hereafter be amended, as prepared by Declarant and recorded in the office of the Apache County, Arizona Recorder.

### **3. PROPERTY OWNERS ASSOCIATION**

A. There is hereby created the Elk Valley Ranch Property Owners Association. The purpose of the Association is to: maintain and improve the roadways, along with any gates, fences, and culverts involving such roadways and any common areas and water wells so designated by Declarant as an Association function, all in accordance with the provisions of this Declaration.

B. Each and every Parcel Owner, in accepting a deed or contract for any Parcel, whether or not it shall be so expressed in such deed or contract, automatically becomes a member of the Association, and agrees to be bound by such reasonable rules and regulations as may, from time to time, be established by the Association. Membership shall be appurtenant and may not be separated from ownership of the Parcel. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way, except upon transfer of ownership of such Parcel, whether by intestate succession, testamentary disposition, foreclosure of a mortgage, or such other legal processes as now in effect or as may be hereafter established pursuant to the laws of the State of Arizona. The Association shall be operated and conducted on a strictly cooperative and non-profit basis. Each Parcel Owner as a member shall have such voting rights as set forth in this Declaration.

C. In furtherance of its purposes, which are generally as set forth above, the Association shall provide necessary and appropriate action for the maintenance, repair, replacement and management of the facilities referred to in 3 A above and shall have the right to enter upon a Parcel, if reasonably necessary, in order to accomplish its purpose.

D. The Association shall have the power to borrow and encumber its assets and, in all respects, shall have the powers necessary to carry out its purposes, whether or not specifically set forth herein, including the power to enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so. The Association shall have the power to obtain appropriate insurance, to create reserves, and to issue rules and regulations.

E. Each Parcel Owner is obligated to pay: (i) regular assessments for normal maintenance and repair and reserves, along with Association insurance and operating costs; (ii) special assessments for capital improvements with such assessments to be established by the Association. The regular and any special assessments, late payment penalties and charges, if any, together with interest, (all as set by the Association) costs and reasonable attorneys fees, shall be a lien on the Parcel. Each Parcel Owner shall be personally responsible for his or her share of assessments imposed by the Association. This personal obligation for delinquent assessments shall not pass to the Owner's successor in title, unless expressly assumed by such successor; however, the obligation to pay same shall be a continuing lien on the Parcel, excepting for the provisions of Paragraph 3.L below, relating to mortgages.

F. The Association shall, on an annual basis, make a determination of the estimated costs of the repair and maintenance of the roadways and any other designated common areas as shown on the Result of Survey or otherwise so designated, including any reserves necessary for future capital expenditures and maintenance. Assessments shall be charged to each Owner on a uniform per acre (calculated to the nearest whole acre) basis. The assessments may be collected on a monthly, quarterly, or annual basis, or any combination of same as determined by the Association. The Association shall prepare an annual budget, and also an annual accounting of monies received and disbursed.

G. Each Owner shall be responsible to pay the regular assessment commencing on the first day of the month following the date of the purchase contract wherein the Owner entered into the agreement to acquire the Parcel. The Declarant shall not be responsible for comparable assessments on each Parcel owned by it. However, Declarant shall be responsible to provide labor, material and/or monies in sufficient amounts, not to exceed the amount of the normal Parcel assessment for each Parcel owned by it, if necessary in Declarant's opinion, to properly fulfill the Association's maintenance responsibilities. Regular assessments shall be set by the Association on an annual calendar year basis. The initial regular assessment shall be One Hundred Sixty dollars (\$160) per parcel per year. Any division of an original Parcel shall be a separate Parcel subject to a separate assessment entitled to a separate vote (based on acreage) in the Association. The Parcel Owner acquiring his or her interest from Declarant during the calendar year shall be obligated for a pro rata portion thereof. The Association shall fix the amount of the regular assessment at least thirty (30) days prior to the end of the calendar year. Written notice of the assessment shall be sent to every Owner. The payment due date shall be established by the Association.

H. In addition to the regular assessment as set forth above, the Association may set special assessments if the Association determines by two-third's ownership vote that such is necessary to meet the primary purposes of the Association. Any special assessments shall be charged on the same basis per Parcel as regular assessments.

I. All sums assessed by the Association chargeable to a Parcel, but unpaid, shall constitute a lien on such Parcel prior to all other liens excepting only ad valorem liens in favor of a

governmental assessing unit or special assessment district. The Association lien may be foreclosed by the Association in a like manner as a foreclosure of a real property deed of trust or mortgage. The Association shall have the power to bid on the delinquent Parcel at a foreclosure sale, and acquire, hold, lease, encumber and convey same. A suit to recover a money judgment for unpaid assessments and charges shall be maintainable by the Association without foreclosing or waiving the lien securing same.

J. The total number of votes in the Association shall be on the basis of one (1) vote per acre, calculated to the nearest whole acre. The Declarant shall have nine (9) votes for each such acre it owns. Any Parcel which is legally further divided shall, upon any such division, be entitled to one (1) vote for each acre rounded to the nearest whole acre, and shall be subject to a separate comparable per acre assessment for each division. The total number of Parcels and therefore the total number of votes may also be increased from time to time by expansion, pursuant to Section 4, of the project as evidenced by a Supplemental Declaration, incorporating this Declaration, executed and recorded by Declarant or its designee. Unless otherwise specifically provided herein, all Association matters shall be determined by a majority vote. If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest in the Parcel as to how to cast that Parcel's vote, otherwise, that vote shall not be counted.

K. The Association shall have the power to adopt Bylaws and to appoint its officers and directors, as well as promulgate reasonable regulations relating to the matters within its purpose.

L. Where the holder of a first mortgage of record, including Declarant, obtains title to the Parcel as a result of foreclosure, or deed in lieu of foreclosure, of said first mortgage, such acquirer of title, its successors and assigns, shall not be liable for the share of the expenses of the assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such acquirer. As used in this Declaration, the term "mortgage" shall include "deed of trust" and "agreement for sale" and "mortgagee" shall include the "Beneficiary" under a deed of trust and "vendor" under an agreement for sale. Such acquirer shall be responsible, as any Owner, for assessments charged subsequent to the acquisition.

M. In the event the Association determines that any Parcel Owner has not complied with the provisions of this Declaration, then the Association may, at its option, give written notice to the Owner of the conditions complained of. The Owner shall correct same or, if not readily correctable within fifteen (15) days after notice from the Association, the Owner shall submit corrective plans proposing its remedy to the condition complained of within fifteen days after notice from the Association. The Association shall approve or disapprove any plans submitted by the Owner and set forth a reasonable time for correction of the condition complained of. In the event such condition is not corrected according to the approved plans, within the allotted time, the Association shall have the right to undertake to remedy such condition or violation complained of. The cost thereof

shall be deemed to be an assessment to such Owner and enforceable by the Association as if any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to so correct the condition or violation complained of.

#### **4. EXPANSION**

Declarant, its successors and designees reserve the right to comparably develop adjacent lands within the Elk Valley Ranch. Any such expansion to be included within this Declaration shall be subject to the terms and conditions of this Declaration, but may include reasonable variances.

#### **5. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS**

A. Residential and Recreational Use Only; No Businesses. All Parcels shall be used for residential and recreational hobby ranching purposes only. No commercial business shall be conducted on a Parcel. This restriction shall not prohibit a home office where business is conducted through telephone, computer, or other electronic means and where the business is not apparent from the exterior of the residence; does not create noise or congestion from traffic or parking; and preserves the residential nature of the subdivision.

B. No Medical Facilities. Hospitals, clinics, and other facilities for the treatment or care of the physically or mentally ill or disabled are prohibited. Facilities for the treatment or care of animals are also prohibited.

C. No Churches or Clubs. Churches or other institutions organized for religious worship or discussion are prohibited as are buildings used primarily as clubhouses or meeting facilities.

D. Sanitary Facilities. Toilets or other sanitary facilities shall be water-flush devices located within a residence. Wastewater shall be discharged into a county or other appropriate governmental agency approved septic disposal system located on the Parcel.

E. Setbacks. All structures shall be built at least fifty feet (50') from the front and rear Parcel boundary and at least twenty-five feet (25') from either Parcel side boundary. If local governmental regulations provide for more restrictive setbacks, those regulations shall govern. In any event, any construction on a Parcel shall comply with all applicable county building regulations.

F. Easements. No structure, including fencing, shall be constructed on a recorded easement as shown on the Survey Map, or otherwise, unless the easement in question is one common to two Parcels owned by the same person(s). In that event, fencing or a structure may be constructed on the common easement with the written approval of the Declarant or its successors or designee. Approval shall be conditioned upon the Parcel owner's agreement to provide access to the subject easement whenever requested by utility companies.

G. Vehicles. Any motor vehicle under repair or inoperable may not be parked on any roadway or other easement. When parked on a Parcel, such motor vehicles must be hidden by walls, fences, or screens so as to be not visible from roadways or from other Parcels.

H. Livestock. No swine shall be raised, bred or kept on any Parcel. A Parcel may be used for ranching, including the use and keeping of a reasonable number of horses and cattle, provided the Parcel has been fenced in as dictated by the purchase agreement. Under no circumstances shall a stockyard, dairy, riding stable, kennel, or any other commercial activity involving animals be permitted.

I. Nuisance Activities. The unnecessary, prolonged, or indiscriminate creation of noise, including road racing, loud music, dust, fumes, or odors is prohibited. Subject to the terms of the grazing lease in existence as of the date of this declaration, whereby the Rancher, his successors and assigns has retained non-commercial hunting rights, hunting and the discharge of firearms shall be considered nuisances and are prohibited.

J. Rubbish & Storage. No parcel shall be used or maintained as a dumping ground for rubbish or as an open storage area.

K. Waiver. The Declarant, its successor or designee shall have the right to allow variances where the strict enforcement of these restrictions would cause undue hardship.

## **6. GENERAL PROVISIONS**

A. Enforcement. The covenants, conditions, and restrictions contained in this Declaration shall run with the land and shall be binding upon all persons owning, leasing, subleasing or occupying any Parcel after the date on which this instrument shall have been recorded in the office of the Recorder of Apache County, State of Arizona. This Declaration may be enforced by the Declarant, by any Owner or lessee of any Parcel, by the holder of a Bona Fide First Mortgage on any Parcel, by the Association, or any one or more of said persons acting jointly; provided, however, that any breach by reason thereof shall not defeat or adversely affect the lien of a Bona Fide First Mortgage upon any Parcel, but each and all said covenants, conditions and restrictions shall be binding upon and effective against any owner, lessee or occupant of said Parcel whose title thereto is acquired by foreclosure, or otherwise, and provided also that the breach of any said covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such Bona Fide First Mortgage. All instruments of conveyance or assignment of any interest in all or any part of the Property may refer to this instrument and shall be subject to the covenants, conditions, and restrictions herein contained as fully as though this instrument were therein set forth in full; provided, however, that the terms and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not.

B. Declarant's Exemption. Nothing herein shall be construed as prohibiting Declarant from

maintaining a sales or development office on any parcel or engaging in activities which Declarant deems appropriate to its development or sales program, or ranching activities.

C. Invalidity. Invalidation of any of these covenants, restrictions, reservations, conditions and servitudes by judgment, court order, or otherwise shall in no way affect the validity of any of the other provisions of this Declaration, all of which shall remain in full force and effect.

D. Amendments. This Declaration may be amended by instrument executed by the Owners (based on acreage) of at least sixty-six and two-thirds percent (66-2/3%) of the Parcels, and such amendment shall be recorded in the office of the Apache County Recorder.

E. Term. The covenants, conditions, restrictions and servitudes of this Declaration, as the same may hereafter be amended in accordance with the terms hereof, shall remain in full force and effect for a term of twenty (20) years from and after the date of recording of this Declaration, from which time they shall be automatically renewed and extended for successive periods of ten (10) years each, unless terminated by an instrument executed by the Owners (based on acreage) of at least sixty-six and two-thirds percent (66-2/3%) of the Parcels, and such amendment shall be recorded in the Office of the Apache County Recorder.

Executed this 29 day of May, 2002.

TRUSTEE

FIRST AMERICAN TITLE

INSURANCE COMPANY

As Trustee, Trust No. 8527

DECLARANT

R.D.S. Inc