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DATE Nov. 1, 1993 TIME 4:00

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BY Cynthia A. [Signature] Deputy

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CAPTION HEADING: DECLARATION OF COOPERANTS
CONDITIONS AND RESTRICTIONS



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93-639618

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR ZANE GREY RANCH

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter the "Declaration") is dated ^{September 15} ~~August 28~~ 1993, and is made by ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership (hereinafter "Declarant").

WITNESSETH:

WHEREAS, Declarant holds legal title to approximately 25.663 acres of land (the "Property") located in Gila County, Arizona, legally described on Exhibit A attached hereto, to be known as "Zane Grey Ranch;" and

WHEREAS, Declarant desires to maintain the essential natural and open characteristics of the meadow situated on the Property and to provide for the construction of dwellings consistent with this theme; and

WHEREAS, Declarant desires to form a non-profit corporation (hereinafter the "Association") which will (1) manage and maintain certain rights of way and Common Areas serving the Property; (2) provide water from certain wells to serve various parcels within the Property; (3) levy, collect and disburse the Assessments and other charges imposed hereunder; and (4) as the agent and representative of Owners, enforce the use restrictions and other provisions of this Declaration; and

WHEREAS, the Declarant desires to establish for its own benefit and for the mutual benefit of all future Owners, or other holders of an interest in any portion of Zane Grey Ranch, certain mutually beneficial covenants, restrictions and obligations with respect to the proper development, use and maintenance of the Property; and

WHEREAS, Declarant desires and intends that the Owners, mortgagees, beneficiaries, trustees and other persons hereafter acquiring any interest in Zane Grey Ranch, 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 value, desirability and attractiveness of Zane Grey Ranch; and

WHEREAS, the Declarant therefore wishes to subject all of the Property to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements (hereinafter collectively called "Covenants") hereinafter set forth, which Covenants shall run with the land and shall be binding upon and inure to the benefit of all parties having any right, title or interest in Zane Grey Ranch; and

NOW, THEREFORE, DECLARANT hereby declares, covenants and agrees as follows:

ARTICLE I.

DEFINITIONS

A. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot and Owner pursuant to Article VII, Section 2, hereof.

B. "Architectural Committee" shall mean the Architectural Committee of the Association to be created pursuant to Article XI below.

- C. "Articles" shall mean the Articles of Incorporation of the Association as amended from time to time.
- D. "Assessment" or "Assessments" shall mean an Annual Assessment or Special Assessment, or any other fees, fines or charges assessed hereunder.
- E. "Assessment Lien" shall mean the lien created and imposed by Article VIII.
- F. "Assessment Period" shall mean a calendar year.
- G. "Association" shall mean the Arizona nonprofit corporation to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration, and its successors and assigns. Declarant intends to name the Association the "ZANE GREY RANCH COMMUNITY ASSOCIATION."
- H. "Board" shall mean the Board of Directors of the Association.
- I. "Bylaws" shall mean the Bylaws of the Association as amended from time to time.
- J. "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.
- K. "Common Areas" shall mean Tracts A through C shown on the Final Plat of Zane Grey Ranch (the "Plat") of record in Book _____, page _____, records of Gila County, Arizona.
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- L. "Declarant" shall mean Zane Grey Cabin Partnership, an Arizona general partnership, and the successors and assigns of the Declarant's rights and powers hereunder. Any assignment of all or any portion of the Declarant's rights and powers shall be made by a recorded instrument executed by the assignor Declarant.
- M. "Declaration" shall mean this DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ZANE GREY RANCH, as amended or supplemented from time to time.
- N. "Dwelling Unit" shall mean any building or portion of a building situated upon a Lot designed and intended for use and occupancy as a residence by a single family.
- O. "Lot" shall mean each one of the five (5) Lots designated on the Plat.
- P. "Member" shall mean any person holding a Membership in the Association pursuant to this Declaration.
- Q. "Membership" shall mean a membership in the Association and the rights granted to the Owners and Declarant to participate in the Association.
- R. "Owner" (when so capitalized) shall mean the record holder of legal, beneficial or equitable title to the fee simple interest of any Lot including, without limitation, one who is buying a Lot under a recorded contract, but excluding others who hold such title merely as security. Owner shall not include a lessee or tenant of a Lot. In the case of Lots the fee simple title to which is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., legal title shall be deemed to be in the Trustor. In the case of Lots, the fee simple title to which is vested in a trustee pursuant to a trust agreement, the beneficiary of any such trust entitled to possession shall be deemed to be the Owner. An

Owner shall include any person who holds record title to a Lot in joint ownership with any other person or holds an undivided fee interest in any Lot.

S. "Tract" shall mean each one of the three Common Area Tracts identified on the Plat. The Tracts shall be owned by the Owners in undivided interests in proportion to the respective areas contained within the Lot(s) owned by the Owners. Such ownership shall be perpetual and shall be appurtenant to and shall pass with title to each Lot.

T. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall standing on neighboring property, on the level of the base of the structure or building being viewed.

ARTICLE II.

PROPERTY SUBJECT TO ZANE GREY RANCH DECLARATION

Section 1. General Declaration Creating Zane Grey Ranch. Declarant hereby declares that all of Zane Grey Ranch is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration as amended or modified from time to time.

Section 2. Association Bound. Upon approval by the Arizona Corporation Commission of Articles of Incorporation of the Association, the Covenants shall be binding upon and shall benefit the Association.

ARTICLE III.

EASEMENTS AND RIGHTS OF ENJOYMENT

Section 1. Rights of Ingress and Egress. Every Owner shall have an unrestricted right of ingress and egress to his Lot(s), which right shall be perpetual and shall be appurtenant to and shall pass with the title to said Lot(s) for pedestrian and vehicular traffic over, through and across Tract A. Any Owner may, in accordance with this Declaration, delegate his right of ingress and egress to the members of his family, his guests, and his tenants (including his tenant's family and guests).

Section 2. Easements for Encroachments. Each Lot and all other areas in Zane Grey Ranch shall be subject to an easement of not more than eighteen inches for encroachments of walls, fences, and other structures created by construction, as originally designed and constructed. If any such improvement on any Lot or other area encroaches upon any portion of any Lot, a valid easement for said encroachments and for the maintenance thereof shall exist. In the event any structure on any Lot, or other area is repaired, altered or reconstructed in accordance with the original plans and specifications, similar encroachments shall be permitted and a valid easement for said encroachments and for the maintenance thereof shall exist.

Section 3. Utilities. Every Owner shall have a perpetual easement, which shall be appurtenant to and shall pass with title to each Lot, for the installation, replacing, repairing and maintaining of utility and service lines and systems, including but not limited to water, telephones, electricity, television cable or communication lines, in the locations designated for public or private easements on the Plat.

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ARTICLE IV.

USE RESTRICTIONS

Section 1. Covenants Applicable to Lots. Except as otherwise expressly provided herein, the following Covenants and rights shall apply to all Lots and other areas in Zane Grey Ranch, and the Owners thereof:

a. Architectural Control. Except as otherwise expressly provided in this Declaration, (i) no improvements (whether temporary or permanent), alterations, repairs, excavation, grading, lighting, landscaping or other work which in any way alters the exterior appearance of any property within Zane Grey Ranch or improvements thereon from its natural or improved state existing on the date this Declaration is recorded shall be made or done, and (ii) no building, fence, exterior wall, residence or other structure shall be commenced, erected, maintained, improved, altered or made without the prior written approval of the governing Architectural Committee. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade, lighting or landscaping of any area in Zane Grey Ranch, shall be subject to the prior written approval of the governing Architectural Committee. No changes or deviations in or from the plans and specifications once approved by the governing Architectural Committee shall be made without the prior written approval of the governing Architectural Committee. Once construction of an improvement has been commenced on the Property, Owner shall diligently pursue completion of such improvement in accordance with approved plans.

b. Animals. No animals, birds, fowl or livestock, other than (i) a reasonable number of generally recognized house or yard pets, and (ii) horses (but not exceeding one (1) per acre of any Lot) shall be maintained on any Lot and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal, bird, fowl, poultry or livestock shall be allowed to make an unreasonable amount of noise or to become a nuisance or an annoyance to other Owners. No structure for the care, housing or confinement of any animal, bird, fowl or livestock shall be maintained so as to be Visible From Neighboring Property, unless otherwise approved by the governing Architectural Committee. Upon the written request of any Member, the governing Architectural Committee shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this subsection, a particular animal or bird is a generally recognized house or yard pet, whether such a pet is a problem or nuisance or whether the number of animals or birds on any Lot is reasonable. Any decision rendered by the governing Architectural Committee shall be enforceable in the same manner as other restrictions contained herein.

c. Temporary Occupancy and Temporary Buildings. No trailer, incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures may be used on any property for construction or repair purposes, with the prior written approval of the governing Architectural Committee and for the time period approved by the governing Architectural Committee.

d. Maintenance of Landscaping and Driveways. Unless otherwise provided in a recorded instrument approved by Declarant or the Association, each Owner shall be responsible for the proper maintenance of all landscaping within his Lot. As used herein, maintenance shall include but not be limited to keeping the areas free of trash, weeds and unsightly material. Each Owner shall also maintain in good condition and repair all paved and concrete areas, including

driveways, roadways, sidewalks and parking areas, located on his Lot. No Owner shall cut down or remove any Ponderosa pine trees or any other trees more than six (6) feet in height without the approval of the Architectural Committee.

e. Nuisances, Construction Activities. No weeds, dead trees or plants, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or other area in Zane Grey Ranch, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon any Lot. The governing Architectural Committee shall have the exclusive right to determine the existence of any nuisance. Without limiting the generality of any of the foregoing provisions and except as otherwise permitted herein, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. Normal construction activities and parking in connection with the building of improvements in Zane Grey Ranch shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved by the governing Architectural Committee. An Owner shall be responsible for and shall promptly perform all onsite and construction cleanup occasioned by his contractors or subcontractors. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the governing Architectural Committee, which may also require screening of the storage areas.

f. Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot or other area which shall induce, breed or harbor diseases or insects.

g. Repair of Building. No building or structure on any area in Zane Grey Ranch 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. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection (a) above, such building or structure shall be promptly repaired, rebuilt or demolished. In the event an Owner fails to comply with this provision, the Board may give notice to the offending Owner, and may then proceed to repair the building or improvement and charge the Owner therefor as permitted herein.

h. Antennas. No antenna, satellite receiving station or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any area in Zane Grey Ranch (whether attached to a building or structure or otherwise) so as to be Visible from Neighboring Property, unless approved by the governing Architectural Committee.

i. Mineral Exploration. No area in Zane Grey Ranch (other than a portion of a Lot designated as a Well-site) shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

j. Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot except in covered containers of a type, size and style which are approved by the governing Architectural Committee. Unless otherwise approved by the governing Architectural Committee, such containers shall be maintained and stored so as to not be Visible From Neighboring Property

except to make the same available for collection. All rubbish, trash and garbage shall be removed from the Lots and other areas in Zane Grey Ranch and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained in Zane Grey Ranch.

k. Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be placed or maintained in Zane Grey Ranch unless they are approved by the Architectural Committee or are not Visible From Neighboring Property.

l. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained in Zane Grey Ranch except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of an approved building, appurtenant structures, or other improvements; or (ii) that which Declarant or the Association may require for the operation and maintenance of Zane Grey Ranch.

m. Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained in Zane Grey Ranch except signs required by legal proceedings, and such identification and other signs (including but not limited to "for sale" and "for lease" signs, construction job identification signs, builders signs and directional signs) which are in conformance with the requirements of Gila County and which have been approved in writing by the governing Architectural Committee or the Declarant as to size, colors, design, message content and location.

n. Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Declarant or the governing Architectural Committee, and, to the extent required by law, the consent of the Gila County Board of Supervisors. This provision shall not apply to transfers of an undivided ownership interest in the whole of any Lot. No application for rezoning of any Lot, and no applications for variances or use permits, shall be filed with any governmental authority unless the proposed use of the property has been approved by the Declarant or the governing Architectural Committee and the proposed use otherwise complies with this Declaration.

o. Utility Easements. There is hereby created a blanket easement upon, along, over and under the boundary of each Lot, for ingress to, egress from, and the installation, replacing, repairing and maintaining of, all utility and service lines and systems, including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and other systems as such utilities are installed in connection with the initial development of the Property. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the property. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated except as initially programmed and approved by the Declarant or the governing Architectural Committee.

p. Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in Zane Grey Ranch unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures, except for those currently existing or installed by Declarant, and except for:

(i) boxes on the ground for electrical or communication connections, junctions, transformers and other apparatus customarily used in connection with such underground lines, wires and other devices, and

(ii) such above ground electrical apparatus as may be convenient or reasonably necessary on any well sites.

Notwithstanding the foregoing, no above ground electrical apparatus shall be installed without the approval of the Declarant or the governing Architectural Committee. All lines for the transmission of water shall also be installed and maintained underground or concealed in, on or under structures approved by the governing Architectural Committee. The installation and location of all utility lines and equipment must be approved in advance by the Declarant or the governing Architectural Committee. Temporary above ground power or telephone structures and water lines incident to construction activities, shall be permitted with the prior written approval of the governing Architectural Committee.

q. Motor Vehicles. No motor vehicle of any kind shall be constructed, reconstructed or repaired upon any Lot or other area in Zane Grey Ranch, and no inoperable vehicle may be stored or parked so as to be Visible From Neighboring Property.

r. Roofs. No solar panel, air conditioning unit, evaporative cooler or other apparatus, structure or object shall be placed on the roof of a Dwelling Unit, or otherwise be Visible From Neighboring Property, without the prior written consent of the governing Architectural Committee. Any solar panel approved by the governing Architectural Committee for placement on a roof must be flush mounted if Visible From Neighboring Property.

s. Drainage. No Owner shall interfere with or obstruct the drainage pattern over his Lot from or to any other Lot as that pattern may be established or altered by the Declarant or other developer. No septic or sewage disposal system shall be located within 100 feet of Parcels B or C.

t. Health, Safety and Welfare. In the event additional uses, activities and facilities are deemed by the governing Architectural Committee to be a nuisance or to adversely affect the health, safety or welfare of Owners, the governing Architectural Committee may make rules restricting or regulating their presence in Zane Grey Ranch.

Section 2. Residential Use. Each Lot shall be used solely for residential purposes by the Owner as a single family residence, by the Owner, his immediate family, and his non-resident guests, or by his tenant (including his tenant's family and guests).

ARTICLE V.

ORGANIZATION OF ASSOCIATION

Section 1. Formation of Association. The Association shall be a non-profit Arizona corporation. Upon incorporation, the Association shall be charged with the duties and invested with the powers prescribed by law and set forth in the 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.

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Section 2. Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The Board's responsibilities shall include, but shall not be limited to, the following:

- a. maintaining the access easement or easements over United States Forest Service land to the Property as required or appropriate under applicable regulations;
- b. maintaining all Common Areas providing access or relating to providing water to the Lots, and complying with all governmental statutes and regulations applicable thereto, and operating and maintaining the water distribution system within Zane Grey Ranch;
- c. maintaining perimeter fencing around the subdivision to prevent grazing animals from entering;
- d. establishing, preparing and administering an operational budget and an adequate reserve fund;
- e. scheduling and conducting the annual meeting and other meetings of the members;
- f. collecting and enforcing the assessments;
- g. all the other duties imposed upon the Board pursuant to this Declaration and the Bylaws.

The Board shall not, however, be responsible for those duties and areas of operation specifically designated under the Declaration, the Articles or the Bylaws as the responsibility of the Architectural Committee.

ARTICLE VI.

MEMBERSHIPS AND VOTING

Section 1. Owners of Lots. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Each such Owner shall have one Membership for each Lot owned by the Member. Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot to which the Membership is attributable. There shall be only one Membership for each Lot as described above, which Memberships shall be shared by any joint owners of, or owners of undivided interests in a Lot.

Section 2. Declarant. The Declarant shall be a Member of the Association so long as the Declarant owns any land in Zane Grey Ranch.

Section 3. Voting. The Association shall have two classes of voting Memberships:

Class A. Class A Memberships shall be all Memberships except the Class B Memberships. An Owner shall be entitled to one vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the Owner's voting rights for violations of this Declaration as provided herein.

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Class B. The Class B Memberships shall be all Memberships held by the Declarant. Except as otherwise provided in this Declaration, the Declarant shall be entitled to three (3) votes for each Class B Membership owned.

Section 4. Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Membership must be cast as a unit; fractional votes shall not be allowed. In the event that a Membership is owned by more than one person or entity and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed that he was acting with the authority and consent of all other Owners of the same Membership unless objection thereto is made to the Board, in writing at or prior to the time the vote is cast. In the event more than one vote is cast for a particular Membership, all said votes shall be deemed void.

Section 5. Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 6. Transfer of Membership. The rights and obligations of the Owner of a Class A Membership in the Association shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot and then only to the transferee thereof. A transfer of ownership of a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record or such other legal process as permitted by Arizona law. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Lot shall automatically transfer the Membership(s) appurtenant to said Lot to the new Owner. Upon the transfer of ownership of any Lot (excluding the initial sale by the Declarant) the Board, in its discretion, may assess a reasonable transfer fee to cover administrative costs associated with said transfer of ownership.

ARTICLE VII.

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 1. Creation of Lien and Personal Obligation for Assessments and Maintenance Charges. The Declarant, for each Lot, hereby covenants and agrees, and each Owner by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) is deemed to covenant and agree, to accept and be subject to mandatory Membership in the Association, and to pay to the Association the Annual Assessments or Special Assessments assessed hereunder. The Annual Assessments and Special Assessments and other fees, fines and charges which are the obligation of an Owner hereunder, together with interest, costs, collection agency fees, and reasonable attorneys' fees of the Association incurred in connection with the enforcement and collection thereof or in otherwise enforcing this Declaration, shall be a charge and continuing servitude and lien upon the Lot against which each such Assessment, or other charge is made and, in addition, shall be the personal obligation of the Owner of such Lot at the time when such payment becomes due and payable. The personal obligation for delinquent Assessments and other charges shall not pass to the successors in title of the Owner unless expressly assumed by them; however the Lot shall remain subject to the lien of the delinquent assessment except as provided below.

Section 2. Annual Assessments. In order to provide for the uses and purposes specified in Article IX hereof, including the establishment of replacement and maintenance reserves, in each year, commencing with the first Assessment Period, the Board shall prepare and adopt a budget and shall assess against each Lot an Annual Assessment. Subject to the provisions of Section 3 hereof, the amount

of the Annual Assessment shall be in the sole discretion of the Board but shall be determined with the objective of fulfilling the Association's obligations under this Declaration and providing for the uses and purposes specified in Article IX.

Section 3. Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Association may levy a Special Assessment for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 4. Notice and Quorum for Any Action Authorized Under Sections 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 of this Article shall be sent to all Members no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes (exclusive of suspended voting rights) of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Establishment of Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year.

Section 6. Billing and Collection Procedures. The Board shall have the right to adopt procedures for the purpose of making, billing and collecting the Assessments provided that said procedures are not inconsistent with the provisions hereof. Annual Assessments may be collected on a monthly, quarterly or annual basis as determined by the Board and Special Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the Special Assessment. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than fifteen (15) days written notice prior to such foreclosure or enforcement, at the address of the Member on the records of the Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after the delinquency of such payment.

Section 7. Collection Costs and Interest on Delinquent Assessments. Any Assessment or installment thereof not paid when due shall be deemed delinquent and shall bear interest from ten (10) days after the due date until paid at a rate equal to the greater of (a) twelve percent (12%) per annum, or (b) the rate set by the Board, and the Member shall be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting the same. In addition, the Board may charge a late fee for all delinquent payments. The Board may also record a Notice of Delinquent Assessment against any Lot as to which an Assessment is delinquent and constitutes a lien and may establish a fixed fee to reimburse the Association for the Association's cost in recording such Notice, processing the delinquency and recording a notice of payment, which fixed fee shall be treated as a collection cost of the Association secured by the Assessment Lien. The Association shall not be obligated to release any notice recorded pursuant to this section until all Delinquent Assessments, interest and collection costs have been paid in full whether or not all of such amounts are set forth in the Notice of Delinquency.

Section 8. Evidence of Payment of Assessments. Upon receipt of a written request, and within a reasonable period of time thereafter, the Association shall issue to the requesting party a written certificate stating (a) that all Assessments (including interest, costs and attorneys' fees, if any, as provided above) have been paid with respect to any specified Lot as of the date of such certificate, or (b) if such have not been paid, the amounts due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charge must be paid at the time the request for any such certificate is made. Any such certificate shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the Lot in question.

ARTICLE VIII.

ENFORCEMENT OF PAYMENT OF ASSESSMENTS AND ASSESSMENT LIEN

Section 1. Association as Enforcing Body. As provided in Article XII, the Association, the governing Architectural Committee and the Members shall have the right to enforce the provisions of this Declaration.

Section 2. Association's Remedies to Enforce Payment of Assessments. If any Member fails to pay Assessments, when due, the Association may enforce the payment thereof by taking either or both of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

- a. Bring an action at law and recover judgment against the Member personally obligated to pay the Assessments;
- b. Foreclose the Assessment Lien against the Lot in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the Lot may be redeemed after foreclosure sale as provided by law. The Association may bid on the subject property at such a foreclosure sale.

Notwithstanding subordination of an Assessment Lien as described herein, the delinquent Member shall remain personally liable for the Assessments and related costs after his Membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

Section 3. Subordination of Assessment Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien held by, or first deed of trust of which the beneficiary is, a lender who has lent funds with the Lot as security, or held by the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a mortgage or a deed of trust to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot free of the Assessment Lien for all Assessments that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; provided, however, that such mortgage or deed of trust foreclosure sale purchaser or grantee shall take title subject to all Assessments, and the Assessment Lien therefor accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

ARTICLE IX.

USE OF FUNDS; BORROWING POWER

Section 1. Purposes for Which Association's Funds May Be Used. The Association shall apply all funds and property collected and received by it for the common good and benefit of Zane Grey Ranch and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any kind and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without Zane Grey Ranch, which may be necessary, desirable or beneficial to the general common interests of Zane Grey Ranch, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: maintenance of public rights-of-way, maintenance of equestrian trails, washes and drainage areas within and adjoining Zane Grey Ranch, recreation, liability insurance, communications, and indemnification of officers and directors of the Association. Subject to this Declaration and the Articles and Bylaws, the Association may expend its funds in any manner permitted under the laws of the State of Arizona.

Section 2. Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate.

Section 3. Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of an Annual of Lot Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

Section 4. Insurance

a. Authority to Purchase. The Association shall maintain insurance against liability incurred as a result of death or injury to persons or damage to property on the common areas or upon other areas maintained by the Association, in a total amount of not less than One Million Dollars (\$1,000,000.00). If reasonably available, the Association shall obtain officers and directors liability insurance in an amount deemed prudent by the Board. In addition the Association may carry any other insurance coverage which the Board in its discretion deems necessary or desirable. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance.

b. Individual Responsibility. It shall be the responsibility of each Owner to provide for himself insurance on his property interests within Zane Grey Ranch, including, but not limited to, his additions and improvements thereon, furnishings and personal property therein, his personal liability to the extent not covered by the property and public liability insurance obtained by the Association, if any, and such other insurance as such person desires. No person shall maintain any insurance which would limit or reduce in any manner the insurance proceeds payable under any casualty insurance maintained by the Association. Neither the Association nor any Board member nor the Declarant shall be liable to any person or mortgagee if any risks or hazards are not covered by the insurance obtained by the Association or if the amount of insurance is not adequate.

c. Insurance Claims. The Association is hereby irrevocably appointed and authorized by the Owners to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claim, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Board has full and complete power to act for the Association in this regard and may, at its discretion, appoint an authorized representative or committee, or enter into an insurance trust agreement wherein the trustee shall have authority, to negotiate losses under any policy purchased by the Association. All proceeds from insurance acquired by the Association shall be payable to the Association. Any proceeds resulting from damage to the Common Areas shall be used to repair the damage, unless otherwise approved by a majority of the votes of each class of Members at a meeting called for such purpose. Any excess proceeds may be retained by the Association as reserves or to reduce future assessments or, if distributed to Members, such proceeds shall be distributed to Members and their mortgagees as their interests may appear at a uniform rate per Membership.

Section 5. Reserve Fund. From the Annual Assessments received by the Association, the Board shall establish a reserve fund for the maintenance, repair and replacement of any improvements maintained by the Association.

ARTICLE X.

MAINTENANCE

Section 1. Common Areas and Public Rights-of-Way.

a. Areas of Association Responsibility. The Association, or its duly delegated representative, shall maintain and otherwise manage all real property within the Common Areas and all easements or facilities serving the Property in common and the improvements thereon.

b. Water. The Association shall maintain all Common Areas or common facilities used to provide water to the Lots, and shall employ a certified operator to provide such service to the extent required by applicable law or regulation.

c. Standard of Care. The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of the common areas and other properties maintained by the Association, however, the Board shall be the sole judge as to the appropriate maintenance of all such areas.

Section 2. Assessment of Certain Maintenance Costs. In the event that the need for maintenance or repair of common facilities, structures and other property maintained by the Association is caused through the willful or negligent act of any Owner, or that Owner's family, guests or tenants the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and the Owner's Lot is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot pursuant to Section 1(c) of this Article X in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

Section 3. Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a nuisance, or substantially detract from the appearance or quality of the surrounding Lots or other areas of Zane Grey Ranch which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration or in the event the Owner of any Lot is failing to perform any of its obligations under this Declaration, the

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board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Assessment Lien.

Section 4. Easement for Maintenance Responsibilities. The Association shall have an easement upon, across, over an under the Lots and all other areas in Zane Grey Ranch for the purpose of repairing, maintaining and replacing the Common Areas, Common Area improvements, and other areas maintained by the Association and for the purpose of performing all of the Association's other rights, duties and obligations hereunder.

ARTICLE XI.

ARCHITECTURAL COMMITTEE

Section 1. Establishment. An Architectural Committee shall be established to perform the functions set forth in this Declaration. Such Committee may adopt rules, regulations and guidelines for the performance of its duties including procedures for the preparation, submission and determination of the application for any approvals required by this Declaration. Any approved residential structure shall contain not less than one thousand (1,000) square feet of liveable area per floor and, to the extent Visible From Neighboring Property, shall be constructed of exterior materials and have an exterior color scheme which appear as much as reasonably possible to be of materials and colors naturally occurring in the Zane Grey Ranch. The Architectural Committee shall have sole and exclusive authority with respect to all approvals and use decisions. The Architectural Committee shall consist of three regular members and not less than one alternate member. During the first two (2) years following the recordation of this document or until such time as the Declarant has relinquished its appointment rights, all members and alternates of the Committee shall be appointed by the Declarant. Thereafter the members of the Architectural Committee shall be elected by a vote of all the Memberships in the Association. Committee members shall be elected for one (1) year terms (or until replaced). Architectural Committee elections shall occur at the same time as the annual elections of the Board. In the event of a temporary or permanent vacancy on a Committee an alternate member selected by the Committee shall serve as a replacement until the next election or until the regular Member is again available. Members of the Architectural Committee need not be architects, Owners or Residents and need not possess any special qualifications of any type. The Declarant may voluntarily relinquish (either temporarily or permanently) its right to appoint all or some of the members of the Architectural Committee by recording an amendment to the Declaration executed by the Declarant alone.

Section 2. Meetings; Guidelines. The Architectural Committee shall keep a record of the minutes of all meetings. A quorum for any meeting shall consist of a majority of the regular members of the Committee and the concurrence of a majority of the regular committee members shall be necessary for any decision of the Architectural Committee. Alternate member(s) may participate at any meeting in lieu of any absent regular member(s), may constitute a quorum by his (their) presence and shall have all of the authority of a regular member while so participating. The decision of the governing Architectural Committee shall be final on all matters submitted to it pursuant to this Declaration. Members of the Committee shall not be entitled to compensation for their services, unless otherwise approved by the Board.

Section 3. Discretion of Committee. The Architectural Committee shall be under no duty or obligation to pass upon, approve or disapprove any structural stability matter or matters pertaining, to the

stability of footings or foundations or matters pertaining to geological conditions involved in any foundation or footings and may indicate on any plans or specifications or drawings or other materials or in any certificate that a Committee has not passed upon, approved or disapproved any such referred to matters. All actions of said Committee authorized under this Declaration, including without limitation the approval or disapproval of plans, specifications, drawings, plot plans, grading plans and height, as well as other matters in which the Committee is authorized hereunder to act, shall be in the sole and complete discretion of said Committee. Neither an Architectural Committee nor any member thereof shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of:

- a. the approval or disapproval of any plans, drawings or specifications, whether or not defective;
- b. the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications;
- c. the development of any property within Zane Grey Ranch;
- d. the execution of any estoppel certificate, whether or not the facts therein are correct; or
- e. the enforcement of this Declaration;

provided, however, that with respect to the liability of a Committee member, such member has acted in good faith on the basis of such information as may be possessed by him. The approval by the Architectural Committee of any plans, specifications or other matter shall not be deemed to constitute a waiver of any right to withhold approval of any similar plans, specifications or other matter subsequently submitted for approval.

Section 4. Response Within Forty-five (45) Days. Any approval required under this Declaration by the Architectural Committee shall not be withheld unreasonably. Failure by such Committee to approve or disapprove a request within forty-five (45) days after such request is filed with the Committee (or within any shorter period of time set forth in the applicable Architectural or Design Guidelines) shall waive the approval requirement. Notice of disapproval shall be written and it shall set forth the reason or reasons for the disapproval. No request shall be deemed filed with the Committee until it is actually received by the proper Committee, and all submissions to the Committee shall be made by certified mail or personal delivery. In any event, after the expiration of one (1) year from the completion of construction of any structure, work, improvement or alteration, the said structure, work, improvement or alteration shall, in favor of purchasers or encumbrancers in good faith and for value, be deemed to be in compliance with this Declaration, unless actual notice of noncompliance executed by the Architectural Committee shall appear of record in the office of the County Recorder of Gila County, or a complaint has been filed to enforce compliance.

Section 5. Committee's Certificate. Any approval of any plans and specifications or other matter by the Architectural Committee given or made pursuant to the provisions of this Declaration which is evidenced by a certificate signed by at least a majority of the members of said Committee shall be irrevocable and not subject to change by such Committee. Any such certificate may be conclusively relied upon by all parties including but not limited to any Owner, tenant or purchaser of any Lot, or of any interest therein; by any lender taking any Lot as security; and by any title insurance company. Any such certificate may be recorded by said Committee in the office of the Gila County Recorder.

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Section 6. Fee. The Board may establish a reasonable processing fee to defer the costs of the Association and the Architectural Committee in considering any requests for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted.

ARTICLE XII.

RIGHTS AND POWERS OF ASSOCIATION

Section 1. Association's Rights and Powers As Set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and Bylaws, which shall include all rights and powers as may be reasonably necessary in order to effect the purposes of the Association as set forth herein. After incorporation of the Association, a copy of the Articles and Bylaws of the Association shall be available for inspection by Members, prospective purchasers, mortgagees and other persons or entities with an interest in Zane Gray Ranch at the office of the Association during reasonable business hours.

Section 2. Enforcement of Provisions of This and Other Instruments. The Association, in the first instance, and the Architectural Committee, each as the agent and representative of the Owners, shall have the right (without obligation) to enforce, by any proceeding at law or in equity, the Covenants set forth in this Declaration, the Articles, Bylaws, and any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant. The Association is authorized to impose sanctions for violations without court approval.

Section 3. Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including the Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors or officers of the Association or members of any committee are employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable.

ARTICLE XIII.

TERM; AMENDMENTS; TERMINATION

Section 1. Term; Method of Termination. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each. This Declaration may be terminated at any time if seventy-five percent (75%) of the authorized votes of each class of Members shall be cast in favor of termination at an election held for such purpose. If the necessary votes are obtained, the Board shall cause to be recorded with the County Recorder of Gila County, Arizona, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these Covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles. Any Association funds remaining following such termination and dissolution shall be distributed to the Members and their mortgagees as their interests may appear at a uniform rate per Membership.

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Section 2. Amendments. This Declaration may be amended by recording with the County Recorder of Gila County, Arizona, a Certificate of Amendment, duly signed and acknowledged as required for a Certificate of Termination in Section 1 of this Article. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided hereafter, shall certify that at an election duly called and held for this purpose pursuant to the provisions of the Articles and Bylaws, the Members casting seventy-five percent (75%) of the votes cast at the election voted affirmatively for the adoption of the amendment; provided, however, that for purposes of an election to amend this Declaration, the Declarant shall have only one vote per Class B Membership. The Declaration may be amended with respect to all or any portion of the Lots covered hereby. Within fifteen (15) years from the date of recording this Declaration and so long as the Declarant is the owner of any Lot in Zane Grey Ranch this Declaration may be amended or terminated only with the written approval of the Declarant. This Declaration may not be amended to reduce or alter the rights of the Declarant without the approval of the Declarant.

ARTICLE XIV.

MISCELLANEOUS

Section 1. Interpretation of the Covenants. Except for judicial construction, the Association, by its Board and Architectural Committees, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the Covenants hereof.

Section 2. Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 3. Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 4. Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association (through its Board and Committees) shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration or any applicable Architectural Guidelines.

Section 5. No Warranty of Enforceability. While Declarant has no reason to believe that any of the Covenants contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such Covenants. Any Owner acquiring a Lot in Zane Grey Ranch in reliance on one or more of the Covenants shall assume all risks of the validity and enforceability thereof and by acquiring any Lot agrees that Declarant shall have no liability therefor.

Section 6. References to the Covenants in Deeds. Deeds or any instruments affecting any part of Zane Grey Ranch may contain the Covenants herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

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Section 7. Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

Section 8. Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.


Section 9. Notices. If notice of any action or proposed action by the Board or of any committee or of any meeting is required by applicable law, this Declaration or resolution of the Board to be given to any Owner then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within the Town of Payson, Arizona. This Section shall not be construed to require that any notice be given if not otherwise required, and shall not prohibit satisfaction of any notice requirement in any other manner. If notice is made by mail, it shall be deemed to have been received twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to such person at the address given by that person to the Association for the purpose of service of such notice, or to the address of the Lot owned by such person if no address has been given. Notice to the Board or to the governing Architectural Committee shall be delivered or sent certified mail to the office of the Association.

Section 10. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by members holding seventy-five (75%) percent of the outstanding votes. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of Assessments as provided in Article VII hereof, (c) proceedings involving challenges to taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the percentage votes necessary to institute proceedings as provided above.

IN WITNESS WHEREOF, the undersigned have executed this Declaration on this _____ day and year first above written.

ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership

By U.S. DEVSTAR, INC., an Arizona corporation
General Partner

By 
Larry V. Butler, President

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STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 28th day of September, 1993, before me, the undersigned Notary Public, personally appeared Larry V. Butler, President of U.S. DevStar, Inc., an Arizona corporation, as General Partner of ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his name on behalf of the Partnership.

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

Stacy B. Brupis
Notary Public

My Commission Expires

7/10/97



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EXHIBIT "A" TO ZANE GREY RANCH COMMUNITY
ASSOCIATION DEED RESTRICTIONS

Lots 1,2,3,4,5 and Tracts A,B,C, of Zane Grey Ranch, according to Map
Number 639, records of Gila County, Arizona

RECORDED AT THE REQUEST OF
ZANE GREY CABIN PARTNERSHIP

DATE **Nov. 1, 1993** TIME **4:00**

OFFICIAL RECORDS OF GILA COUNTY, AZ
LINDA NAUGHT ORTEGA, RECORDER

BY *Connie L. ...*

COVENANT REGARDING ACCESS

THIS COVENANT is executed this **28th** day of **October 16** November, 1993, by ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership ("ZGC"), and ZANE GREY RANCH COMMUNITY ASSOCIATION, an Arizona nonprofit corporation ("Association").

RECITALS:

- A. ZGC is the Declarant under the Declaration of Covenants, Conditions and Restrictions for Zane Grey Ranch (the "Declaration") which affects the real property described on Exhibit A hereto (the "Ranch"), and is the Owner of all Lots described in the Declaration;
- B. ZGC is also the owner of certain real property described on Exhibit B hereto (the "Exchange Property") which is adjacent to the Ranch and is subject to a pending land exchange with the U.S. Forest Service, whereby the Forest Service is expected to acquire title to the Exchange Property;
- C. ZGC and Association desire to provide for access to the Exchange Property until it is acquired by the Forest Service;

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

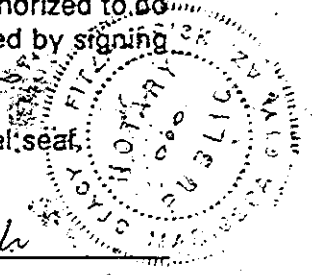
1. Access. ZGC, as Declarant under the Declaration, and as Owner of the entire Ranch, and the Association, hereby agree that ZGC will not convey the Exchange Property to any other party (other than the U.S. Forest Service), nor convey Lot 1 of Zane Grey Ranch, without first recording a specific perpetual easement for ingress and egress over Lot 1 in favor of the Exchange Property and the owners thereof, their successors and assigns. Such easement over Lot 1 shall permit access to Tract A of Zane Grey Ranch so as to permit Tract A to be used for ingress and egress by the owners of the Exchange Property so that such owners will have the same public access over adjacent properties as is available to the Owners of Lots in Zane Grey Ranch, and the Association hereby consents to such use if granted by ZGC.

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 28th day of 09, 1993, before me, the undersigned Notary Public, personally appeared Larry V. Butler, President of U.S. DevStar, Inc., an Arizona corporation, as General Partner of ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his name on behalf of the Partnership.

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

Stacy B. Ingpatrich
Notary Public



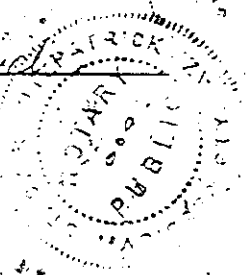
My Commission Expires: 7/10/97

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 28th day of 09, 1993, before me, the undersigned Notary Public, personally appeared Larry V. Butler, the President of ZANE GREY RANCH COMMUNITY ASSOCIATION, an Arizona non-profit corporation, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

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

Stacy B. Ingpatrich
Notary Public




My Commission Expires: 7/10/97

2. Termination. The covenant set forth in Section 1 above (and any easement granted pursuant thereto) shall expire and terminate (a) upon the conveyance of the Exchange Property to the U.S. Forest Service, or, (b) if earlier, at such time as legal access is provided to the Exchange Property by another means, and the owner of the Exchange Property records an abandonment of this Covenant.

3. Effect. This agreement shall be a covenant running with the land, for the benefit of the owner(s) of the Exchange Property, and burdening Lot 1 and Tract A of the Ranch.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the date first above written.

ZANE GREY CABIN PARTNERSHIP,
an Arizona general partnership
By U.S. Devstar, Inc., general partner

By: 
Larry V. Butler, President

Declarant and Owner

ZANE GREY RANCH COMMUNITY ASSOCIATION,
an Arizona non-profit corporation

By: 
Larry V. Butler, President

Association

When Recorded Map 70
Larry Butler
5101 N. Casa Blanca Cr
Unit #1
Scottsdale, AZ 85253

DATE OF RECORDING
OFFICIAL RECORDS OF GILA COUNTY
LENDI HAUGHY, DEPUTY RECORDER
BY _____

FEDERAL LAND POLICY AND MANAGEMENT ACT
PRIVATE ROAD EASEMENT

THIS EASEMENT, dated this 27th day of October, 1993, from the United States of America, acting by and through the Forest Service, Department of Agriculture, hereinafter called Grantor, to Zane Grey Ranch Community Association, hereinafter called Grantee.

WITNESSETH:

WHEREAS, Grantee has applied for a grant of an easement under the Act of October 21, 1976 (90 Stat. 2743; 43 U.S.C. 1761), for a road over certain lands or assignable easements owned by the United States in the County of Gila, State of Arizona, and administered by the Forest Service, Department of Agriculture

NOW THEREFORE, Grantor, for and in consideration of the payment of an annual use fee paid by Grantee does hereby grant to Grantee, subject to existing easements and valid rights, a nonexclusive easement for use of a road, along and across a strip of land, over and across the following described lands in the County of Gila, State of Arizona:

GILA AND SALT RIVER BASE AND MERIDIAN

T. 11 N., R. 12 E.,
sec. 5, N1/2.

T. 12 N., R. 12 E.,
sec. 32, SE1/4SE1/4.

The easement is shown and specifically described on the plat recorded on October 12, 1993, Map No. 777 and 727A, Official Records, Records of Gila County, Arizona, containing 5.20 acres, more or less.

Said easement shall be 25 feet on each side of the centerline with such additional width as required for accommodation and protection of cuts and fills. If the road is located substantially as described herein, the centerline of said road as constructed is hereby deemed accepted by Grantor and Grantee as the true centerline of the easement granted.

This grant is made subject to the following terms, provisions, and conditions applicable to Grantee, its permittees, contractors, assignees, and successors in interest.

A. Grantee shall comply with applicable Federal or State law and shall comply with State standards for public health and safety, environmental protection, and siting, construction, operation, and maintenance of or for rights-of-way for similar purposes, if those standards are more stringent than applicable Federal standards.

B. The rights herein conveyed do not include the right to use the road for access to developments for short- or long-term residential purposes, unless and until the Grantor and the Grantee agree upon traffic control regulations, rules, and other provisions to accommodate such use of the road.

C. Upon change in ownership of the land or facility served by this road, the rights granted under this easement may be transferred to the new owner upon written notification to the Forest Supervisor.

D. This easement shall continue for as long as needed for use as residential ingress/egress; Provided, That the Grantor shall review the terms and conditions of this easement at the end of each 30-year period from the date of issuance, and may incorporate in the easement such new terms, conditions, and stipulations as existing or prospective conditions may warrant. These shall have the same force and effect in the future as if incorporated in this grant.

E. All construction or reconstruction of the road shall be in accordance with plans, specifications, and written stipulations approved by the Grantor, prior to beginning such construction or reconstruction.

F. Grantee shall have the right to cut timber upon the easement area to the extent necessary for maintaining the road. Timber so cut shall, unless otherwise agreed to, be cut into standard log lengths or other products as specified by the authorized officer and decked along the road for disposal by the owner of such timber.

G. The Grantee shall maintain the right-of-way clearing by means of chemicals only after the Grantor has given specific written approval. Application for such approval must be in writing and must specify the method, chemicals, and the exact portion of the right-of-way to be chemically treated.

H. The Grantee shall provide maintenance so that there is no damage on adjacent National Forest land. The Grantee shall construct and maintain lead-off drainage and water barriers as necessary to prevent erosion.

I. Grantee shall pay annually in advance a sum determined by the Forest Service to be the fair market value of the use authorized by this easement. The initial payment is set at \$45.00 for the remainder of the calendar year. Payments for each subsequent calendar year shall be the amount of \$45.00 adjusted using the Implicit Price Deflator-Gross National Product Index (IPD-GNP), or other factor selected by the Forest Service, to reflect more nearly the current fair-market value of the use. At intervals to be determined by certain changes in the indexes used to establish the linear rights-of-way fee schedule, the fee shall be reviewed and adjusted as necessary to assure that it is commensurate with the value of the rights and privileges authorized. Failure of the Grantee to pay the annual payment, late charges, or other fees or charges shall cause the easement to terminate.

Grantee shall pay an interest charge on any fee amount not paid by the payment due date.

Interest shall be assessed using the most current rate prescribed by the United States Department of the Treasury Financial Manual (TFM-6-8000). Interest shall accrue from the date the fee payment was due. In addition, certain processing and handling administrative costs may be assessed in the event the account becomes delinquent and added to the amounts due.

A penalty of 6 percent per year shall be assessed on any fee amount overdue in excess of 90 days from the due date of the first billing.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date(s) for any of the above payments or fee calculation statements fall on a nonworkday, the charges shall not apply until the close of business of the next workday.

J. This easement shall terminate in the event an easement is granted subsequently by the United States to a public road agency for operation of this road as a public highway.

K. Grantee shall pay the United States for all injury, loss, or damage, including fire suppression costs, in accordance with existing Federal and State laws.

L. Grantee shall indemnify the United States for any and all injury, loss, or damage, including fire suppression costs the United States may suffer as a result of claims, demands, losses, or judgments caused by the Grantee's use or occupancy under this easement.

M. Upon termination of this easement, the Grantee shall remove within a reasonable time the structures and improvements and shall restore the site to a condition satisfactory to the Grantor, unless otherwise waived in writing. If the Grantee fails to remove the structures or improvements within a reasonable period, as determined by the Grantor, the Grantor may remove and dispose of any improvements and restore the area, and all costs shall be paid by the Grantee.

If the Grantor waives the removal of the improvements and restoration of the site, all improvements shall become the property of the United States.

The foregoing notwithstanding, this easement is granted subject to the following reservations by Grantor, for itself, its permittees, contractors, and assignees:

1. The right to cross and recross the road at any place by any reasonable means and for any purpose in such manner as will not interfere unreasonably with Grantee's use of the road.

2. The right to all timber now or hereafter growing on the right-of-way, subject to Grantee's right to cut such timber as herein provided.

3. The right alone to extend rights and privileges for use of the road constructed on the premises to other users, provided that nonfederal users shall bear a fair share of the current replacement cost less depreciation of the road and shall reconstruct the road as necessary to accommodate their use.

4. The Grantor reserves the right to use or authorize the use of the road by other Federal agencies, without cost other than the performance or payment, as it may elect, for its proportionate share of maintenance costs.

5. The Grantor retains the right to occupy and use the right-of-way, and to issue or grant rights-of-way for other land uses, for other than road purposes, upon, over, under, and through the easement area provided that the occupancy and use do not interfere unreasonably with the right granted herein.

6. The right to terminate this easement if the Grantor assumes jurisdiction and control of the road as a Forest Development Road and issues a replacement easement providing only for use of the road. The replacement easement shall be in the current standard format which provides the Grantee the right to use the road for the purposes and for the period authorized by this easement, subject to such traffic control regulations and rules as Grantor may impose reasonably upon or require of other users of the road without unreasonably reducing the rights herein granted.

The Grantor may take action to suspend, revoke, or terminate this easement under the Rules of Practice Governing Formal Adjudicatory Administrative Proceedings Instituted by the Secretary Under Various Statutes in 7 CFR 1.130-1.151. An Administrative proceeding is not required when the easement terminates on the occurrence of a fixed or agreed-upon condition, event, or time.

IN WITNESS WHEREOF, the Grantor, by its Forest Supervisor, Tonto National Forest, has executed this easement pursuant to the delegation of authority by the Secretary of Agriculture to the Assistant Secretary for Natural Resources and Conservation, the delegation of authority by the Assistant Secretary for Natural Resources and Conservation, to the Chief, Forest Service, 7 CFR 2.60, and the delegation of authority by the Chief, Forest Service, dated August 16, 1982, (47 FR 36465), on the day and year first above written, and the delegation of authority by the Regional Forester to the Forest Supervisor.

UNITED STATES OF AMERICA

Judith A. Miller

Acting Forest Supervisor
Tonto National Forest
Forest Service
Department of Agriculture

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 27th day of October, 1993, by Carolyn J. Williams, known to me to be the Forest Supervisor, Tonto National Forest, Southwestern Region, United States Department of Agriculture, who being by me duly sworn, she signed said instrument on behalf of the United States of America, in authority duly given, and she executed same as the free act and deed of the United States of America for the consideration and purposes therein contained.

Carolyn J. Williams
Notary Public

My commission expires: My Commission Expires Jan. 9, 1995

In compliance with the conditions set forth in the foregoing deed, Zane Grey Ranch Community Association certifies, and by the acceptance of this deed accepts the right-of-way over certain land herein described and agrees, for themselves, their successors and assigns, forever to abide by the conditions set forth in said deed.

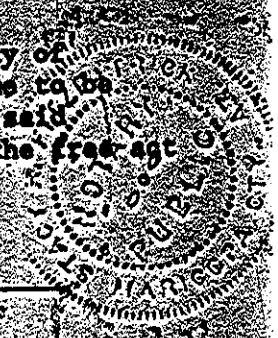
Signature *[Signature]*

STATE OF ARIZONA)
) SS
COUNTY OF)

The foregoing instrument was acknowledged before me this 28th day of OCTOBER, 1993, by LARRY Y. BUDER, known to me to be Mr. G.P., who being by me duly sworn that he/she signed said instrument under authority duly given, and he/she executed same as the free act and deed for the consideration and purposes therein contained.

Larry Y. Buder
Notary Public

My commission expires: 7/10/97



FEE# **93-639619** C \$9.00
ck# 1234
RECORDED AT THE REQUEST OF 3 PAGES
ZANE GREY CABIN PARTNERSHIP
DATE Nov 9, 1993 TIME 4:00
OFFICIAL RECORDS OF GILA COUNTY, AZ
LINDA NAUGHT ORTEGA, RECORDER
BY Corinne L. [Signature] Deputy

COVENANT REGARDING ACCESS

THIS COVENANT is executed this 20th ^{October 18} day of November, 1993, by ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership ("ZGC"), and ZANE GREY RANCH COMMUNITY ASSOCIATION, an Arizona nonprofit corporation ("Association").

RECITALS:

- A. ZGC is the Declarant under the Declaration of Covenants, Conditions and Restrictions for Zane Grey Ranch (the "Declaration") which affects the real property described on Exhibit A hereto (the "Ranch"), and is the Owner of all Lots described in the Declaration;
- B. ZGC is also the owner of certain real property described on Exhibit B hereto (the "Exchange Property") which is adjacent to the Ranch and is subject to a pending land exchange with the U.S. Forest Service, whereby the Forest Service is expected to acquire title to the Exchange Property;
- C. ZGC and Association desire to provide for access to the Exchange Property until it is acquired by the Forest Service;

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

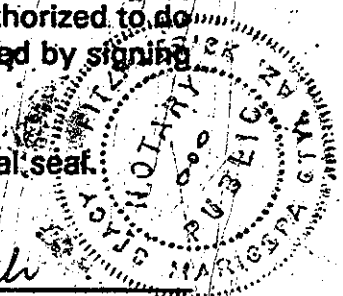
1. Access. ZGC, as Declarant under the Declaration, and as Owner of the entire Ranch, and the Association, hereby agree that ZGC will not convey the Exchange Property to any other party (other than the U.S. Forest Service), nor convey Lot 1 of Zane Grey Ranch, without first recording a specific, perpetual easement for ingress and egress over Lot 1 in favor of the Exchange Property and the owners thereof, their successors and assigns. Such easement over Lot 1 shall permit access to Tract A of Zane Grey Ranch so as to permit Tract A to be used for ingress and egress by the owners of the Exchange Property so that such owners will have the same public access over adjacent properties as is available to the Owners of Lots in Zane Grey Ranch, and the Association hereby consents to such use if granted by ZGC.

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 28th day of 09, 1993, before me, the undersigned Notary Public, personally appeared Larry V. Butler, President of U.S. DevStar, Inc., an Arizona corporation, as General Partner of ZANE GREY CABIN PARTNERSHIP, an Arizona general partnership, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his name on behalf of the Partnership.

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

Stacy B. Ingpatrich
Notary Public



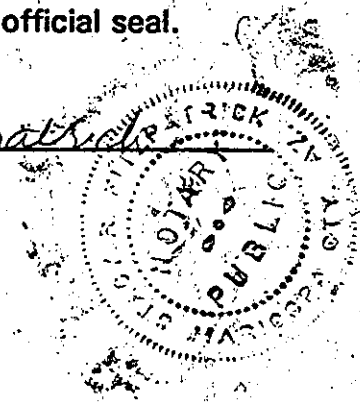
My Commission Expires: 7/10/97

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 28th day of 09, 1993, before me, the undersigned Notary Public, personally appeared Larry V. Butler, the President of ZANE GREY RANCH COMMUNITY ASSOCIATION, an Arizona non-profit corporation, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

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

Stacy B. Ingpatrich
Notary Public




My Commission Expires: 7/10/97

2. Termination. The covenant set forth in Section 1 above (and any easement granted pursuant thereto) shall expire and terminate (a) upon the conveyance of the Exchange Property to the U.S. Forest Service, or, (b) if earlier, at such time as legal access is provided to the Exchange Property by another means, and the owner of the Exchange Property records an abandonment of this Covenant.

3. Effect. This agreement shall be a covenant running with the land, for the benefit of the owner(s) of the Exchange Property, and burdening Lot 1 and Tract A of the Ranch.

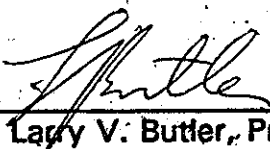
IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the date first above written.

ZANE GREY CABIN PARTNERSHIP,
an Arizona general partnership
By U.S. Devstar, Inc., general partner

By: 
Larry V. Butler, President

Declarant and Owner

ZANE GREY RANCH COMMUNITY ASSOCIATION,
an Arizona non-profit corporation

By: 
Larry V. Butler, President

Association