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PAINTED SKY RANCH
DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF PAINTED SKY RANCH PROPERTY OWNERS ASSOCIATION, INC. is made and entered into by Liberty Resorts Development, LLC an Arizona Limited Liability Corporation, (Declarant).

WITNESSETH:

On this 10th day of March 2008, Painted Sky Ranch Property Owners Association, Inc., (an Arizona non-profit Corporation), being one hundred percent (100%) owned by the Declarant, the property described in Exhibit "A", which by reference thereto is made a part hereof.

The Declarant has established these Covenants, Conditions and Restrictions, (CC&R's), upon the said Property described in Exhibit "A" as follows:

ARTICLE I
PURPOSE

The purpose of these CC&R's is to preserve the native flora and fauna, prevent nuisances and/or damage to the inherent beauty, natural setting, serenity and attractiveness of the property, to maintain the character of the area, and to secure for each owner, the full benefit and enjoyment of said property with no greater restriction on the free and undisturbed use of his Property than is necessary to insure the purpose stated herein.

ARTICLE II
ENFORCEMENT

The Declarant, **or any subsequent owner of any part of the Property**, shall have the right to enforce these Covenants, Conditions and Restrictions on any Property so affected, at any time by any proceedings in law or equity, or by the provisions in Paragraphs 27 and 28 hereafter set forth.

ARTICLE III
PROTECTIVE RESTRICTIONS

1. Definitions:

Section 1. "Acre" an acre, herein, is defined as a standard acre containing 43,560 square feet.

Section 2. "Architectural Control Committee" shall mean the Declarant, successors, assignees and/or appointees, until written documentation releasing control of said Architectural Control Committee, by the Declarant conveyed to the elected Board of Directors in writing.

Section 3. "Article" shall mean the Articles of Incorporation of Association, filed in the office of the Corporation Commission of the State of Arizona, as said article may be amended from time to time.

Section 4. "Assessments" shall mean the following:

A). "Regular Assessment" shall mean the amount which is to be paid by each Property Owner representing such Owner's Proportionate Share of the Common Expenses of the Association, as same are set forth in Article VII.

B). "Special Assessment" shall mean a charge against a particular Property Owner and/or the Owner's Property, directly attributable to such Owner or Property, which is to reimburse the Association for all costs incurred in bringing the property Owner or the Property into compliance with the provisions of this Restated Declaration, Articles, By Laws and/or the Association Rules, or any other charge designated as a Special Assessment in this Restated Declaration, the Articles, By Laws or Association Rules, together with attorneys' fees and other charges payable by such Owner pursuant to the provisions of these Restated Declarations.

C). "Reconstruction Assessment" shall mean the amount which is to be paid by each Property Owner representing each Property Owner's Proportionate Share of the cost to the Association for reconstruction of any part of the common areas.

D). “Capital Improvement Assessment” shall mean the amount that is to be paid by each Property Owner representing each Owner’s Proportionate Share of the costs to the Association for the installation or construction of any capital improvements on any of the common areas which the Association may from time to time authorize.

Section 5. “Association” shall mean the Property Owners’ Association, an Arizona non-profit corporation, its successors or assigns.

Section 6. “Association Rules” shall mean the rules adopted by the Declarant, and transferring by written, recorded documentation, to the elected Board of Directors, as such rules may be amended from time to time.

Section 7. “Board” shall mean the Declarant, until the Declarant no longer is the owner of the Property and gives up the Declarant’s rights to the Association by written and recorded documentation. It shall then mean: the elected Board of Directors of the Association.

Section 8. “Bylaws” shall mean the Corporate Bylaws of the Association. as such Bylaws may be amended from time to time.

Section 9. “Common Area(s)” shall mean real Property together with all Improvements situated thereon, owned by the Association and maintained for the Common Use and Enjoyment of all Owners.

Section 10. “Conservation Covenants and Agreement” shall mean the original recorded agreement which protects the natural beauty and environment of the property as is described in Exhibit “A”, which by reference thereto is made a part hereof.

Section 11. “Common Expense” shall mean the estimated and/or actual costs to maintain common areas and/or common improvements.

Section 12. “Declarant” shall mean Liberty Resorts Development, LLC, a Limited Liability Company, its successors and/or assigns.

Section 13. “Highway Frontage Zone” as same is described in “Parcel 1” of Exhibit “A”. Any portion of the property that lies within 400 feet of the eastern edge thereof is reserved for future light commercial use.

Section 14. “Improvement” shall mean any roads, roadways, utility, landscape, or any common facility of any kind, maintained by Common Expense through Assessment borne by the Owners.

Section 15. “Lot(s)” shall mean the separately designated and described parcels of land shown on the plat, together with the improvements constructed thereon, which, are to be sold and used solely for residential purposes.

Section 16. "Majority of Owners" shall mean the Owners holding a minimum of 75% or more of the total votes entitled to be cast with respect to any given matter.

Section 17. "Member" shall mean a member of the Association in good standing.

Section 18. "Occupant" shall mean a person or persons, other than an Owner, in rightful possession of a lot or house constructed thereon.

Section 19. "Owner" shall mean the record Owner of any lot.

Section 20. "Parcel" shall mean the parcel of real estate herein described, which is subject to these declarations.

Section 21. "Private Roads" are synonymous to and shall mean any street, drive, roadway, walkway, path, or right of way not expressly dedicated to public use.

Section 22. "Proportionate Share" shall mean a fraction in which the numerator is one and the denominator is the total number of lots included in the property at the time of calculation. Each lot owned is considered as one individual lot.

Section 23. "Restated Declarations" shall mean the entire declaration, as the same may from time to time be amended.

2. Refuse, Dumping, and Nuisances:

No lot or any portion thereof, shall be used in full or in part, for the storage or dumping of rubbish, debris, surplus, or scrap of any character whatsoever, nor for the storage of any bulk or construction material except during the construction of a building. Storage of any other items that will cause any lot or roadway to appear in an unclean or unkempt condition is prohibited. Any substance, thing, or material kept upon any lot that emits foul or obnoxious odors, or that causes any noise that unreasonably disturbs the peace, quiet, comfort, or serenity for the occupants of surrounding Property is prohibited. Violators may be reported to the Environmental Protection Agency (EPA), Arizona Department of Environmental Quality ADEQ, and/or Pinal County Health Department.

3. Dwellings:

All primary dwellings shall contain not less than 2,000 square feet of living area, and secondary dwellings such as casitas, guest or caretaker dwellings, shall be single story and contain at least 300 square feet of living area, both of which shall be exclusive of garages, porches, and patios. All dwellings shall be one story and no more than twenty-four (24) feet in height (as measured from the point of average natural grade at the building footprint). Only site built dwellings are permitted. Manufactured Homes, Mobile Homes, Modular Homes, Geodesic Domes, Quonset Huts, Round Houses, A-Frames or Trailers shall **NOT** be permitted except as provided herein. Primary dwellings must be constructed and completed prior to the construction of casitas, guest or caretaker dwellings, or garages unless the secondary dwelling is being

constructed in conjunction with the primary dwelling. Only one (1) single family residence per parcel may be constructed.

A. Mobile homes, RVs, or trailers maybe used for temporary housing or as a construction office during construction of a permanent primary dwelling for a period not to exceed eighteen (18) months from the date first placed on the parcel; providing a valid building permit exists for a site-built primary dwelling. Said RV's or trailers must be less than ten (10) years old at time of placement and shall be removed within 30 days after completion of the permanent primary dwelling, and shall not to exceed the 18-month period. RVs including travel trailers may stay as allowed in Paragraph 7 hereafter set forth.

B. All items are to be approved by the Architectural Control Committee prior to start of any work or construction. Designs, plans, permits and requests must be submitted for approval. In addition, a Pinal County Permit may be required prior to start of project.

4. Building Standards for Structures Including Dwellings:

All structures shall be site built as described in **Paragraph 3** above. Dwellings shall be of good workmanship, construction and quality materials. Any and all structures, improvements, landscaping, fencing, concrete, trenching, digging, or any work is to be approved by the Architectural Control Committee before the start of any project.

Prohibited Structures:

- (a). Structures more than twenty-four (24) feet in height, (as measured from the point of **average natural** grade at the building footprint).
- (b). Prohibited structures as set forth in **Paragraph 3**.
- (c). Metal Buildings, **however, steel framing is allowed.**

Prohibited Materials:

- (a). Metal siding.
- (b). Flat surface gray cement block walls without stucco.
- (c). Metal roofs except for copper or factory pre-painted metal panels with rectangular ribs.

Color for Structures and Dwellings:

- (a). Shall be neutral and earth tones.

(b). Shall not be bright, white, off white, highly reflective, or clash with the natural desert colors.

(c). However, white reflective roof coatings used on flat roofs, that are concealed from view at ground level by parapet walls, shall be permitted.

Architectural Control Committee:

All work and/or construction must be approved by the Architectural Control Committee **prior** to the start of construction. Also, a Pinal County building permit may be required for any work that is anticipated.

5. Waste Products:

All dwellings and other structures, where applicable, shall be equipped with water flush toilets. All toilets shall be located within such structures. All sinks, showers, or other sanitary conveniences shall be located within such structures, unless completely shielded from public view, at ground level and approved by the Architectural Control Committee. All dwellings must have a sanitary waste system approved by the Pinal County Environmental and Health Department and within the standards of Arizona Department of Environmental Quality (ADEQ).

6. Construction Time:

All structures and dwellings shall be completed within eighteen (18) months of the issuance of the building permit and/or approval by the Architectural Control Committee whichever shall be first in date.

7. Motor Vehicles, Motor Homes, Trailers & Boats:

Operative, non-operative or disassembled motor vehicles, parts, trailers, motor homes and boats shall not be stored on any easement or road, but may be stored on the Property if substantially hidden from view at ground level, (as viewed from neighboring Property), and by a fully enclosed building, fence, or vegetation. Off road vehicles, motorcycles, go-carts, and other such motorized vehicles may not be operated in a repetitious manner, such as racing or circular operation on the Property or on easements or roads within the Property, but shall only use such easements or roads within the Property for reasonable egress and ingress to the Property by such vehicle.

All common ingress and egress roadways, included, but not limited to, roads, access, walkways, etc., not on private property, state or federal land, (unless access is mandatory by the Association), will be considered "Common Ground" for the common use of all members and will be maintained and paid for as common expenses.

8. Conservation of Trees and Native Vegetation:

Removal of Saguaro Cactus of any size and other trees with a trunk measuring more than 4" in diameter when measured one foot above ground level is not permitted unless absolutely

necessary for the construction of dwelling, outbuildings, driveways, and/or a swimming pool, or other permitted structures as may be approved by the Architectural Control Committee, **and must be replanted on the Property if removed.** Other native vegetation on said Property shall not be removed or destroyed except as is necessary to clear a pad for construction of permitted improvements and driveways or paths required for access to the improvements. The maximum allowable clearing of native vegetation and grading on the Property not contained in the highway frontage zone, for dwellings, outbuildings, yards, patios, courtyards, pet yards, animal corrals, arenas, parking areas, roads, driveways, swimming pools, gardens and all other purposes is limited to a combined maximum of 25% on any and all parcels within the Property, not including existing road easements, future recorded easement roads, or existing **W.A.P.A. easement road on the Property. Replanting or replacement shall be required of any such native vegetation unnecessarily removed** with the cost of such replanting or replacement to be borne by the Owner of the lot from which it is removed, if requested by any other Property Owner or the Declarant. Native vegetation is defined as including all trees, cactus, plants, grasses, and shrubs native to the Sonoran Desert. All vegetation planted on any lot must be native to the Sonoran, Chihuahua, Colorado or Mojave Deserts, except that ornamental flowers or food producing plants and trees for personal consumption may be planted within the allowable cleared area referenced above.

Notwithstanding the restrictions of this paragraph the following exceptions shall apply:

All work must be approved by the Architectural Control Committee prior to the start of any project. Also, a Pinal County permit and Dust Control permits may be required. Owners are encouraged to contact the Pinal County Building Department prior to any commencement of work.

Property owners are subject to the Conservation Covenant and Agreement as recorded in the Pinal County Recorder's office, pertaining to the description of property in Exhibit "A".

9. Walls and Fences:

Fencing shall not consist of chain link, wood planks, or simulated wood planks, however, wood rail fencing shall be permitted. Block walls are to be stucco and color coordinated with the dwelling. Wrought Iron is to be color coordinated with the dwelling.

Architectural Control Committee (ACC) approval is required before the start of any project. Also a Pinal County Building permit may be required.

10. Animal Control:

Noisy animals, commercial livestock operations and all Apiaries are prohibited. Animals are not permitted to run free on the Property and must be confined by fences. Any animal or animals determined to be a nuisance, by vote of the Owners of a majority of the nearest three (3) lot, shall be quieted or eliminated. However, nothing herein shall prohibit the keeping of domestic pets, or horses for the personal enjoyment, recreation

and pleasure of any Owner of any portion or lot of said Property who has constructed (within the required setbacks), and is occupying a dwelling thereon. Only the following types and numbers of animals are permitted, provided all appropriate measures are taken by the lot Owner to eliminate and prevent offensive odors and any unsightly waste accumulations from said animals, and that all such animals are confined by fences or walls, and are not raised or used for commercial purposes.

- a. No more than 3 dogs and 3 cats.
- b. No more than 4 horses, if allowed under the applicable Pinal County Zoning Ordinances.
- c. Other small animals that are considered household pets and reside in the dwelling such as caged birds, pet rodents, amphibians and fish in an aquarium.

11. Elevated Structures, Tanks and Antennae:

No exploration, boring, drilling, pumping, or mining of natural resources other than water for domestic use is permitted on the Property. No commercial transmission and/or receiving equipment for radio, television, digital, microwave, or cellular telecommunications shall be erected, placed or permitted upon any part of the Property, however, Television, Internet and cellular telephone receiving antennae, including satellite dishes, are permitted for residential use only, however, such satellite dishes greater than 30" in diameter shall not be located upon the roof of a structure. Satellite dishes larger than 30" in diameter, shall be placed on the ground only, and shall be enclosed or screened so as to not be visible by neighboring Property Owners. No elevated tanks of any kind shall be erected, placed or permitted upon any part of a lot. Any tanks for use in connection with any residence constructed on the lot, including tanks for the storage of propane, fuel oil, gasoline, or oil, shall be enclosed so as not to be visible by neighboring Property Owners at ground level, except water tanks used in connection with active or passive solar heating and/or cooling may be placed on roof tops. Painted tanks that are non-reflective and earth tone in color and used for the storage of water may be placed above ground subject to all applicable governmental laws, rules, and regulations.

Approval of the Architectural Control Committee is required for all structures described above. Also a Pinal County Building permit may be required.

12. Utilities:

All public, semi-public, or private utility lines installed, constructed, or located on the Property, shall be underground, with the exception of the existing Federal double lines on the Property, and the current existing San Carlos Irrigation Project (SCIP) electric lines. All utility easements are considered "common areas" and shall be maintained by Painted Sky Ranch Property Owners Association.

13. On-Site Disposal of Environmentally Sensitive Substances Prohibited:

Disposal on the subject Property of any substances which may be considered toxic, environmentally damaging, or which may contaminate the ground water is expressly prohibited. These substances include, for example, but are not limited to, paints, solvents, cleaning fluids, paint strippers, antifreeze, fuel, and oil. Abusers of this Article will may be reported to the Environmental Protection Agency (EPA) and the Arizona Department of Environmental Quality (ADEQ).

14. Hunting/Trapping/Firearms:

The discharge of all firearms on or about the Property is prohibited. Hunting, trapping, killing or poisoning of any wildlife is prohibited except for the following circumstances:

A. Wildlife that poses a real threat of causing imminent bodily harm to the Property Owner, their family and/or guests.

B. Wildlife that poses a nuisance or creates a health hazard to persons or domestic animals as a result of wildlife infestation in Property Owner's residence or other structures, vehicles, vessels, or other possessions.

C. Wild Bees, which may be Africanized, found on any Property may be removed by such Property Owner or at the written request of the Owner of any other Property. Said Bees may be removed by such Owner of any other parcel within the Property 10 calendar days after serving written notice upon the Property Owner where Wild Bees reside. The party ordering the removal or removing said Bees shall be responsible for all costs of such Bee removal.

15. Set Backs:

All dwellings, garages, shops, guest houses, casitas, animal pens, corrals, enclosures, arenas, storage buildings, barns and all other outbuildings must have a setback of no less than 50 feet from the boundary of the lot upon which it is constructed. However, Owners of a lot may disregard the setback on mutual boundaries by signing written agreements with affected adjacent Owners, and only on the condition that change in the setbacks are authorized by the then current Pinal County requirements.

16. Wash Protection from encroachment

Dwellings, and all other structures and other improvements, shall be set back from washes as required by any Municipal, County, State, Flood Control or Federal law as same may be applicable. In addition, native vegetation shall not be disturbed or removed within the required wash setback area. Exception: This paragraph does not apply to easement roads either authorized or built by the Declarant.

Owners must obtain the required Architectural Control Committee's approval, prior to the start of any project.

17. Two and One Half (2 ½) Acre Minimum Lot Sizes:

Although the existing Pinal County Zoning for the Property permits lots containing one and one quarter (1 ¼) acres, it is the intention and purpose to restrict and prohibit the division of the Property, into any lots of less than two and one half acres in size including any easements that may be present. Therefore, no dwelling, or other structures, shall be built upon any parcel of said Property which has a total area of less than two and one half (2 ½) acres, and then, only if approved, by the Declarant, through the Architectural Control Committee. All requests **must be** submitted to the ACC prior to approval of Pinal County Zoning. Also, all provisions of **Article 8. Conservation of Trees and Native Vegetation**, must be adhered to, including, but not limited to, the maximum allowable clearing of 25% of natural vegetation and grading of any property.

The conservation of all trees and native vegetation in Painted Sky Ranch must be strictly adhered to. The clearing or grading of any lot is limited to a maximum of 25%. This maximum 25%, or less, of allowable grading, also includes, but is not limited to, building pads, roads, water lines, easements, etc. Each parcel owner shall sign a Conservation Agreement as submitted by Declarant.

18. Outdoor Lighting:

All exterior lights and illuminating devices are required to be shielded and restricted so as to prevent the direct light source from being visible from any other parcels adjoining said Property. Mercury vapor lights shall not be permitted and all lighting shall comply with any and all ordinances and rules established to regulate lighting in the area.

19. Commercial Uses:

Current Pinal County zoning shall be binding for all commercial uses that are permitted by zoning regulations, and all commercial development must be approved by the Architectural Control Committee. However, the following commercial and industrial uses are prohibited by these CC& R's: greenhouses or hothouses larger than 400 sq. ft.; raising or marketing of poultry, ratites, llamas, rabbits, or livestock including horses, hogs or cattle; livestock feed lot; slaughter house; meat packing; fat rendering; public park; public or private schools or colleges; athletic fields; race track; public or private utility distribution stations or service yards; distribution plant; ice or cold storage plant; beverage bottling plant; hospital; livestock or other animal sales yard or auction yard; public riding, boarding stables or riding arenas; commercial dairy; slaughter house; vehicle body or fender work; vehicle maintenance or repair facility; auto wrecking, junk or recycling yard; dump; dirt, soil, clay, rock, stone or gravel pit or yard; drive-in theater; billiard or pool hall; bowling alley; dance hall; video or pinball type arcade; shooting gallery; skating rink; gymnasium; athletic club public or private; archery range; miniature golf; golf practice driving or putting range; race track or sports stadium or arena; public bath house; public tennis court; animal kennel or pet boarding; bar, tavern or nightclub; massage parlor; mortuary or embalming establishment or school; public cemetery; crematory; pawn shop; construction contractor yards; sheet metal or tinsmith shop; blacksmith or welding shop; lumber yard wholesale or retail; saw or planing mill; circus or fair; trade, industrial show or exhibit; radio or television tower or booster station; freight or truck yard or terminal; blast furnace; boiler shop or works; coke oven; incineration, reduction or dumping of offal, garbage or refuse on a commercial scale; oil reclaiming plant; ore reducing plant; rock crusher; aggregate pit; aggregate plant; quarry, concrete or cement products plant; petroleum refinery; rolling mill; salt works; sandblasting facility; sewer farm; smelting; commercial stockyards; storage or bailing of rags or paper; tannery; wood or

bone distillation; wool pulling or scouring plant; manufacturing or processing of acetylene gas, acid, ammonia, asphalt or products; asbestos, brick, tile of terra cotta, Babbitt metal, bleaching powder, carbon, lamp black or graphite, cement, celluloid, chlorine gas, coal tar or products, creosote or products, explosives, fireworks, fertilizer (including open storage on a commercial scale), illuminating gas, gelatine, glucose, glue or size, guncotton or products, gypsum, insulating material (such as rock wool, fiberglass, or polyurethane type products), lime or products, matches, phenol, pickles, plaster of Paris, poisons, potash, pulp, paper and strawboard, rubber, sulphur and products, sauerkraut, soap except by cold process, tar or asphalt roofing, turpentine, vinegar, any foods with noxious odors, or of any other product producing noxious odors or hazardous fumes or particles; and sales or rental of any of the following: farm equipment; animal feed wholesale or retail; commercial or industrial machinery; monuments or tombstones; pets; building material or construction trade supplies or materials yards; petroleum base products; or second hand goods of any type.

20. Signs:

A. Billboard signs or other signs shall not be erected, placed, permitted or maintained on any Property or any portion thereof, with the exclusion of the eastern 400 foot edge of Highway Frontage Parcel 1, Exhibit A attached hereto. All signs placed on this Highway Frontage Parcel must be approved by the Architectural Control Committee, meet Pinal County Code Requirements, and must obtain a County Permit prior to installation.

B. All real estate signs must be approved by the Architectural Control Committee and must conform to the requirements set forth and approved by the Committee prior to their installation.

C. House number signs and/or property signs must be approved by the Architectural Control Committee and must conform to all requirements set forth and approved by the Committee.

D. No other signs are permitted, unless approved by the Architectural Control Committee prior to their installation.

21. Parcel Owner to Maintain His Property:

All Property shall be maintained by each Owner in a clean, neat and attractive natural condition at his or her own expense. Rules will be enforced by the Declarant and/or the Board of Directors of Painted Sky Ranch Property Owners Association, Inc..

22. Access of Easements Reserved:

No dwelling, garage, outbuilding, other structure of any kind, or fence, shall be built, erected or maintained upon any easements or reservations of rights-of-way, and

easements and reservations of rights-of-way shall, at all times, be open and accessible to utility corporations, (public and quasi-public), and other persons erecting, constructing or servicing such utilities and quasi-public utilities, and to the Declarant, its successors and assigns, all of whom shall have the right of ingress and egress thereto, and there from, and the right and privilege of doing whatever may be necessary in, under, and upon said locations, for the carrying out of any of the purposes for which said easements, reservations, and rights-of-way are reserved, or may hereafter be reserved and/or granted. Property Owners shall not place any items, including, but not limited to, mail boxes, objects, fence, shrubs, or trees in or on any road right-of-way or easement. Residents may re-vegetate utility easements, outside of utility service roads, on their Property with native vegetation as defined in Paragraph 8. Said re-vegetation shall not interfere with or impede reasonable access to said easements for future utility installations, maintenance, repairs or other related uses.

23. Subordination of Liens:

No sale, transfer, or conveyance of any kind shall relieve any Owner from the liability for any fees, charges, or assessments thereafter becoming due, or the lien for any such sums.

24. Scope, Duration of Restrictions:

All of the protective CC& R's set forth in this Declaration are imposed upon said Property for the benefit of the Owners of said Property, and each grantee or purchaser under a contract of sale or agreement of purchase hereby accepts the same subject to the protective restrictions set forth in this Declaration, and agrees to be bound by each such protective restriction. All of the aforesaid CC&R's shall continue and remain in full force and effect at all times, as against the Owner of any lot or portion of said Property, however, his title thereto may have been acquired, until the end of the calendar year 2032, on which date the said CC&R's shall terminate and end; and thereafter, be of no further legal or equitable effect on said Property, or any Owner thereof; provided, however, that said CC&R's shall be automatically extended for a period of ten years, and thereafter, in successive ten year periods, unless on or before the end of one of such extension periods, or the original base period, the Owners of seventy five percent (75%) of the lots shall, by written instrument duly recorded, declare a termination of said restrictions. Said protective restrictions shall run with the land, and continue to be in full force and effect, except as provided herein.

25. Modification:

Said protective restrictions remain in full force and effect, unless a written agreement executed by the record Owners, of not less than seventy five percent (75%) of the parcels, shall be placed on record in the Pinal County Recorder's Office, Florence, Arizona, in which agreement, any of the protective conditions, covenant, and restrictions, may be changed, modified, waived or extinguished, in whole or in part, as to all or any part of the Property, then subject thereto in the manner and to the extent therein provided. In the event that any such written agreement of change or modification is fully executed and

recorded, the original protective CC&R's as therein modified, shall continue in force unless and until further changed, modified or extinguished in the manner herein provided.

Notwithstanding the foregoing provision, the modification paragraph shall not go into full force and effect until such time as the Declarant, no longer holds any ownership, and/or interest (notes, deed of trust, etc.), in part or whole, in the Property. Said protective conditions, covenants and restrictions, shall remain in full force and effect unless a written agreement is executed by the Declarant, to modify, change, waive or extinguish in whole or in part, as to all or any of the Property. All changes or modifications shall be recorded in the Pinal County Recorder's Office in Florence, Arizona.

26. Subordination of Restrictions:

All of the protective restrictions set forth in this Declaration shall be subject to, and subordinate to, any recorded mortgage or deed of trust in good faith, and for value at any time heretofore, or hereafter, executed covering any part of said Property, and the breach of any such protective restrictions, shall not defeat the lien or encumbrance of any such mortgage or deed of trust; provided however, that the purchaser, at any foreclosure sale under any such mortgage or deed of trust, his or its successors and assigns, shall take and thereafter hold the title subject to all of the CC&R's set forth in this Declaration.

27. Violations of Restrictions:

A breach or violation, of any of the CC&R's, and after notice delivered by Certified Mail, the Declarant, and/or any Owner of any parcel herein affected, shall have the right to pursue civil action against the Property, and such Owners thereof upon which such violation exists including actions, if directed by court order, to abate and remove, at the expense of the Owner thereof, any erection, structure, building, thing or condition, that may be or exist thereon, contrary to this Declaration, and to the true intent and meaning of the provisions hereof. The Declarant, and other Owners, shall not be liable for any damages occasioned by the enforcement of these restrictions. The result of every act of omission or commission, or the violation of any protective restriction hereof, whether such protective restriction is violated in whole or in part, is hereby declared to be and to constitute a nuisance, and every remedy allowed by law or equity, against any such Owner of any parcel, and may be prohibited and enjoined by injunction. Such remedy shall be deemed cumulative and not exclusive. Where an action, suit, or other judicial proceeding is instituted, or brought for the enforcement of these protective CC&R's, by any party so entitled, the non-prevailing party in such litigation, shall pay all expenses including a reasonable attorney's fee, and other court costs incurred by the prevailing party in such legal proceeding. Damages are hereby declared, not to be adequate compensation for any breach of the protective CC&R's of this Declaration, but such breach and the continuance thereof, may be enjoined, abated and remedied, by appropriate proceedings by the Declarant, or by an Owner of any parcel in said Property.

28. Right to Enforce:

The provisions contained in this Declaration shall bind and inure to the benefit of, and be enforceable through civil action in the courts, by each and every Owner or Owners of any portion of said Property, and each of their legal representatives, heirs, successors and assigns, and failure by the Owner or Owners of any portion of said Property, or their legal representatives, heirs, successors and assigns, to enforce any of such protective restrictions herein contained, shall in no event, be deemed a waiver of the right to do so thereafter, unless otherwise herein provided.

29. Assignment of Powers:

Any and all rights and powers and reservations of the Declarant herein contained, may be deeded, conveyed, or assigned to another organization, corporation, co-partnership or individual. Upon such organization, corporation, co-partnership, or individual, evidencing its consent in writing to accept such assignment and to assume such duties and powers, it shall, to the extent of such deed, conveyance, or assignment, have the same rights and powers, and be subject to the same obligations and duties, as are given to, and assumed by, Declarant herein, and thereupon, Declarant shall be relieved of the performance of any further duty or obligation hereunder, to the extent of such deed, conveyance, or assignment.

In the event Declarant shall convey all of its right, title, and interest, in and to the real Property described in Exhibit "A", and shall assign all of its rights, powers and privileges, under this Declaration, to another organization, corporation, co-partnership or individual, and such assignee should, by instrument in writing duly executed, acknowledged, and recorded, in the Pinal County Recorder's Office, Florence, Arizona, accept such conveyance, and assume and agree to be bound by each and all of the obligations and duties, hereby imposed upon the Declarant, then, and in that event, the Declarant shall be relieved of the performance of any further duties or obligations hereunder, and such other organization, corporation, co-partnership or individual, shall succeed to all of the rights, powers, reservations, obligations and duties, as though such other party, had originally been named as Declarant, instead of Declarant.

30. Headings of Sections:

The headings as to the contents of particular sections are inserted only as a matter of convenience, and for reference, and in no way are, or are they intended to be, a part of this Declaration, or in any way define, limit, or describe, the scope or intent of that particular paragraph to which they refer.

31. The Various Parts of this Declaration are Severable:

In the event of any clause, term, provision, or part of this Declaration, being adjudicated by final judgment, of any court of competent jurisdiction, to be invalid or unenforceable, then, disregarding the paragraph, term, provision, or part of this Declaration as adjudicated, to be invalid or unenforceable, the remainder of this Declaration, and each

and all of its terms and provisions, not so adjudicated, to be invalid or unenforceable, shall remain in full force and effect, and each and all of the paragraphs, terms, provisions or parts of this Declaration, are hereby declared to be severable, and independent of each other.

32. Jurisdiction & Perpetuities Rule:

These Covenants shall be construed by the laws of the State of Arizona. In the event the provisions hereunder are declared void, and/or voidable, by a court of competent jurisdiction, by reason of the period of time herein stated for which the same shall be effective, then in that event, said term shall be reduced to a period of time which shall not violate the rule against perpetuities, as may be set forth in the laws of the State of Arizona.

33. Maintenance of Joint Residential Entrance:

Painted Sky Ranch Homeowners Association agreed to jointly maintain the joint residential entrance with Black Hawk Ranch Property Owners Association. The Joint Maintenance Agreement is attached to the Painted Sky Ranch Homeowners Association's Bylaws. The legal description of the joint entrance is in the official records of Pinal County Recorder under (1) the "Easements Deed for Ingress, Egress and Public Roadway," conveyed by Liberty Resort Development, LLC to CR & DR Holdings, LLC, identified as fee number 2007-102808; and (2) the Easement Deed for Ingress, Egress and Public Roadway," conveyed by CR & DR Holdings, LLC to Liberty Resort Development, LLC, identified as fee number 2007-102807.

IN WITNESS WHEREOF, the Parties have executed this agreement as of the 10th day of March 2008.

Liberty Resorts Development, LLC:

Larry Volle

Larry Volle, Manager Liberty Resorts Development, LLC

State of Arizona)
)ss
County of Pinal)

This instrument was executed before me this 10 day of March 2008, by LARRY VOLLE, known to me to be the above described person, and acknowledged that they executed the same.

My Commission Expires:
1/31/09

Susanne G. Maxfield

Notary Public

