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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CANOA PRESERVE

CANOA PRESERVE, LOTS 1-80, Tract F, Tract G, Common Area "A" NATURAL OPEN SPACE (NOS)/FLOODPLAIN, COMMON AREA "B" FUNCTIONAL OPEN SPACE (FOS), COMMON AREA "C" (MONUMENT), COMMON AREA "E" (ROADWAY DISTURBANCE), AND COMMON AREA "F" (RIPARIAN MITIGATION), recorded in Sequence No, 20112700069, records Pima County, Arizona.

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

**CANOA PRESERVE
Lots 1-80, Tract F, Tract G, Common Area A – Natural Open Space/Floodplain,
Common Area B – Functional Open Space, Common Area C – Entrance Monument,
Common Area E – Roadway Disturbance, and Common Area F – Riparian Mitigation**

This Declaration of Covenants, Conditions and Restrictions for Canoa Preserve is made this _____ day of _____, 2011, by Title Security Agency of Arizona, an Arizona corporation as Trustee ("Declarant").

RECITALS

A. Declarant is the legal Owner of certain Real Property located in the County of Pima, Arizona, described on Exhibit "A" attached hereto (the "Real Property" or the "Property").

B. Declarant intends for the Real Property to be developed into a planned residential neighborhood of Single Family detached Residences to be known as Canoa Preserve ("Canoa Preserve" or the "Project").

C. Declarant deems it desirable to establish covenants, conditions, restrictions and easements upon the Real Property and each and every portion thereof, which will constitute a general scheme for the development, government and management of the Real Property, and for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Real Property and enhancing the quality of life in Canoa Preserve.

D. Declarant deems it desirable for the efficient development, government and management of the Real Property to create an owners association to which shall be delegated and assigned the powers of (i) managing, maintaining and administering the Common Areas, including streets within the Real Property, (ii) administering and enforcing these covenants, conditions and restrictions, (iii) collecting and disbursing funds pursuant to the Assessments and charges hereinafter created, and (iv) performing such other acts as are herein provided to which generally benefit its Members, the Real Property, and the Owners of any interest therein.

E. The Canoa Preserve Community Association, Inc. (the "Association"), a nonprofit corporation, has been, or will be, incorporated under the laws of the State of Arizona for the purpose of exercising such powers and functions mentioned in Recital D above and all other functions and powers as may be allowed pursuant to applicable laws.

F. Declarant desires and intends that the Owners, Mortgagees, beneficiaries and trustees under trust deeds, occupants and all other Persons hereinafter acquiring any interest in the Real Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, liens, Assessments, easements, privileges and rights hereinafter set forth, all of which are declared to be in furtherance of a plan to promote the Real Property.

NOW, THEREFORE, Declarant, for the purposes above set forth, declares that the Real Property hereafter shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, Assessments, easements, privileges and rights hereinafter set forth, all of which shall run with and be binding upon the Real Property and all parties having or acquiring any right, title or interest in or to the Real Property, or any part thereof, and shall inure to the benefit of each Owner thereof, the Association and each Member of the Association.

1. DEFINITIONS

Unless the context clearly requires otherwise, the following terms used in this Declaration are defined as follows. Defined terms should appear throughout this Declaration with the initial letter of such term capitalized.

1.1 "Additional Property" shall mean Real Property and any Improvements thereon, located within one-half mile of the Project which may be added to Canoa Preserve and made subject to this Declaration, in one or more additional phases, by Supplemental Declaration recorded pursuant to Section 2.4 of this Declaration.

1.2 "Architectural Committee" means the Architectural Committee or committees established by the Board (as hereafter defined) pursuant to Section 3.2(e) and Article 8 of this Declaration.

1.3 "Architectural Rules" means the rules, guidelines, standards and procedures adopted by the Architectural Committee (which may be amended from time to time), governing architectural control of the Project.

1.4 "Articles" means the Articles of Incorporation of the Association, which have been, or will be, filed in the Office of the Corporation Commission of the State of Arizona, as such Articles may be amended from time to time.

1.5 "Assessments" means the charges levied and assessed pursuant to Section 5 of this Declaration.

1.6 "Association" means the Canoa Preserve Community Association, Inc., an Arizona nonprofit corporation, its successors and assigns.

1.7 "Association Rules" means the rules and regulations adopted by the Association pursuant to Section 3.4 of this Declaration, as may be amended from time to time.

1.8 "Board" means the Board of Directors of the Association.

1.9 "Building Envelope" means the portion of each Lot that is designated for the construction of the main Dwelling Unit, accessory structure(s) and Improvements. Driveways on any Lot shall be excluded from the calculation of the Building Envelope area.

1.10 "Bylaws" means the Bylaws of the Association (or of any successor thereto) adopted in accordance with the Articles, as such Bylaws may be amended from time to time.

1.11 "Common Area" means all parts of the Real Property, and the Improvements thereon, owned by the Association, within easements granted to the Association, or leased from time to time by the Association, for the common use and enjoyment of the Members, including without limitation, any of the following: Common Areas shown on the Plat, clubhouse and associated recreational amenities, common tracts, Landscape Easements, private storm drains, drainage ways, retention basins, walkways, parking areas, streets, certain landscaped areas, walls or fences adjacent to any Common Area and any common facilities within the Project. Within six months of the date of the first conveyance of a Lot by Declarant, Declarant shall convey to the Association the Common Area described on Exhibit "B". Declarant shall convey the Common Area to the Association free of all liens and encumbrances except current Real Property taxes (which taxes shall be prorated as of the date of conveyance), title exceptions of record, and the covenants, conditions, reservations and restrictions contained in the Declaration, and the instrument which conveys the Common Area to the Association.

1.12 "Common Expenses" means the actual and estimated costs incurred by the Association in administering, maintaining and operating the Project, including but not limited to, the following:

(a) maintenance, management, operation, repair and replacement of the Common Area, and all other areas of the Real Property which are maintained by the Association;

(b) Unpaid Assessments;

(c) costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(d) the costs of utilities, trash pickup and disposal, gardening and other services, including water delivery associated with the well and appurtenances thereto, including well pumps, which generally benefit and enhance the value and desirability of the Real Property.

(e) the costs of fire, casualty, liability, workmen's compensation and/or other insurance covering the Common Area;

(f) the costs of any other insurance obtained by the Association;

(g) reasonable reserves, as deemed appropriate by the Board;

(h) the costs of bonding of the Members of the Board, the Association officers, and professional managing agent or any other Person handling the funds of the Association;

(i) taxes paid by the Association;

(j) amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Area or portions thereof;

(k) costs incurred by the Architectural Committee or other committees established by the Board; and

(l) other expenses incurred by the Association for any reason whatsoever in connection with the Common Area (excepting reconstruction costs and capital Improvements as otherwise provided for by Special Assessments), or the costs of any other items provided for by Special Assessments), or the costs of any other items or items designated by this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules, or in furtherance of the purposed of the Association or in the discharge of any duties or powers of the Association.

1.13 "Declarant" means Title Security Agency of Arizona, its successors and assigns.

1.14 "Declaration" means this instrument, as from time to time may be amended.

1.15 "Default Rate of Interest" means an annual rate of interest equal to fifteen percent (15%) per annum, compounded monthly, or any other legal interest rate approved by the Board. Notwithstanding anything herein to the contrary, if, during any periods, the highest lawful rate of interest which may be paid by the Person required to pay the Default Rate of Interest hereunder, despite the provisions hereof, is less than the rate provided above, the interest payable by such Person during said periods shall be the highest lawful rate.

1.16 "Design Guidelines" means procedures, rules and design criteria Lot Owners are subject to for any Improvement constructed on a Lot. The Architectural Committee may adopt Design Guidelines at their discretion, by separate document, and make minor amendments from time to time as it deems necessary.

1.17 "Dwelling Unit" means 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.

1.18 "Exhibit" means those documents so designated herein and attached hereto and each of such exhibits is by this reference incorporated in this Declaration.

1.19 "Institutional Mortgagee" means a First Mortgagee which is a bank or savings and loan association or established Mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, any federal or state agency, or any other institution regulated by federal or state law.

1.20 "Improvement(s)" shall mean each and every physical improvement of any kind whatsoever to any portion of the Real Property, including, but not limited to, any excavation, grading, fill work, building, Dwelling Unit, walkway, driveway, road, parking area, wall, fence, swimming pool, utility installation, drainage facility, stairway, patio, courtyard, pole, sign, or landscaping and any and all components of any of the foregoing (including, but not limited to, exterior paint, texture, color and finish scheme) and any and all modifications, alterations of, or additions to, any of the foregoing.

1.21 "Landscape Easement" means the portions of the Lots designated on the Plat as subject to a landscape easement together with all Improvements situated thereon.

1.22 "Lot" means any parcel of Real Property designated as a numbered Lot on the Plat and any Improvements located thereon. The platted lots are referred to collectively herein as "Lots".

1.23 "Member" means every Person who qualifies for membership pursuant to the Article of this Declaration entitled "Membership", including Declarant so long as Declarant qualifies for membership pursuant to said Article.

1.24 "Mortgage" means any duly recorded Mortgage or deed of trust encumbering a Lot. A "First Mortgage" shall refer to a Mortgage which has priority over all other Mortgages encumbering a specific Lot.

1.25 "Mortgagee" means the Mortgagee or beneficiary under any Mortgage. A "First Mortgagee" shall mean the holder of a Mortgage that has priority over all other Mortgages encumbering a Lot.

1.26 "Owner" means one or more Persons who are alone or collectively the record owner of a fee simple title to a Lot, including Declarant, or the vendee under an installment land sales contract, but excluding those having any such interest merely as security for the performance of an obligation. If fee title to a Lot is owned other than by Declarant, the Owner of the fee title and not the lessee of such Lot shall be deemed the Owner regardless of the term of the lease.

1.27 "Person" means an individual, corporation, partnership, limited liability company, trustee or other entity capable of holding title to Real Property, and their respective heirs, successors and assigns.

1.28 "Plat" means the Final Plat of Canoa Preserve, Lots 1-80, Tract F, Tract G, Common Area A – Natural Open Space/Floodplain, Common Area B – Functional Open Space, Common Area C – Entrance Monument, Common Area E – Roadway Disturbance, and Common Area F – Riparian Mitigation, signed and sealed on August 8, 2011, by Kyle H. Brock, Registered Land Surveyor, as first recorded in the official records of Pima County, Arizona on September 27, 2011, Sequence No. 20112700069.

1.29 "Project" means the Real Property located in Pima County, Arizona, which is described in Exhibit "A" attached hereto, together with all Improvements located thereon or to be located thereon and all easements, rights, and appurtenances belonging thereto, together with all other Real Property and Improvements subsequently annexed into the Project.

1.30 "Purchaser" means any Person other than Declarant who by means of a voluntary transfer acquires a legal or equitable interest in a Lot other than (a) a leasehold interest or (b) as security for an obligation.

1.31 "Real Property" means all the real property described on Exhibit "A" attached hereto, together with all Improvements located thereon or to be located thereon and all easements, rights and appurtenances belonging thereto, together with any Additional Property subsequently annexed into the Project.

1.32 "Residence" means any subdivided Lot shown on the Plat, together with the residential Dwelling Unit, garage, patio and other Improvements thereon and all rights and easements appurtenant thereto granted pursuant to this Declaration and to the deed of conveyance.

1.33 "Single Family" means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not all so related, together with their domestic servants, who maintain a common household.

1.34 "Visible From Neighboring Property" means, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property (which may include a Lot or any portion of the Common Area) at an elevation no greater than the elevation of the base of the object being viewed.

2. DESCRIPTION OF PROPERTY SUBJECT TO DECLARATION: **MASTER DECLARATION**

2.1 Description of Project. The Project shall be composed of the Real Property described in Exhibit "A" attached hereto, together with all Improvements located thereon or to be located thereon and all easements, rights and appurtenances belonging thereto, together with all other Real Property and Improvements subsequently annexed into the Project. Upon conveyance of a Lot to an Owner, each Owner shall have the nonexclusive right to use the Common Area.

2.2 Name of Project. The Project shall be referred to as "Canoa Preserve".

2.3 No Severance of Residence Estate. No Owner shall be entitled to sever or partition his interest in his Lot from his right and easement to use and enjoy the Common Area. The right to use the Common Area as established by this Declaration shall not be separated, severed, partitioned or separately conveyed, encumbered, or otherwise transferred, whether together or separately, and such right to use the Common Area shall conclusively be deemed transferred or encumbered with the Lot to which they are appurtenant even though the description in the instrument of conveyance or encumbrance may refer only to the Lot. Nothing contained in this Article shall be construed to preclude an Owner from creating a co-tenancy in the ownership of a Lot with any other Person or Persons.

2.4 Annexation of Additional Property.

(a) As of the date of this Declaration, Declarant contemplates that one or more portions (and perhaps all) of the Additional Property may from time to time be annexed into the Project. Accordingly, at any time on or before the date which is twenty (20) years after the date of the recording of this Declaration, Declarant shall have the right, privilege and option, without the vote, consent or approval of any Member, Mortgagee or other Person, to annex into the Project and subject to this Declaration all of any portion of the Additional Property. The annexation of all or any portion of the Additional Property shall be effected by the Declarant recording with the County Recorder of Pima County, Arizona, a Declaration of Annexation setting forth the legal description of the Additional Property being annexed.

(b) The Additional Property may be annexed as a whole at one time or in one or more portions at different times, and there are no limitations upon the order of annexation of the boundaries thereof. However, Declarant shall have no obligations of duty to annex all or any portion of the Additional Property. The property annexed by the Declarant pursuant to this Section 2.4 need not be contiguous with other property in the Project, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. Declarant makes no assurances as to which, if any, part of the Additional Property will be annexed.

2.5 Withdrawal of Property. At any time on or before the date which is twenty (20) years after the date this Declaration is recorded, Declarant shall have the right to withdraw property from the Project without the consent of any other Owner or Person. The withdrawal of all or any portion of the Project shall be affected by Declarant recording with the County Recorder of Pima County, Arizona, an amendment to this Declaration setting forth the legal description of the property being withdrawn from the Project. Upon the withdrawal of any property from the Project pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Declaration.

2.6 Disclaimer of Representations. Declarant makes no representations or warranties whatsoever that: (i) the Project will be completed in accordance with the plans for the Project as they exist on the date this Declaration is recorded; (ii) any Property subject to this Declaration will be committed to or developed for a particular use or for any use; or (iii) the use of any Property subject to this Declaration will not be changed in the future.

3. THE ASSOCIATION

3.1 General Duties and Powers. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Article.

3.2 General Duties of the Association. The Association, through its Board, shall have the duty and obligation to:

(a) enforce the provisions of this Declaration, the Articles, Bylaws, Association Rules and Architectural Rules by appropriate means and carry out the obligations of the Association hereunder.

(b) maintain and otherwise manage the following:

(i) the Common Area and all Improvements thereon, in which the Association holds an interest, subject to terms of any instrument transferring such interest to the Association;

(ii) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association; and

(iii) all property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration.

(c) pay all real and personal property taxes and other charges assessed to or payable by the Association.

(d) obtain for the benefit of the Common Area, water, electric, refuse collections and other services.

(e) establish an Architectural Committee to govern issues set forth in this Declaration as being within the purview of the Architectural Committee as well as other issues the Board deems suitable for the Architectural Committee.

3.3 General Powers of the Association. The Association, through its Board, shall have the power but not the obligation to:

(a) employ a manager or other persons and contract with independent contractors or managing agents who have professional experience in the management of residential developments similar to the Project, to perform all or any part of the duties and responsibilities of the Association.

(b) acquire interests in real or personal property for offices or other facilities that may be necessary or convenient for the management of the Project, the administration of the affairs of the Association or for the benefit of the Members;

(c) borrow money as may be needed in connection with the discharge by the Association of its powers and duties;

(d) provide maintenance of other maintenance items to the extent determined desirable by the Board.

(e) negotiate and enter into contracts with Institutional Mortgagees and Mortgage insurers and guarantors as may be necessary or desirable to facilitate the availability of loans secured by Mortgages within the Project.

3.4 Association Rules. The Board shall be empowered to adopt, amend or repeal such rules and regulations as it deems reasonable and appropriate (the "Association Rules"), binding upon all Persons subject to this Declaration and governing the use and/or occupancy of the Common Area or any other part of the Project. The Association Rules may include the establishment of a system of fines and penalties enforceable as Special Assessments. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area; provided, however, that the Association Rules may not discriminate among Owners except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be available to each Owner. Upon completion of the notice requirements, said Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and all other Persons having any interest in, or making any use of, the Real Property, whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner upon request. In the event of any conflict between any provision of the Association Rules and any provisions of this Declaration or the Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or Bylaws to the extent of any such conflict.

3.5 Indemnification. To the fullest extent permitted by law, every director and every officer of the Association, and Declarant (to the extent a claim may be brought against Declarant by reason of its appointment, removal or control of Members of the Board) shall be indemnified by the Association, and every other Person serving as an employee or direct agent of the Association, or on behalf of the Association as a Member of a committee or otherwise, may, in the discretion of the Board, be indemnified by the Association, against all expenses and liabilities, including attorneys' fees reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association (or, in the case of Declarant, by reason of having appointed, removed or controlled or failed to control Members of the Board), or any settlement thereof, whether or not he is a director, officer or serving in such other specified capacity at the time such expenses are incurred, provided that the Board shall determine, in good faith, that such officer, director, or other Person, did not act, fail to act, or refuse to act willfully or with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such persons may be entitled at law or otherwise.

3.6 Non-Liability of Officials. To the fullest extent permitted by law, neither Declarant, the Board, or any other committees of the Association nor any Member thereof, or any directors or officers of the Association, shall be liable to any Owner, tenant, the Association or any other Person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which Declarant, the Board, or such committees or Persons reasonably believed to be within the scope of their respective duties.

3.7 Easements. In addition to the blanket easements granted in Articles 6 and 9 hereof, the Association is authorized and empowered to grant upon, over, across, through or under Common Area owned or controlled by the Association such permits, licenses, easements, and rights-of-way for sewer lines, water lines, underground conduits, storm drains, television cable and other similar public or private utility purposes, roadways or other purposes as may be reasonable, necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and welfare of the Owners provided that any damage to a Lot resulting from such grant shall be repaired by the Association at its expense.

3.8 Accounting. The Association, at all times, shall keep, or cause to be kept, true and correct records of account in accordance with generally accepted accounting principles, and shall have available for the inspection of all Owners, with a 7-day advance written notice, during regular business hours, such books which shall specify in reasonable detail all expenses incurred and funds accumulated from Assessments or otherwise.

3.9 Records. The Association shall, upon reasonable written requests and during reasonable business hours, make available for inspection by each Owner the books, records and financial statements of the Association together with current copies, as amended from time to time, of this Declaration and the Articles, Bylaws and Association Rules. Declarant shall be under no obligation to make its own books and records available for inspection by any Owner, Member or other Person.

3.10 Delegation of Powers. The Association shall have the right, according to law, to delegate to committees, officers, employees or agents any of its duties and powers under this Declaration, the Articles, Bylaws and Association Rules; provided, however, no such delegation to a professional management company or otherwise shall relieve the Association of its obligation to perform any such delegated duty.

3.11 Emergency Powers. The Association or any Person authorized by the Association may enter any Lot in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association unless covered by insurance carried by the Owner.

4. ASSOCIATION MEMBERS

4.1 Membership. Every Owner shall be a Member of the Association. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, Bylaws, Association Rules and Architectural Rules to the extent the provisions thereof are not in conflict with this Declaration. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Lot. Ownership of a Lot shall be the sole qualification for membership; provided, however, a Member's voting rights or privileges in the Common Area, or both, may be regulated or suspended as provided in this Declaration, the Bylaws or the Association Rules. Not more than one membership shall exist based upon ownership of a single Lot.

4.2 Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the Purchaser of the interest of an Owner in a Lot. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. To help defray the administrative expenses involved with the transfer of memberships, the Association shall assess a transfer fee for every transfer of membership associated with a Lot after the conveyance by Declarant of such Lot to an initial Purchaser. The transfer fee shall initially be \$50.00 for each transfer and shall be payable by the Purchaser of the Lot being conveyed. The amount of the transfer fee shall be subject to adjustment by the Association.

4.3 Voting Rights. An Owner's right to vote shall vest immediately upon the date Annual Assessments commence upon such Owner's Lot as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, Bylaws and Association Rules.

4.4 Classes of Voting Membership. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all Owners with the exception of the Declarant (except as provided for hereinafter). Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one Person owns a portion of the interest in a Lot required for membership, each such Person shall be a Member and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than (1) vote be cast with respect to any Lot. The vote for each Lot shall be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes should be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event that more than one vote is cast for a particular Lot, none of such votes shall be counted and such votes shall be deemed void.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to twenty-five (25) votes for each Lot in which it holds the interest required for membership; provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the votes entitled to be cast by Class "A" Members exceed the votes entitled to be cast by the Class "B" Member; or

(b) When Declarant notifies the Association in writing that it relinquishes its Class B membership.

4.5 Corporate or Trust Membership. In the event any Lot is owned by a corporation, partnership, trust, or other association, the corporation, partnership, trust or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the chief executive officer, if any, of such corporation, partnership, trust or association, shall have the power to vote the membership; and if there is no chief executive officer, then the board of directors or general partner of such corporation, partnership, trust or association shall designate who shall have the power to vote the membership.

4.6 Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any Assessments or other amounts due under any of the provisions of the Declaration, the Articles, Bylaws, Association Rules or Architectural Rules for a period of fifteen (15) days, said Owner's right to vote as a Member of the Association shall be suspended and shall remain suspended until all payments, including accrued interest and attorney's fees, are brought current. In the event any Owner is in default of any non-monetary obligation of this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules, and remains in default for more than fifteen (15) days after notice from the Association to cure same, said Member's right to vote shall be suspended until said default is cured.

5. COVENANT FOR ASSESSMENT

5.1 Creation of the Lien and Personal Obligation. Each Owner (other than Declarant) of any Lot, by acceptance of a deed or other conveyance creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Annual Assessments, Supplemental Assessments and Special Assessments, such Assessments and/or other fees to be fixed, established and collected from time to time as provided in this Declaration. Such Assessments and/or other fees, together with interest thereon, late charges, attorney's fees, court costs, and other costs of collection thereof, shall be a continuing lien upon the Lot against which each such Assessment is made and shall also be the personal obligation of the Owner of such Lot at the time when such Assessment and/or other fees becomes due.

5.2 Purpose of Assessment. The Assessments levied by the Association shall be used exclusively for (a) payment of Common Expenses in connection with the upkeep, maintenance and improvement of the Common Area and such portion of the Lots and such Improvements located thereon as the Association is obligated to maintain under the provisions of the Declaration, and/or (b) promotion of the recreation, health, safety and welfare of the Owners and residents of Lots within the Real Property.

5.3 Annual Assessments.

(a) Until January 1 of the year immediately following the conveyance of the first Lot by Declarant, the maximum Annual Assessment for each Lot shall be \$1080.00. The Annual Assessment shall be paid on such dates and in such installments as may be determined by the Board.

(b) Starting January 1 of the year immediately following the conveyance of the first Lot by Declarant, the Board may, without a vote of the membership of the Association, increase the maximum Annual Assessment during each fiscal year of the Association by the greater of (i) an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (all items), U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics (1967=100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefore by the United States government, or if none, the most reasonably comparable index available as determined by the Board, or (ii) ten percent (10%). The Board may fix the Annual Assessment at any amount not in excess of the maximum Annual Assessment.

(c) Starting January 1 of the year immediately following the conveyance of the first Lot by Declarant, the maximum Annual Assessment may be increased by an amount greater than the maximum increase allowed pursuant to Section 5.3(b) above only with the approval of Members representing at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose.

5.4 Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are or will become inadequate to meet all expenses of the Association, for any reason, including without limitation, nonpayment of Assessments by the Members, it shall determine the approximate amount of such inadequacies for such fiscal year and prepare a supplemental budget and may levy a Supplemental Assessment against each Lot in such amount as the Board deems necessary in order to obtain the amount of such inadequacies. Notice of any such Supplemental Assessment shall be given to each Owner. The Supplemental Assessment shall be paid on such dates and in such installments as may be determined by the Board. No Supplemental Assessment shall be levied by the Board until such assessment has been approved by Members entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose.

5.5 Special Assessments. In addition to the Annual and Supplemental Assessments, the Association may levy, in any assessment year, a Special Assessment applicable only to that fiscal year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Area, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that, unless otherwise provided herein, any such Assessments shall have the assent of Members having at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose. A Special Assessment may also be a charge against a particular Owner and his Lot directly attributable to the Owner, to reimburse the Association for costs incurred in bringing the Owner and his Lot into compliance with the provisions of this Declaration, the Articles, Bylaws, Association Rules and/or Architectural Rules, or any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws, Association Rules and/or Architectural Rules, together with attorney's fees and other charges payable by such Owner, pursuant to the provisions of the Declaration, plus interest thereon as provided for in this Declaration. A Special Assessment against a particular Owner and his Lot may be perfected by the Association in the manner prescribed in Section 5.10 of the Declaration.

5.6 Notice and Quorum for Any Action on Assessment. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5.3(c), 5.4 or 5.5 shall be sent to all Members not less than thirty (30) days or 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 of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the subsequent meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.7 Uniform Rate of Assessment. Except for Special Assessments levied pursuant to this Declaration with respect to a specific Lot(s), Annual, Supplemental and Special Assessments must be fixed as a uniform rate for all Lots.

5.8 Date of Commencement of Assessments: Due Dates. The Annual Assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the first Lot to a Purchaser. The first Annual Assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of the fiscal year, and the Annual Assessment for the current fiscal year shall remain in effect until the thirtieth day after the Board fixes the Annual Assessment for the upcoming fiscal year. Written notice of the Annual Assessment shall be sent to every Owner subject thereto prior to the commencement of the fiscal year; provided, however, that failure to give such notice shall not affect the validity or enforceability of the Assessments as fixed by the Board. The Board may require that the Annual, Supplemental or Special Assessments be paid in installments. Unless otherwise specified by the Board, Special and Supplemental Assessments shall be due thirty (30) days after they are levied by the Association and notice of the assessment is sent to each Owner, provided, however, that failure to give such notice shall not affect the validity or enforceability of the Assessments as fixed by the Board. Except for the prorated Annual Assessment payable upon the closing of the sale of a Lot to an initial Purchaser, the Annual Assessments shall be payable in advance in equal semi-annual installments.

5.9 Alternate Assessment for Declarant. Notwithstanding the provisions of Section 5.7 of this Declaration, until such time as all of the Lots have been conveyed by Declarant to the Purchasers thereof (or, at the election of Declarant, the date upon which Declarant ceases to have Class B Memberships in the Association), Declarant shall not be obligated to pay any Annual, Supplemental and/or Special Assessment for any Lot owned by Declarant; provided, however, that Declarant shall pay to the Association the difference between the total of Assessments owed by all Owners other than Declarant for such assessment period and the Common Expenses incurred by the Association during such period. In the case of Special Assessments levied by the Association for reconstruction costs and/or capital Improvements, Declarant shall pay the difference between the total of such Special Assessments owed by all Owners other than Declarant and the total amount of such Special Assessment owing for the period in questions. If, after all of the Lots have been sold by Declarant, Declarant acquires title to any Lot, Declarant shall be responsible for paying Annual, Supplemental and/or Special Assessments on the same bases as any other Owner. In the event Declarant owns Lots upon which Dwelling Units have not been constructed, the maximum Assessment, Special Assessment, or Supplemental Assessment charged to Declarant for each such Lot shall not exceed twenty-five (25%) of the rate charged to other Owners.

5.10 Effect of Nonpayment of Assessments. Any Assessment, or any installment of any Assessment, not paid within thirty (30) days after the Assessment, or the installment of the Assessment, first became due shall be deemed delinquent and shall bear interest from the due date at the Default Rate of Interest. Each Owner shall also pay a late charge as established by the Board for each delinquent Assessment or installment of an Assessment. Any Assessment, or any installment of any Assessment, which is delinquent shall become a continuing lien on the Lot against which such Assessment was made. The lien shall be perfected by the recordation of a "Notice of Claim of Lien" which shall set forth (a) the name of the delinquent Owner as shown on the records of the Association, (b) the legal description, street address and number of the Lot against which the claim of lien is made, (c) the amount claimed as of the date of the recording of the notice including interest, collection costs, late charges, lien recording fees and attorneys' fees, and (d) the name and address of the Association. The Association's lien priority shall relate back to the date of recordation of this Declaration and shall have priority over all liens or claims created subsequent, except for tax liens for Real Property taxes on the Lot, Assessments on the Lot in favor of any municipal or other governmental body and any First Mortgage.

Before recording a lien against any Lot, the Association shall present to the defaulting Owner a written demand for payment. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Lot of the defaulting Owner. The Association shall not be obligated to release any lien recorded pursuant to this Section until all delinquent Assessments, interest, lien fees, late charges and attorneys' fees have been paid in full whether or not all of such amounts are set forth in the Notice of Claim of Lien.

The Association shall have the right, as its option, to enforce collection of any delinquent Assessments together with interest, late charges, attorneys' fees and any other sums due to the Association in any manner allowed by law or in equity including, but not limited to, (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments (such action may be brought without waiving any lien securing any such delinquent Assessments) and/or (b) bringing an action to foreclose its lien against the Lot in the manner provided by law for the foreclosure of a realty Mortgage or trust deed. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, Mortgage and convey any and all Lots purchased at such sale.

5.11 Subordination of the Lien to Mortgages. The lien of the Assessments provided for in this Declaration shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure under any First Mortgage or any proceeding in lieu thereof shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the Owner thereof from liability for any Assessments thereafter becoming due or from the lien thereof.

5.12 Exemption of Owner. No Owner of a Lot may exempt himself from liability for Annual, Supplemental or Special Assessments levied against his Lot or for other amounts which he may owe to the Association under this Declaration, the Articles, Bylaws or Association Rules by waiver or non-use of any of the Common Area or by the abandonment of his Lot.

5.13 Unallocated Tax Assessments. In the event that any taxes are assessed against the personal property of the Association, said taxes shall be included in the Assessments made under the provisions of this Article, and, if necessary, a Supplemental or Special Assessments may be levied against the Lots in an amount equal to said taxes, to be paid in two installments, each of which shall be due thirty (30) days prior to the due date of each installment of taxes.

5.14 Certificate of Payment. The Association shall, within fifteen (15) days of a request from an Owner, furnish to such Owner a certificate in writing signed by an officer of the Association setting forth whether the Assessments on a particular Lot have been paid and the amount of any unpaid Assessments. The Association may charge the Owner requesting a certificate a reasonable fee (as established by the Board) for each such certificate. Such certificate shall be conclusive evidence of payment of any Assessment described in the certificate as having been paid.

5.15 Establishment of Reserve Fund. For the purpose of establishing a reserve fund to be utilized by the Association for the periodic maintenance, repair and replacement of Improvements to the Common Area, each initial Purchaser of a Lot (except Declarant) shall pay to the Association immediately upon becoming an Owner of the Lot the sum of \$300.00.

5.16 Homestead Waiver. Each Owner, to the extent permitted by law, hereby waives, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Arizona now in effect, or in effect from time to time hereafter.

6. RIGHTS OF ENJOYMENT

6.1 Members' Right of Enjoyment. Every Member shall have a nonexclusive easement for use and enjoyment in and to the Common Area, and such right shall be appurtenant to and shall pass with the fee interest in every Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions of record and as contained in this Declaration, including without limitation, the following:

(a) The right of the Association to limit the number of guests of Members and to limit the use of the Common Area by persons who are not Members.

(b) The right of the Association to establish reasonable rules and regulations pertaining to the use of the Common Area.

(c) The right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Common Area or adding new Common Areas and in aid thereof, to Mortgage said property, provided that the prior affirmative vote or approval of the Members entitled to cast two-thirds (2/3) of the voting power of the membership has been obtained to Mortgage said property, and provided further that the rights of the lender thereunder shall be subordinate to the rights of the Members.

(d) The right of the Association to suspend the right of a Member or any Person (including without limitation a member of the family of a Member) to use the Common Area or any portion thereof designated by the Board during any time in which any Assessment respecting such Member remains unpaid and delinquent. Notwithstanding the foregoing, the Association shall not have the right hereunder to suspend any Members' right to use any portion of the Real Property necessary for such Member to gain access to his Lot.

(e) The right of the Association, to dedicate or transfer all or any part of the Common Area to any public agency, authority, utility or other entity, for such purposes and subject to such conditions as may be agreed to by the Association.

(f) The right of the Declarant and its agents and representatives, in addition to Declarant's rights set forth elsewhere in this Declaration, to the nonexclusive use, without charge, of the Project for display and exhibit purposes, for the maintenance of sales facilities, and for purposes of selling Lots and/or constructing Dwelling Units.

6.2 Delegation of Use. Any Member may delegate his right of enjoyment to the Common Area to the members of his family or his tenants who reside in his Residence, or to his guests, subject to rules and regulations adopted by the Board.

6.3 Waiver of Use. No Member may exempt himself (and no Member shall be exempt) from personal liability for Assessments or release any Lot owned by him from the liens, charges and other provisions of this Declaration, the Articles, Bylaws, the Association Rules or Architectural Rules, by voluntary waiver of, or suspension or restriction of such Member's right to, the use and enjoyment of the Common Area or the abandonment of such Member's Lot.

6.4 Limitations. An Owner's right and easement of enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot. Such right and easement of enjoyment in and to the Common Area shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Owner's Lot, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the Common Area.

7. USE RESTRICTIONS

7.1 Scope. Except as otherwise specified, the provisions of this Article shall apply to the entire Project.

7.2 Residential Use. All Lots shall be used, improved and devoted exclusively to residential use. Each Dwelling Unit or Residence constructed on the Real Property may be occupied only by a Single Family. The Declarant may use Lot(s) for the purpose of sales and marketing.

7.3 No Commercial Use. Except for Declarant's use of the Project as provided in Section 6.1(f), no part of a Lot shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or any nonresidential purposes; provided, however, that the Association shall have the right to provide or authorize such services on the Common Area as it deems appropriate for the enjoyment of the Common Area or for the benefit of the Members. Home offices are acceptable provided that visitors associated with the home office do not exceed one vehicle per day. Nothing herein shall be deemed to prevent the leasing of a Residence to a Single Family from time to time by the Owner thereof, subject to all of the provisions of this Declaration, the Articles, Bylaws, Association Rules and Architectural Rules. Any rental of a Residence shall be for a term no less than 30 consecutive days. Any Owner who leases his Residence shall promptly notify the Association and shall advise the Association of the term of the lease and the name of each tenant.

7.4 Architectural Control.

(a) All Improvements constructed on Lots within the Project shall be of new construction, and no buildings or other structures shall be moved from other locations onto any Lot.

(b) No excavation, clearing or grading work shall be performed on the Lots without the prior written approval of the Architectural Committee.

(c) No Improvements shall be constructed hereafter or installed on any Lot without the prior written approval of the Architectural Committee.

(d) No addition, alteration, repair, change or other work which in any way alters the exterior appearance, including, but without limitation, the exterior color scheme, of any Lot or Residence constructed on any Lot, or the Improvements located thereon, shall be made or done without the prior written approval of the Architectural Committee.

(e) Any Owner desiring the approval of the Architectural Committee for any construction, erection or installation, addition, alteration, repair, change or other work which alters the exterior appearance of its Lot or the Improvements located thereon shall submit to the Architectural Committee a written request for approval, specifying in detail the nature and extent of the construction, erection or installation, addition, alteration, repair, change or other work which Owner desires to perform. Any Owner requesting approval of the Architectural Committee shall also submit to the Architectural Committee any additional information, plans and specifications which the Architectural Committee may request pursuant to the Design Guidelines.

(f) The approval by the Architectural Committee of any construction, erection, installation, addition, alteration, repair, change or other work pursuant to this Section shall not be deemed a waiver from the Architectural Committee's right to withhold approval of any construction, erection, installation, addition, alteration, repair, change or other work subsequently submitted for approval.

(g) Upon receipt of approval from the Architectural Committee for any construction, erection, installation, addition, alteration, repair, change or other work, the Owner who has requested such approval shall proceed to perform, construct or make the construction, erection, installation, addition, alteration, repair, change or other work approved by the Architectural Committee within 180 days and shall diligently pursue such work so that it is completed as soon as reasonably practical and within such time as may be prescribed by the Architectural Committee.

(h) Any change, deletion or addition to the plans and specifications approved by the Architectural Committee must be approved in writing by the Architectural Committee.

(i) The provisions of this Section shall not apply to, and approval by the Architectural Committee shall not be required for the construction, erection, installation, addition, alteration, repair, change or replacement of any Improvements made by, or on behalf of, the Declarant.

(j) Green building standards shall be encouraged and supported by the Architectural Committee.

7.5 Architectural Design. The architectural design of all Dwelling Units constructed within the Project shall be Southwestern, Southwestern Contemporary or Territorial in character and shall not be of such a sharply contrasting nature so as to make the Dwelling Unit look unusual or incompatible with other existing or contemplated Dwelling Units. No Dwelling Units shall be of Tudor, Colonial or Contemporary design.

7.6 Minimum Dwelling Unit Size and Building Height. Any Dwelling Unit erected, permitted or maintained on any Lot shall have a minimum livable square footage, excluding garage, porches, guest house, and patios, of two thousand, five hundred (2,500) square feet. All Dwelling Units shall be limited to one story and 28 feet in height. View decks shall be permitted only if approved by the Architectural Committee.

7.7 Accessory Structures. Accessory structures shall include, but are not limited to, detached garages and guest houses and shall be limited to 15 feet in height. Accessory structures shall be limited to 70 percent of the area of the main Dwelling Unit on a Lot.

7.8 Building Envelopes. In Canoa Preserve (Lot 1 through Lot 76), the maximum Building Envelope area for each Lot is limited to 25,000 square feet in size. In addition, no portion of the Building Envelope may be located within any dedicated drainage easement or minimum required setback as set forth by Pima County. Driveways on any Lot shall be excluded from the calculation of the Building Envelope area. The Architectural Committee will require each Owner to preserve in its undisturbed, open and natural state the portions of the Lot outside the Building Envelope area in order to maintain the native and natural environment of Canoa Preserve. The location and dimensions of all Improvements and the Building Envelope location and dimensions on each Lot are subject to the approval of the Architectural Committee.

7.9 Natural Open Space (NOS). Disturbance of NOS in common areas and on individual Lots shall be prohibited. The preservation of NOS shall be consistent with regulations set forth by Pima County and represented on the approved development plans and final plat for Canoa Preserve, and thereby enforceable by Pima County. No changes to this section of the Covenants, Conditions and Restrictions for Canoa Preserve shall occur without first obtaining approval from the Pima County Board of Supervisors.

7.10 New and Permanent Construction. All Dwelling Units and other structures on the Property shall be of new and permanent construction, and no structure shall be moved from any location on or off the Property onto any portion of the Property.

7.11 Solar Panels. Solar panels and/or devices shall be permitted on any Dwelling Unit or Lot. The Architectural Committee may specify a reasonable size and the type of solar panels and/or device to be installed, and the location where they may be installed. Solar panels shall be allowed in private spaces, but not allowed in the front yard area of a Lot. Notwithstanding the foregoing, Declarant or the Association may, without approval and authorization of the Architectural Committee, install solar panels on any portion of the Common Area which is a recreational facility owned or managed by the Association.

7.12 Installation of Landscaping Improvements. Within thirty (30) days after the date on which Pima County issues a Certificate of Occupancy for a Dwelling Unit on a Lot, the Owner of the Lot shall install landscaping improvements together with an automatic timer sprinkler system sufficient to adequately water the trees, plants and other landscaping improvements pursuant to the Design Guidelines. Landscaping located outside of the Building Envelope on a Lot is permitted but shall be subject to approval by the Architectural Committee.

7.13 Landscaping Restrictions. The total area of irrigated non-turf landscaping shall not exceed 5,000 square feet of low water using plants on each lot. A list of acceptable plant materials is provided in the Design Guidelines, which conforms to the Arizona Department of Water Resources Low Water Use/ Drought Tolerant Plant List. The use of turf shall be limited to no more than 900 square feet of each lot.

7.14 Outside Speakers and Amplifiers. No radio, stereo or other broadcast units of any kind and no amplifiers or loudspeakers of any kind shall be placed, allowed or maintained outside, or be directed to the outside of any Dwelling Unit without the prior written approval and authorization of the Architectural Committee.

7.15 Lighting. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot, which in any manner will allow light to be directed or reflected on the Common Area, or any part thereof, or any other Lot, except as may be expressly permitted by the Association Rules or the Architectural Rules.

7.16 Utility Service. Except as approved in writing by the Architectural Committee, no lines, wires, or other devices for the communication or transmission of electronic current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of Dwelling Units or other structures approved by Declarant or the Architectural Committee.

7.17 Temporary Structures. No structure of a temporary character, trailer, basement of an incomplete building or Dwelling Unit, tent, shack, garage or other out-building shall hereafter be used at any time, on any portion of the Property for a Residence, either temporarily or permanently. Temporary buildings or structures may be approved by the Architectural Committee at their sole and absolute discretion for use during the construction of a Dwelling Unit. If such approval is granted, the temporary building or structure shall be removed immediately after the completion of construction.

7.18 Drainage. No Owner shall erect, construct, maintain, permit or allow any fence or other Improvement or other obstruction (a) which would interrupt the normal drainage of the land or (b) within any area designated on the Plat (or other binding document) as a "Drainage Easement", except that, with the prior consent of the Architectural Committee, non-permanent structures, including fences, may be erected in those areas which contain only underground closed conduit storm drainage facilities.

7.19 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a Dwelling Unit, appurtenant structures, or other Improvements, and except that which Declarant or the Association may require for the operation and maintenance of the Real Property.

7.20 Signs. No sign of any kind shall be displayed to the public view from any Lot or the Common Area without the approval of the Association as to size and design, except; (a) such signs as may be used by Declarant, or Declarant's written assignee, in connection with the development and sale of Lots and/or Residences in the Project; (b) such signs as may be required by legal proceedings; (c) such signs as may be required for traffic control and regulation of the Common Area; or (d) such other signs (including, but not limited to, construction job identification signs, builders' signs, "for sale" signs, "for lease" signs and temporary "rent" signs) as are in conformance with the requirements of Pima County and which have been approved in advance and in writing by the Architectural Committee as to size, colors, design, message content, number and location. No signs may be placed in windows of any sort.

7.21 Clothes Drying Area. Clothes drying areas and/or clothes lines are permitted provided they are not located in the front yard area of any Lot and are not visible from adjacent properties. The Architectural Committee may specify a reasonable type and location of any clothes drying area.

7.22 Window Covers. Interior curtains, drapes, shutters or blinds may be installed as window covers. No aluminum foil, reflective material, newspaper or other materials not customarily made for use as window covers may be installed or placed upon the inside or outside of any Dwelling Unit or other structure.

7.23 Vehicles. All automobiles, vans, pick-up trucks, motorcycles and motor vehicles owned by any Owner, members of such Owner's family, or tenants should be parked in the garage of such Owner's Residence, and no such vehicle shall be parked (other than on temporary basis for four hours or less) on any street or on any portion of the Common Area where parking spaces are provided. Except with the prior approval of the Architectural Committee, no mobile home, motor home, trailer, truck, camper, boat or other type of recreational vehicle shall be kept, placed, maintained, constructed, reconstructed or repaired unless contained within a garage approved by the Architectural Committee. The provisions of this section shall not apply to emergency vehicle repairs, periodic social gatherings, the loading or unloading of household Articles, or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Committee. The Board may adopt rules for the regulation of the admission and parking of vehicles within the Project including the assessment of charges to Owners who violate or whose invitees violate such rules. Any charges so assessed shall be Special Assessments. The Association may remove, or cause to be removed, any unauthorized vehicle at the expense of the Owner thereof in any manner consistent with law.

7.24 Garages. No garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of garage doors, including the assessment of charges to Owners who violate or whose tenants or invitees violate such rules. Attached garages shall not exceed the height of the dwelling. It is preferable that the vehicular entry for attached garages be side-facing where feasible. Detached garages shall be limited to 15 feet in height as defined in the Pima County Zoning Code and shall comply with the accessory structure limitations identified in Section 7.7 above.

7.25 Animals. No animals, including horses or other domestic farm animals, fowl, or poisonous reptiles of any kind, may be kept, bred or maintained on any Lot or in any Dwelling Unit, or in or upon any Common Area, except a reasonable number of generally recognized household pets and in accordance with the Association Rules. No animals shall be kept, bred or raised within the Project for commercial purposes. In no event shall any domestic pet be allowed to run freely outside its Owner's Lot without a leash, or so as to create a nuisance. No animals shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, the Board shall determine whether, for the purposes of this Section, a particular animal is a generally recognized house or yard pet or a nuisance, or whether the number of animals exceeds the maximum number permitted. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained in this Declaration.

7.26 Garbage, Trash, Debris, Hazardous Materials. No trash, rubbish, hazardous materials, or debris of any kind shall be placed, stored, or permitted to accumulate upon or adjacent to any Lot and no odors shall be permitted to arise there from, so as to render any such Lot or any portion of the Project unsanitary, unsightly, offensive or detrimental to any other Lot in the Project or to its occupants. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only for the time reasonably necessary to effect such collection. The Board shall have the right, in its sole discretion, to require all Owners to place their garbage or trash containers at a specific location for collection or to require all Owners to subscribe to a trash collection service. All rubbish, trash and garbage shall be removed from the Lots and Common Area and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot. No garbage or trash containers shall be kept or placed on any grass or other landscaped area. During construction of a Residence on a Lot, the Owner of such Lot shall provide enclosed rubbish container for each Lot and shall keep its Lot clean of construction trash at all times. In addition, each Owner shall during such construction be responsible to immediately clean up any trash, rubbish, debris, mud and dirt brought or tracked onto the Project in connection with such construction. Additionally, during construction of a Residence on the Lot, the Owner of such Lot shall provide a portable sanitary facility on the Lot at all times.

7.27 Fires. Other than barbecues in properly constructed barbecue pits or grills, and firepits in compliance with the Association Rules and the Architectural Rules, or as otherwise expressly permitted in such rules, no open fire shall be permitted on the Project nor shall any other similar activity or condition be permitted.

7.28 Nuisances. No Owner shall permit or suffer anything to be done or kept about or within his Lot, or on or about the Project, which may cause the insurance to be cancelled or the premiums of such insurance to be increased for any Lot or the Common Area, or which may obstruct or interfere with the rights of other Owners, or Persons authorized to the use and enjoyment of the Common Area, or annoy them by reasonable noises or otherwise, nor will he commit or permit any nuisance or commit or suffer any illegal act to be committed therein. Each Owner shall comply with the Association Rules, the requirements of all health authorities and other governmental authorities having jurisdiction over the Project. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

7.29 Diseases and Insects. No Owner shall permit anything or condition to exist within the Project which shall induce, breed or harbor infectious plant diseases or noxious insects.

7.30 Mining. No portion of the Project shall be used in any manner to explore for or remove any water, oil or other hydrocarbons or minerals of any kind or earth substance of any kind.

7.31 Safe Condition. Without limiting any other provision in this Article, each Owner shall maintain and keep his Lot at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Lots or the Common Area.

7.32 Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way, or other area from ground level to a height of twelve (12) feet, without the prior approval of the Architectural Committee.

7.33 Model Homes. The provisions of this Declaration which may prohibit nonresidential use of Lots and which regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by persons engaged in the construction or marketing of residential dwellings within the Property or parking incidental to the visiting of such model homes, so long as the location of such model homes and parking areas, and hours of operation, are approved in advance by the Architectural Committee, and the construction, operation and maintenance of such model homes otherwise comply with all of the provisions of this Declaration. Any Dwelling Units constructed as model homes shall cease to be used as model homes at any time when the Owner thereof is not actively engaged in the construction and sale of residential dwellings within the Property, and no Residence shall be used as a model home for the sale of homes not located within the Property.

7.34 Variances. The Architectural Committee may, at its sole option and in extenuating circumstances, grant variances from restrictions set forth in Article 7 of this Declaration if the Committee determines, in its sole discretion:

(a) That either (i) enforcement of a particular restriction would create a substantial hardship or burden on an Owner or occupant, or (ii) a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete; and

(b) That the activity permitted under the variance will not have any substantial adverse effect on the Owners and occupants and is consistent with the high quality of life intended for residents of Canoa Preserve.

7.35 Further Subdivision: Timeshares. No Lot shall be further subdivided or separated into smaller Lots or parcels by any Owner, and no portion less than all of any Lot shall be conveyed or transferred by any Owner without the prior written approval of the Board. Neither the ownership nor occupancy of any Residence shall be in timeshares. No Owner shall transfer, sell, assign or convey any timeshare in his Lot or Residence and any such transaction shall be void. "Timeshare" as used in this section shall mean the right to occupy a Residence or any one of several Residences during five (5) or more separated time periods of less than thirty (30) days per period over a period of at least five (5) years, including renewable options, whether or not coupled with an estate or interest in a Lot or a specified portion of a Residence.

7.36 Declarant's Exemption. Notwithstanding any other provision of this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules, it shall be expressly permissible for Declarant or its duly authorized agents, employees and representatives to maintain during the period of construction and sale of Lots and/or Dwelling Units such facilities structures, signs or other sales-related items as are necessary or convenient, in the sole opinion of the Declarant, to the sale of the Lots and/or Dwelling Units, including without limitation, a business office, storage area, construction yards, model units or homes and sales offices; provided, however, that such use of the Common Area by the Declarant must not unreasonably interfere with any Owner's use and enjoyment of the Common Area.

7.37 Enforcement. The Association or its authorized agents may, upon reasonable written notice, enter any Lot in which a violation of these restrictions exists and may correct such violation at the expense of the Owner of such Lot. Such expenses, and such fines as may be imposed pursuant to this Declaration, the Articles, Bylaws, and/or Membership Rules, shall be a Special Assessment secured by a lien upon such Lot enforceable in accordance with the provisions of Article 5 hereof. All remedies available at law or equity shall be available in the event of any breach of any provision of this Article by any Owner, tenant or other Person.

7.38 Modification. Except where Declarant's rights are involved or Declarant's consent is required, the Board may modify or waive the foregoing restrictions contained in this Article 7 or otherwise restrict and regulate the use and occupancy of the Project, the Lots and the Residences by reasonable rules and regulations of general application adopted by the Board from time to time which shall be incorporated into the Association Rules.

7.39 Sports Structures and Children's Play Equipment. No basketball hoops, backboards, and other elevated sport structures to include but not limited to volleyball and badminton nets, batting cages, and tennis courts of a temporary or permanent nature may be erected, used and maintained on any Lot or on any Dwelling Unit without prior written approval from the Architectural Committee. All sports structures must be removed when no longer utilized. All children's play equipment to include but not limited to bicycles, tricycles, scooters, skateboards, and strollers shall be stored when not in use so as to not be Visible From Neighboring Property. Installation of any children's playground equipment that is Visible From Neighboring Property is subject to approval by the Architectural Committee.

7.40 Antennas and Satellite Equipment. Exterior mounted antennas and satellite equipment are permitted on any Dwelling Unit or Lot. Owners shall place antennas and/or satellite equipment in a location that is not visible from neighboring properties so long as the owner can receive an acceptable signal. The owner shall paint any antenna or satellite to match the house provided the paint does not affect the manufacturers warranty or the signal.

7.41 Yard Art. No decorative yard art including, but not limited to antique farm implements, wagon wheels and statues, may be erected on any Lot or on any Dwelling Unit without prior written approval from the Architectural Committee.

7.42 Common Wall Access. Owners shall not gain access to their Lots for any purpose through common walls or fences that are constructed between a Lot and the Common Area.

8. ARCHITECTURAL

8.1 Approval of Plans. No Improvements shall be commenced, erected or maintained within any portion of the Property unless and until detailed plans and specifications (including site plans) showing the proposed nature, location, identity, type, and quality or proposed materials; size, area, height, color, shape, and design of the proposed Improvements; as well as any other matters required by this Declaration or by the Architectural Rules described in Section 8.4 below, have first been approved by the Architectural Committee. No Improvement shall be commenced, erected or maintained within the Property except in compliance with this Declaration and with the approved plans and specifications for such Improvements.

8.2 Establishment. The Architectural Committee shall consist of a minimum of one (1) Member who shall be appointed from time to time by the Board. The Members of the Architectural Committee need not be architects, Owners or occupants, and do not need to possess any special qualifications. Architectural Committee Members shall serve for a term of one (1) year and may be reappointed or reelected; provided that such Members may be removed by the Board at any time during their term of office, with or without cause. Upon removal of a Member of the Architectural Committee, the Board shall appoint a replacement Member of the Architectural Committee as soon as possible, such that the Committee consists of the minimum number of Members designated in this Section 8.2.

8.3 Meetings. The Architectural Committee shall hold regular meetings. A quorum for such meetings shall consist of a majority of the Members, and the affirmative vote of a majority of the Members shall be necessary for any decision of the Architectural Committee. The Architectural Committee shall keep and maintain a record of all actions taken at its meetings.

8.4 Architectural Rules and Committee Procedures. The Architectural Committee may promulgate written Architectural Rules to be followed by Owners in preparing and submitting plans and specifications and which will be used by the Architectural Committee in reviewing plans and specifications for proposed Improvements, in rendering its decisions and otherwise performing its functions under this Declaration. The decision of the Architectural Committee shall be final on all matters submitted to it pursuant to this Declaration. The Architectural Rules shall not be inconsistent with the terms of this Declaration and if there are any inconsistencies, the provisions of this Declaration shall control.

8.5 Fee. The Architectural Committee may establish reasonable processing fees to defray its costs in considering any requests for approvals submitted to it. The appropriate fee shall be paid at the time the request for approval is submitted.

8.6 Compensation Delegations. Unless authorized by the Board, the Members of the Architectural Committee shall not receive any compensation for services rendered. All Members of the Architectural Committee shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Architectural Committee function or duty. Professional consultants retained by the Architectural Committee shall be paid such compensation as the Architectural Committee determines. The Architectural Committee may delegate its plan review responsibilities, except final plan approval, to one or more of its Members or to architectural consultants which it retains.

8.7 Non-Liability. Neither the Association, the Board Members, Declarant, any Member of the Architectural Committee, or any agent, employee or other party providing architectural consulting services to the Architectural Committee shall be liable in damages to anyone submitting plans to it for approval or to any Owner or other Person by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans submitted to the Architectural Committee, and each Owner or other Person submitting plans agrees, by submission of such plans and specifications, that he will not bring any action or suit against the Association, the Board Members, Declarant, or the Members of the Architectural Committee, or their agents or employees, or parties providing architectural consulting services to the Architectural Committee, to recover damages as above described, including, without limitation, to recover damages arising out of or in connection with flooding, natural disaster or soil conditions. Approval by the Architectural Committee shall not be deemed to be a representation or warranty that the Owner's plans and defects (design, construction or otherwise) or are free from hazards, such as flooding, natural disaster or adverse soil conditions or complies with applicable governmental ordinances or regulations, including, but not limited to, rezoning ordinances and local building codes. It shall be the sole responsibility of the Owner, or other Person submitting plans to the Architectural Committee or performing any construction, to comply with all such ordinances, regulations and codes. Each Owner understands that due to the location and condition of the Owner's Lot there may be certain inherent risks including, but not limited to, those related to flooding, soil conditions or natural disaster and agrees for himself, his family, guests and invitees (the "Releasing Parties") to release the Association, the Board Members, the Members of the Architectural Committee and Declarant, their agents, employees and parties providing architectural consulting services to the Architectural Committee from any and all liability arising from any damage or injury to the Person or property of the Releasing Parties rising out of or in connection with such hazards.

9. EASEMENTS

9.1 Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant without prior written approval of Declarant and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Section shall likewise require the prior written approval of Declarant.

9.2 Utility Easement. There is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to, water, sewers, natural gas, telephones, electricity and a cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility to erect and maintain any necessary facilities and equipment on the Common Area. This easement shall in no way affect any other recorded easements on the Common Area.

9.3 Easement for Encroachments. Each Lot and the Common Area shall be subject to an easement for encroachments created by construction, settling, overhangs, and discrepancies between the Plat and construction, as originally designed or as constructed by Declarant or its agents or contractors. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event a building containing an encroachment is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the adjacent Residence due to construction shall be permitted and that a valid easement for said encroachments and maintenance thereof shall exist. Notwithstanding any provisions in this section to the contrary, any encroachment permitted by this section shall not exceed one (1) foot.

9.4 Easements for Ingress and Egress. Easements for ingress and egress are hereby reserved to the Declarant, the Owners, and their families, guests, tenants, and invitees for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the Common Area; and for vehicular traffic over, through and across such portions of the Common Area as from time to time may be paved and intended for such purposes; and for such other purposes reasonably necessary to the use and enjoyment of a Lot or the Common Area.

9.5 Association's Right of Entry. During reasonable hours, the Association, any Member of the Architectural Committee, any Member of the Board or any authorized representative of them, shall have the right to enter upon and inspect any land surrounding any residential structure on the Real Property, excluding the interior of any Dwelling Unit located thereon, for the purpose of making inspections to determine whether the provisions of this Declaration, the Association Rules and the Architectural Rules are being complied with by the Owner of each Lot.

9.6 Association's Easement for Performing Maintenance Responsibilities. The Association shall have an easement upon, across, over and under the Common Area and the Lots for the purpose of repairing, maintaining and replacing the Common Area and those portions of the Lots which the Association is obligated to maintain.

10. MAINTENANCE

10.1 Maintenance of Common Area By Association. The Association shall be responsible for the removal of invasive non-native plants from Common Areas, including but not limited to those listed in Appendix C of the Canoa Preserve Design Guidelines. The Association shall be responsible for the maintenance, repair and replacement of the Common Area and may, without any approval by the Owners, do any of the following:

(a) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any Common Area (to the extent that such work is not done by a government entity, if any, the Association shall be responsible for the maintenance and upkeep of such area);

(b) Construct, reconstruct, repair, replace or refinish any portion of the Common Area used as a road, street, walk, driveway or parking area;

(c) Replace injured and diseased trees or other vegetation in any Common Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

(d) Place and maintain upon any Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof;

(e) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in accordance with the general purposes specified in this Declaration. The Board shall be the sole judge as to the appropriate maintenance of the Common Area.

10.2 Maintenance of Lots by Owners. Each Owner of a Lot shall be solely responsible for the maintenance of all portions of his Lot. The Owner of each Lot shall at all times perform his obligations under this Section so that the land and Improvements comprising his Lot shall be in good condition and repair. Such obligations of Owner shall include keeping all shrubs, trees, grass, plantings and landscaping of every kind properly cultivated and free of trash, weeds and other unsightly material. All maintenance of the exterior of the Residence, including without limitation walls, fences and roofs, shall be accomplished in accordance with the Architectural Rules and, if required by the Architectural Rules, only after approval of the Architectural Committee.

10.3 Damage or Destruction by Owners. Each Owner shall be responsible for the repair or replacement of any damage or destruction to the Common Area, including Natural Area Open Space, or to any other Lot which is caused by such Owner or its family Members, guests, invitees, subcontractors, agents or employees, including without limitation, any damage or destruction to concrete, paving or curbing or other Improvement within the Project. In the event such damage or destruction is not immediately repaired or replaced to the satisfaction of the Association, the Association may undertake such repair or replacement, in which case any expenses incurred by the Association in connection therewith shall be paid by said Owner to the Association upon its demand, and such amounts shall be a lien on any Lot(s) owned by such Owner, and the Association may enforce collection of any such amounts in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

10.4 Nonperformance by Owners. If any Owner fails to maintain any portion of the Lot and Improvements comprising his Residence which he is obligated to maintain under the provisions of this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules, then the Association shall have the right, but not the obligation, to enter upon such Owner's Lot to perform the maintenance and repairs not performed by the Owner, and the cost of any such work performed by or at the request of the Association shall be paid for by such Owner upon demand from the Association, and such amounts shall be a lien upon the Owner's Lot and the Association may enforce collection of such amounts in the same manner and to the same extent as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

10.5 Totals or Partial Destruction. If any Residence is totally or partially destroyed, the Owner shall either rebuild the structure in a timely manner or demolish the same and remove the debris from the Project in a timely manner. If the Owner fails to comply with this Section, the Association may undertake the work on the Owner's behalf and charge the Owner therefore. The Association may enforce collection of such amounts in the same manner and to the same extent as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

10.6 Payment of Utility Charges. Each Lot shall be separately metered for water, sewer, cable television, telephone, gas, and electrical service, and all charges for such service to the Lot shall be the sole obligation and responsibility of the Owner of each Lot. All bills for utility service to the Common Area shall be billed to the Association, and the Association shall be responsible for the payment of such charges. The cost of utility service to the Common Area shall be a common expense of the Association and shall be included in the budget of the Association.

10.7 Maintenance of Walls.

(a) Walls or fences located on a Lot shall be maintained, repaired and replaced by the Owner of the Lot.

(b) Any common wall or fence which is placed between a Lot and a Common Area shall be maintained, repaired and replaced by the Owner of the Lot except that the Association shall be responsible for the repair and maintenance of the side of the wall or fence which faces the Common Area.

(c) Boundary walls or fences which are constructed by the Declarant shall be maintained by the Association.

11. INSURANCE

11.1 Scope of Coverage. Commencing not later than the date of the conveyance by Declarant of the Common Area described on Exhibit "B", the Association shall make a good faith effort to obtain and maintain, to the extent reasonably available, the following insurance coverage:

(a) Property insurance on the Common Area insuring against all risk of direct physical loss, insured in an amount equal to the maximum insurable replacement value of the Common Area, as determined by the Board; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavation, foundations and other items normally excluded from a property policy;

(b) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area and all other portions of the Project which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverage with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

(c) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of the State of Arizona.

(d) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners;

(e) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(1) That there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their households;

(2) That no act or omission of any Owner (unless acting within the scope of his authority on behalf of the Association) will void the policy or be a condition to recovery on the policy;

(3) That the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by the Owners or their Mortgagees;

(4) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners;

(5) Statement of the name of the insured as "Canoa Preserve Community Association, Inc." and

(6) For policies of hazard insurance, a standard Mortgagee clause provided that the insurance carrier shall notify the First Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

(7) "Agreed Amount" and "Inflation Guard" endorsements.

11.2 Insurance on Lots. The Association shall not be obligated to obtain property insurance, liability insurance, flood insurance or any other type of insurance covering the Lots or the Improvements located thereon. The procurement and maintenance of insurance on each Lot, including all Improvements on such Lot shall be the sole obligation of the Owner thereof. Each Owner shall also be responsible for obtaining all liability insurance, personal property insurance and any other type of insurance to the extent desired by such Owner.

11.3 Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, at the requesting party's expense to any Owner. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association and to each Owner to whom certificates of insurance have been issued.

11.4 Fidelity Bonds. The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other Persons handling or responsible for funds of or administered by the Association, including, without limitation, any management agent to whom the Association has delegated some or all of the responsibility for the handling of such funds. The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board, and shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. In no event shall the aggregate amount of such fidelity bonds be less than a sum equal to three months of Annual Assessments on all Lots plus adequate reserve funds. Fidelity bonds obtained by the Association must also:

(a) Name the Association as an obligee;

(b) Contain waivers by the issuers of the bonds of all defenses based upon the exclusion of Persons serving without compensation from the definition of "employees" or similar terms or expressions; and

(c) Provide that they may not be cancelled (including cancellation from non-payment of premium) or substantially modified without at least ten (10) days prior written notice to the Association.

11.5 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to Sections 11.1 and 11.4 of this Article shall be included in the budget of the Association and shall be paid by the Association.

11.6 Payment of Insurance Proceeds. With respect to any loss to the Common Area covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association and the insurance proceeds shall be payable to the Association. Subject to the provisions of Article 12 of this Declaration, the proceeds shall be disbursed for the repair or restoration of the damage to the Common Area.

11.7 Annual Insurance Review. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Common Area in light of increased construction costs, inflation, practice in Pima County, Arizona, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Owners and of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

12. DESTRUCTION OF IMPROVEMENTS

12.1 Duty of Association. In the event of partial or total destruction of Improvements upon the Common Area, it shall be the duty of the Association to restore and repair the same as promptly as practical pursuant to this Article. The proceeds of any casualty insurance maintained pursuant to this Declaration shall be used for such purpose.

12.2 Automatic Reconstruction. In the event that (a) the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty-five (85%) of the estimated cost of restoration and repair or (b) the cost not covered by insurance proceeds is less than the sum of One Hundred Fifty Dollars (\$150.00) per year per Lot, a Special Assessment, with each Owner contributing a like sum, may be levied by the Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose, and the Board shall cause the damaged or destroyed Common Area to be restored as closely as practical to its condition prior to the destruction or damage.

12.3 Reconstruction by Vote of Members. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be (a) less than eighty-five percent (85%) of the estimated cost of restoration and repair or (b) greater than the sum of One Hundred Fifty Dollars (\$150.00) per year per Lot, the Improvements shall not be replaced or restored unless a majority of the voting power of the Association agrees in writing to such replacement or restoration or gives its affirmative vote at a meeting duly called therefore. Such majority vote must include at least a two thirds (2/3) majority of the Class A Members. If the Members approve such replacement or restoration, the Board shall cause the damaged or destroyed Common Area to be restored as closely as practical to its former condition prior to the destruction or damage.

12.4 Excess Insurance Proceeds. In the event any excess insurance proceeds remain, after any reconstruction by the Association pursuant to this Article, the Board, in its sole discretion, may retain such sums in the general funds of the Association or distribute pro rata all or a portion thereof to the Members.

12.5 Use of Special Assessments. All amounts collected as Special Assessments pursuant to this Article shall only be used for the purposes set forth in this Article and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Such funds shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

13. EMINENT DOMAIN

13.1 Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation of all or any portion of the Common Area.

13.2 Representation by Board in Condemnation Proceedings. In the event of a threatened taking of all or any portion of the Common Area, the Members hereby appoint the Board or such Persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

13.3 Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

13.4 Award for Common Area. Any awards received on account of a taking of the Common Area shall be paid to the Association. The Board may in its sole discretion retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Members.

14. GENERAL PROVISIONS

14.1 Enforcement. The Association, or any Owner, shall have the right to enforce, by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of any such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation. The Association, or any Owner, shall also have the right to enforce, by proceedings at law or in equity, the provisions of the Articles or Bylaws and any amendments thereto. With respect to Assessment liens or any other liens or charges and Association Rules, the Association shall have the exclusive right to enforcement thereof.

14.2 No Waiver. Failure by the Association, or by any Member, to enforce any covenant, condition, or restriction herein contained, or the Articles, Bylaws, or Association Rules in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition or restriction.

14.3 Cumulative Remedies. All rights, options and remedies of Declarant, the Association, or the Owners under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, the Association, or the Owners shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

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

14.5 Violations and Nuisances. Every act or omission whereby any provision of the Declarant is violated in whole or in part is hereby declared to be nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner.

14.6 Violation of Law. Any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

14.7 Joint and Severable Liability. In the case of joint ownership of a Residence, the liabilities and obligations of each of the joint Owners set forth in or imposed by this Declaration shall be joint and several.

14.8 Attorney's Fees. In the event the Association employs an attorney to enforce any lien granted to it under the terms of this Declaration or to collect any Assessments or other amounts due from an Owner or to enforce compliance with or recover damages for any violation or noncompliance with this Declaration, the Articles, Bylaws, and/or Association Rules, the Association shall be entitled to recover from the defaulting Member the reasonable attorneys' fees and related costs incurred by the Association in connection therewith.

14.9 Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any Lot subject to this Declaration, each Person, for himself or itself, his heirs, personal representatives, successors, transferee and assigns, binds himself, his heirs, personal representatives, successors, transferee and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Project and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, Purchasers, assignees, lessees and transferee thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the interest of each Owner by virtue of his purchase of a Lot or Residence within the Project (specifically, fee ownership of the Lot or Residence including all rights and easements granted to him by this Declaration and by the deed of conveyance) and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot or Residence even though the description in the instrument of conveyance or encumbrance may refer only to the Lot or Residence.

14.10 Notices. Any notice to be given under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to an Owner shall be deemed to have been properly delivered when delivered personally or placed in the first class United State mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Residence. In the case of co-owners, any such notice may be delivered or sent to any one of the co-owners on behalf of all co-owners and shall be deemed delivered to all such co-owners.

(b) Notice to the Association shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, addressed as follows:

Canoa Preserve Community Association, Inc.
15010 N. 78th Way, Suite 109
Scottsdale, Arizona 85260

(c) Notice to the Declarant shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, addressed as follows:

Title Security Agency of Arizona, Trustee
Trust No. 2047
7810 E Broadway Blvd.
Tucson AZ 85710

Any of the above notices so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit.

14.11 Leases. Any agreement for the leasing or rental of a Residence (hereafter in this Section referred to as a "Lease") shall provide that the terms of such Lease shall be subject in all respects to the provisions of this Declaration, the Articles, the Bylaws, the Association Rules the Architectural Rules and applicable agreements between the Association and any state, local municipal or federal agency. Said Lease shall further provide that any failure by the tenant thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. All Leases shall be in writing. Any Owner who shall lease or rent his Residence shall be responsible for assuring compliance by such Owner's tenant with this Declaration, the Articles, the Bylaws, the Association Rules and the Architectural Rules, and shall be jointly and severally responsible for any violation thereof by his tenant. No Residence shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days, or any rental whatsoever, if the occupants of the Residence are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service. No Residence shall be leased or rented to more than a Single Family at any time.

14.12 Construction By Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Common Area or the Lots, or to construct such additional Improvements as Declarant deems advisable prior to the sale of all Lots to Purchasers. Such right shall include but shall not be limited to erecting, constructing and maintaining on the Real Property such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a Purchaser to establish on the Real Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Project. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the Project by an express assignment incorporated in a recorded deed or lease, as the case may be, transferring such interest to such successor. Tract F and Tract G as identified on the Final Plat for Canoa Preserve shall be retained by the Declarant for any one or more of the following uses: roadway, utilities, recreation areas, open space, wildlife corridor or trail system. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Common Area.

14.13 Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, any committees of the Association or any Member of such Board or committee shall be liable to any Member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or Persons reasonably believed to be the scope of their duties.

14.14 Term. The covenants and restrictions of this Declaration shall run with and bind the Project for a term of twenty (20) years from the date this Declaration is recorded. Thereafter they shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members or their proxies casting seventy-five percent (75%) of the total votes cast at an election held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension.

14.15 Amendments. Subject to the other provisions of this Declaration, this Declaration may be amended as follows:

(a) Until such time as there is a Class A Membership pursuant to this Declaration, amendments or modifications shall be effective when executed by Declarant and when recorded in the official records of Pima County, Arizona. Thereafter, any amendments shall require the affirmative written assent or vote of not less than fifty-one percent (51%) of the voting power of the Members; provided, however, that none of the provisions of any section of this Declaration respecting rights or privileges in favor of Declarant may be amended without the prior written consent of Declarant.

(b) An amendment or modification that requires the vote and written assent of the Members as herein above provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as herein above provided, and when recorded in the official records of Pima County, Arizona.

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

14.17 Section Headings. The marginal or topical headings of the Sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Articles, Sections of this Declaration.

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

14.19 Statutory Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, Bylaws, Association Rules or Architectural Rules, the provisions of the Declaration shall prevail.


14.20 Right to Use Similar Name. The Association hereby irrevocably consents to the use by any other nonprofit corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association, provided one or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other corporation formed or incorporated by Declarant to use a corporate name which is the same deceptively similar to the name of the Association.

14.21 Gated Entrances. Declarant intends to construct gated entrances to the Project in order to limit access and provide more privacy to the Owners and other occupants of Lots. Each Owner and occupant, and their families, guests and invitees acknowledge that the gated entrances may restrict or delay entry into the Project by the police, fire department, ambulances and other emergency vehicles or personnel. Each Owner and other occupant and their families, guests and invitees agree to assume the risk that the gated entries will restrict or delay entry to the Project by emergency vehicles and personnel. Neither Declarant nor the Association nor any director, officer, agent or employee of Declarant or the Association shall be liable to any Owner or other occupant or their families, guests or invitees for any claims or damages resulting, directly or indirectly, from the construction, existence, maintenance or adequacy of the gated entries. It is contemplated that the gated entrances shall be operated by remote openers and electronic key pad at each entry. Such cost of remote openers shall be the responsibility of the Owner.

IN WITNESS WHEREOF, Declarant has executed this instrument the day and year first written above.

DECLARANT

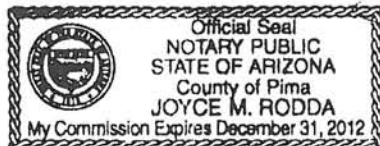
Title Security Agency of Arizona,
an Arizona corporation, as Trustee
under Trust No. 2047, only and not
in its corporate capacity

By: 
Diane L. Sloane
Its: Trust Officer

STATE OF ARIZONA)
)ss
COUNTY OF Pima)

On this 13 day of September, 2011, before me personally Diane L. Sloane, who acknowledged herself to be the Trust Officer of Title Security Agency of Arizona, an Arizona corporation, and that as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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




Notary Public

Exhibit "A"

DESCRIPTION OF REAL PROPERTY

CANOA PRESERVE, LOTS 1-80, Tract F, Tract G, Common Area "A" NATURAL OPEN SPACE (NOS)/FLOODPLAIN, COMMON AREA "B" FUNCTIONAL OPEN SPACE (FOS), COMMON AREA "C" (MONUMENT), COMMON AREA "E" (ROADWAY DISTURBANCE), AND COMMON AREA "F" (RIPARIAN MITIGATION), recorded in Sequence No, 20112700069, records Pima County, Arizona.

EXHIBIT "B"

DESCRIPTION OF COMMON AREA

Common Area A – Natural Open Space/Floodplain, Common Area B – Functional Open Space, Common Area C – Entrance Monument, Common Area E – Roadway Disturbance, and Common Area F – Riparian Mitigation, signed and sealed on August 8, 2011, by Kyle H. Brock, Registered Land Surveyor, as first recorded in the official records of Pima County, Arizona on September 27, 2011, Sequence No. 20112700069.