

**Pinnacle Peak Estates III - HOA  
P.O. Box 26616 - Scottsdale, AZ 85255**

There is a \$150.00 association disclosure fee. At close of escrow, please send us the following:

1. A copy of the recorded Deed.
2. The owners' mailing address where tax statements will be sent and an owner's E-Mail address.
3. A check for \$150 payable to: PINNACLE PEAK ESTATES III – HOA
4. Our mailing address is: **PO Box 26616, Scottsdale, AZ 85255**
5. Please print this document for the buyer to accompany their title documents

Please print this document for the buyer to accompany their title documents. We can mail a copy of this to the new owner when we receive a copy of the new title after close of escrow, if a written request is received.

Thank you,

Tony Barone, Treasurer, PPE-III  
treasurer@ppe3.com

**New Homeowner Welcome to Pinnacle Peak Estates III**

We have a website, [www.ppe3.com](http://www.ppe3.com), that contains this and other information. You need to be specifically informed about the following:

**CC&R's** - The legal recorded deed restrictions, enforceable as an extension of City Building Codes.

**Architectural Standards** as authorized by the CC&R's and their implementation through the Architectural Review Committee (ARC).

**This (ARC) committee must approve any exterior changes.**  
(Including paint color and landscape changes) The ARC approval request forms are on our web site: [www.ppe3.com](http://www.ppe3.com).

**Articles of Incorporation** - The legal recorded creation of the Association.

**By-Laws** - The running rules of the Association.

The ARC meets monthly at 6:00 pm on the fourth Tuesday of the month. The Board meets an hour later, but only four times a year. The time and place is posted at the mailboxes and on our website: [www.ppe3.com](http://www.ppe3.com).

Our annual meeting to elect a new board is held in early December. You will be notified by mail in late November. In this notice are a proxy (if you cannot attend) and a billing statement for the annual assessment payable and due before January 10th. There is a return envelope for your check and/or proxy. Annual

assessments are determined each year at this time by the Board when the new budget is approved. They always have been \$100.00 or less. They can never be greater than \$200.00 per year.

You must be aware of the Scottsdale NAOS ordinance, whereby 25 percent of your property is designated as Natural Area Open Space and must be left natural and un-touched. It is a city violation to change it in anyway.

Trash pick-up is once per month (near the middle of) as posted on our web site. It is a city violation to leave trash out more than a week early, subject to city fine. Pick-up, in our subdivision, is early on Monday morning.

If you loose a mailbox key, contact the Post Office and they will install a new lock, costing about \$50.00. We suggest you make a few copies of your existing key.

We have a management company, Cornerstone Properties, Inc., that assists our Homeowners Association with Architectural Standards compliance and enforcement of our CC&Rs. Our assigned property manager, Bill, makes weekly neighborhood inspections for this purpose, and can be reached from our website.

In short, the purpose of our HOA is to enforce our CC&R's for everyone's benefit, but not interfere with peoples lives. When we need to change our CC&Rs, we all vote to amend them.

**DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS**

**PINNACLE PEAK ESTATES UNIT THREE**

**MARICOPA COUNTY, ARIZONA**

THIS DECLARATION, made this 25 day of October, 1979 by PINNACLE PEAK DEVELOPERS, a joint venture. PINNACLE PEAK DEVELOPERS, its successors and assigns, are hereinafter referred to as the "Declarant".

**RECITALS**

A. Declarant is the fee owner of the real property described in Exhibit "A" to this Declaration (the "Subdivision").

B. Declarant has deemed it desirable to establish covenants, conditions and restrictions upon the subdivision and each and every Parcel, Lot and portion thereof, which will constitute a general scheme for the development and government of the Subdivision and for the use, occupancy and enjoyment of the Subdivision all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Subdivision and enhancing the quality of life within the Subdivision.

C. Declaration will hereafter hold an convey title to all of the Subdivision, and each and every Parcel, Lot or portion thereof, subject to certain protective covenants, conditions and restrictions hereinafter set forth;

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of the property described above shall be held, sold and conveyed subject to the following covenants, conditions and restrictions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of such property, and all of which are declared to run with the land and to be binding on all parties having or acquiring any right or title in said property or any part thereof, to be for the benefit of all of the property described above and its owners, their heirs, successors, grantees and assigns.

1. Single Family Residences. All of the lots in the Subdivision shall be known and described as single family residential lots and shall be used for residential purposes only.

2. Approval of Structures. No structure or dwelling of any kind shall be

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commenced, erected or placed on any of the lots within the Subdivision until a plot plan and plans and specifications of the proposed structure, showing the extent and character of the proposed construction (including all exterior colors), location thereof on the lot, landscaping, kinds of materials to be used, and the surrounding walls and fences, if any, have been approved in writing by the Architectural Committee as being in conformance with the requirements of this Declaration and with the architectural standards, if any, adopted from time to time by the Architectural Committee. It shall be the general purpose of the Architectural Committee to maintain a high standard of architectural design and general construction within the Subdivision in such a manner as to enhance the aesthetic desirability and compatibility and the structural soundness of all structures in the Subdivision. The Architectural Committee's decision to allow or deny the construction of any structure or dwelling shall be final. All structures shall conform to the requirements of any applicable governmental building codes and other regulations of governmental units having jurisdiction over the Subdivision. All requests for Architectural Committee approval shall be submitted in writing, together with the plans, specifications and/or such other information as the Architectural Committee may reasonably request, at least thirty (30) days prior to the date on which construction is to commence. The plans and specifications shall also include lot grading plans prepared by a licensed civil engineer or architect in conformance with the grading plan for the Subdivision as approved by Maricopa County. All permanent structures shall be constructed within the building envelopes as shown on the final recorded plat. In the event the Architectural Committee fails to approve or disapprove the proposed construction within thirty (30) days after receipt of a written request prepared and submitted in accordance with the requirements hereof, then, in such event, approval shall be deemed to have been given; provided, however, that in no event shall the design, location and kind of materials and the structure to be built on said lots be violative of any of the covenants, conditions and restrictions contained in this Declaration. Anything herein to the contrary notwithstanding, it is expressly declared that the Architectural Committee's review of the plans and specifications is for the purpose of assuring that construction within the Subdivision is in character and harmony with the present and proposed development of the Subdivision and Pinnacle Peak Village; the Architectural Committee's acceptance of any plans and specifications shall not constitute or be construed as a warranty or representation to any person whomsoever that the structure (or any part thereof) to be constructed on a lot complies with any governmental codes, restrictions or regulations affecting the lot or is structurally sound and free from defects.

3. Architectural Committee. The Architectural Committee shall consist of not less than three (3) individuals to be appointed from time to time by Declarant, until such time as Pinnacle Peak Estates Unit Three Homeowners' Association is formed as provided in Paragraph 18 hereof. Thereafter, the Architectural Committee shall be appointed by the Board of Directors of such Association.

4. Construction Materials, Color of Exterior Walls. All structures on the lots within the Subdivision shall be of new construction and no building shall be moved from any other location onto any of the lots. All exterior walls of all structures on the lots shall be earth tone in color.

5. Use of Garage as a Residential Structure. No garage or other structure of any type whatsoever shall be erected on any of the lots until a dwelling shall have first been erected on said lot or until a contract with a reliable contractor shall have been entered into for the construction of a dwelling on said lot. No garage or other outbuilding shall be used for residential purposes; provided, however, that this restriction shall not prevent the inclusion of guest or servant quarters in such garage or other outbuilding for the use of actual non-paying guests or for actual servants of the occupants of the main residential building, but no such quarters shall be rented or used for income purposes. Such guest or servant quarters shall be limited to three (3) rooms and bath.

6. Number and Height of Structures. No structure shall be erected, altered, placed or permitted to remain on any of the lots in the Subdivision other than one (1) detached single family dwelling and a private garage and outbuildings as permitted by Paragraph 5, each structure to be one (1) story, in height not to exceed eighteen (18) feet, six (6) inches.

7. Size of Dwelling House. No four (4) bedroom dwelling house having a ground floor area of less than twenty-four hundred (2,400) square feet and no dwelling house containing less than four (4) bedrooms and having a ground floor area of less than two thousand (2,000) square feet shall be erected, permitted or maintained on any of the lots. All ground floor area measurements shall include the walls proper of the house, but shall exclude open porches, pergolas, attached garages, or other similar extensions or projections. All exterior designs for all dwelling houses shall be characteristic of one (1) story Spanish, Southwest Indian or Mexican architecture, except as may otherwise be approved by the Architectural Committee.

8. Roofs. Sloped roofs of all buildings erected, constructed or maintained on said lots shall be of barrel-type or mission red tile, unless otherwise permitted by the Architectural Committee. No roof mounted appliances will be permitted. No visible aerials or antennas shall be erected or maintained on premises. All flat roofs must have parapets on all four (4) sides.

9. Height of Walls and Fences. No solid wall or fence over two and one-half (2-1/2) feet high shall be constructed or maintained closer to the front street line of any lot than the closest portion of the building erected on such lot. Where no residence has been constructed on a lot, no solid wall or fence over two and one-half (2-1/2) feet high shall be constructed or maintained closer than fifty (50) feet to the front lot line of any lot. No side or rear fence and no side or rear wall (except the wall of the building constructed on any of said lots), shall be more than six (6) feet in height. No hedge more than three (3) feet in height shall be permitted closer than thirty (30) feet to the front lot line of any lot. All walls and fences shall be either slump block or cinder block. If slump block is used, it shall be of the same color and quality as used on the dwelling. If cinder block is used, it shall be stucco-finished to the same color and texture as the dwelling unless otherwise approved by the Architectural Committee.

10. Use Prior to Installation of Sanitary Facilities. None of the lots shall be used for residential purposes prior to installation of water flush toilets in them. All bathrooms, toilets or sanitary conveniences shall be inside the buildings permitted by this Declaration. Until such time as sewers may be available, all bathrooms, toilets or sanitary conveniences shall be connected to septic tanks and cesspools constructed according to applicable governmental specifications, including, but not being limited to, the standard Federal Housing Administration specifications. Cesspools shall be deep enough to prevent water from coming to the surface. When and after sewers are available, all such toilets, bathrooms and sanitary conveniences installed thereafter shall be connected to such sewer systems.

11. Re-subdivision. None of the lots in the Subdivision shall be re-subdivided into smaller lots nor conveyed in less than the full original dimensions of such lots as shown by the plat, except for public utilities, in which event, the remaining portion of said lot shall be treated as a whole lot for the purpose of this provision provided that this restriction shall not prevent the conveyance of a part of a lot to an adjacent owner of a whole lot, after which time the whole lot and the adjacent part of a lot in such common ownership shall be considered as one (1) lot for the purposes of these restrictions.

12. Commercial or Other Purposes. No store, office, hospital, sanitarium or other place for the care or treatment of the sick or disabled, physically or mentally, nor any theatre, saloon or other place of entertainment shall ever be erected or permitted upon any of the lots, or any part of them, and no business of any kind or character whatsoever shall be conducted in or from any residence on the lots.

13. Mobile Homes and Campers. No mobile home or trailer house of any type may be used on the lots either temporarily or permanently. Storage of any type of these vehicles as well as large campers or other recreational vehicles, including boats, must be in an enclosed garage or barn so that it is not visible from any other lot.

14. Signs. No advertising signs (except "For Sale" signs), billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any of the lots, nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the owner of any lot in the Subdivision.

15. Easements. No structure of any kind shall be erected, permitted or maintained on the easements for utilities as shown on the plat of Pinnacle Peak Estates Unit Three.

16. Landscaping. Inasmuch as it is the intention to preserve, insofar as possible, the present natural desert state existing in the Subdivision, desert growth shall not be destroyed or removed except as it is necessary for the construction of roads, dwelling houses and connecting buildings to the dwelling houses and except as otherwise approved by the Architectural Committee. Pinnacle Peak Estates Unit Three was selected for its clean air and dust free environment. All landscaping plans for any lot must be submitted to and approved by the Architectural Committee in the manner provided in Paragraph 2 hereof. The use of any Bermuda grass, organic or allergy producing fertilizers, or allergy producing plants which are identified or defined by local authorities as allergy producing, is not allowed. The Architectural Committee shall have the authority to restrict or prohibit any other activity within the Subdivision which would be inconsistent with the clean air and natural desert environment of the Subdivision.

17. Large Animals. No poultry, sheep, goats, horses, cattle, or other large animals shall be kept on any of the lots.

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18. Homeowners' Association. In furtherance of the purposes of this Declaration, a homeowners' association shall be formed pursuant to this Paragraph. Accordingly it is declared that all property owners of record shall be members of Pinnacle Peak Estates Unit Three Homeowners' Association ("Association") upon its formation pursuant to Subparagraph (f) hereof. The Association shall be incorporated as a non-profit corporation pursuant to the laws of Arizona, for the purposes and with such rights and obligations as are set forth below:

a) Membership in the Association shall be limited to the property owners of record in the Subdivision. Each owner of record of a lot in the Subdivision shall automatically be a member of the Association and shall be issued a certificate of membership in the Association. In the case of property sold under an installment land sales contract where the seller has retained legal title, the buyer shall be considered the owner for purposes of this Declaration. Ownership shall not include persons or entities which hold title as security for the performance of an obligation. If any lot is owner by two (2) or more persons, a single membership certificate shall be issued in the names of all owners of record and they shall designate in writing to the Association one (1) of their number who shall have the power to vote that certificate. Membership in the Association further shall be subject to the terms of the Association's Articles of Incorporation and Bylaws.

b) The Association shall have the power and shall undertake and perform within the Subdivision the following duties and obligations:

- i) Carry out the duties and obligations set forth in this Paragraph and those of the Architectural Committee as set forth above, with the expenses and costs thereof to be paid out of the funds of the Association;
- (ii) Acquire, own, manage and operate such real estate, together with any improvements located thereon, as may be reasonably necessary in order to carry out the purposes of the Association; and pay taxes on such real estate and improvements as may be owner of it; and pay all premiums for property, hazard and public liability insurance;
- (iii) Levy and collect the assessments which are set forth below.

c) In order to provide funds to enable the Association to perform the obligations and render the services provided above, all lots within the Subdivision shall be subject to an annual assessment which shall be fixed and levied in advance by the Association from year to year and shall be paid to the Association annually by the owners of record of each lot in the Subdivision. The Association shall from year to year determine the total amount required to perform its obligations and shall levy and collect an annual assessment not exceeding Two Hundred Dollars (\$200.00) for each lot within the Subdivision. The assessment for each lot shall include the owner's pro rata share of such sums as the Association shall determine proper for the establishment and maintenance of a reserve for repair, replacement, maintenance and for the payment of administration costs, taxes, insurance and other expenses of the Association, and shall be in the ratio that one (1) Lot bears to the total number of lots within the Subdivision. The aforesaid maximum assessment to each lot owner may be increased by the Association only with the prior written consent of two-thirds (2/3) of the lot owners of record by number in said Subdivision.

d) The aforesaid assessments for each year shall be fixed, levied and paid at such times and in such manner as may be prescribed in the Bylaws of the Association (or by the Declarant until the Association is incorporated).

e) Each owner of a lot in the Subdivision, for himself, his heirs, executors, administrators, successors and assigns, covenants and agrees, by acceptance of a deed or other instrument (and regardless of whether it is expressed in any such deed or other conveyance, and regardless of whether such owner accepts such deed in writing), that he shall pay to the Association the annual assessments or charges as provided in Paragraph (c) above. The annual assessment (together with interest at the highest lawful rate, if any such assessments are delinquent, and costs of collection, including reasonable attorney's fees; shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Each assessment, together with such interest, costs and attorneys' fees, shall be the personal obligation of the person who was the record owner of such lot at the time when the assessment fell due, but such personal obligation of the owner shall not be deemed to limit or discharge the charge on the land and continuing lien upon the lot against which such assessment is made. No owner shall escape liability for the assessment which fell due while he was the owner by nonuse of any common facilities or transfer or abandonment of his lot. The owner's personal obligation for assessments which fell due while he was the owner shall not pass to a successor owner. The Association, as the agent and representative of the owners of lots in the Subdivision, shall have the right to enforce the provisions of this Declaration. If the owner of any lot fails to pay an assessment when due, the Association may enforce the payment of the

assessment, or enforce the lien against the lot, by taking either or both of the following actions, concurrently or separately (and by exercising either of the remedies set forth below, the Association does not prejudice or waive its right to exercise the other remedy): (i) Bring an action at law against the owner personally obligated to pay the assessment; (ii) Foreclose the assessment lien against the lot in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the lot may be redeemed after foreclosure sale as provided by law. If any lot subject to such assessment lien shall become subject to the lien of a purchase money or construction mortgage or deed of trust, the foreclosure of the assessment lien shall not affect or impair the lien of any such mortgage or deed of trust. The assessment lien shall be junior and subordinate to the lien of any such mortgage or deed of trust; however, such subordination shall not otherwise affect or impair the assessment lien or discharge the land from the servitude of the assessment lien. Any mortgage foreclosure purchaser, any grantee taking by deed in lieu of foreclosure, or any purchaser at a trustee's sale shall take free of the assessment lien for all charges that have accrued up to the date of trustee's sale, the deed of issuance of a sheriff's deed or deed given in lieu of foreclosure, but shall take subject to all charges accruing subsequent to those events.

f) Until such time as the Association is incorporated (i.e., when fifty (50) lots within the Subdivision have been conveyed by Declarant to bona fide purchasers, or December 31, 1982, whichever first occurs), the Declarant shall have the right to exercise the powers and duties granted in this Declaration to the Association, including, but not by way of limitation, the right to perform all or any part of the duties, assume the obligations, levy and collect the assessments and otherwise exercise the powers given to the Association by this Declaration in the same way and manner as though all of such powers and duties so given were given directly to the Declarant. Upon incorporation of the Association, the Declarant shall turn over any accumulated funds or assets to the Association and be released and divested of any and all such rights, powers and obligations provided for the Association in this Declaration; and the Association promptly shall perform the duties, assume the obligation, levy and collect the assessments and otherwise exercise the powers provided for the Association.

19. Extension of Declaration and Amendment. The foregoing covenants, conditions and restrictions run with the land and shall be binding on all persons owning any of the said lots in the Subdivision until February 15, 1995, at which time said covenants, conditions and restrictions shall be automatically extended for successive ten (10) year periods, unless by a vote of two-thirds (2/3) of the then owners of the lots described, it is agreed to change said covenants, conditions or restrictions in whole or in part. This Declaration may be amended from time to time by a vote of two-thirds (2/3) of the then owners of lots within the Subdivision; provided, however, that prior to February 15, 1995, this Declaration may only be amended by a vote of Declarant and two-thirds (2/3) of the then owners of lots, excluding Declarant.

20. Binding Effect. Deeds or other instruments of conveyance of said lots may contain the above covenants, conditions and restrictions by reference to this document, but whether or not such references are made in such deeds or instruments, each and all of such covenants, conditions and restrictions shall be binding upon the respective grantees, their heirs, successors and assigns.

21. Violations. If there shall be a violation or threatened or attempted violation of any of these covenants, conditions or restrictions, it shall be lawful for any person or persons owning real property situated in the Subdivision to prosecute proceedings at law or in equity to enjoin and/or to receive damages for, each and every violation or threatened violation of any of the covenants, conditions or restrictions contained in this Declaration. In the event the Declarant or Association deems it necessary to bring any legal proceedings against any lot owner or owners to enforce the provisions of this Declaration, and if the Declarant or Association prevails in such proceedings, such party shall be entitled to recover from the lot owner or owners, and such owner or owners agree to pay, all damages, costs and expenses of such proceeding, including, but not being limited to, reasonable attorneys' fees. All such amounts due from an owner or owners shall be a charge upon the land and a continuing lien upon the lot owned by such owner, such lien to be subject to the provisions of Paragraph 18(e) hereof, the same as if said lien were as assessment lien.

22. Severability. Invalidation of any one or more of these covenants, conditions and restrictions shall in no way affect any of the other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, this Declaration has been executed as of the date first hereinabove written.

PINNACLE PEAK DEVELOPERS, A joint venture

**AMENDMENT – March 26, 1980** – Paragraph 1 to read as follows: 1. Single Family Residences. All of the lots in the subdivision shall be used exclusively for single family residences.

**AMENDMENT – January 3, 1984** Paragraph 6 is deleted and substituted with the following:

6. Number and Height of Structures. No structure shall be erected, altered, placed or permitted to remain on any of the lots in the subdivision other than one (1) detached single family dwelling and a private garage and outbuildings as permitted by paragraph 5, each structure to be one (1) story, in height not to exceed twenty (20) feet.

**AMENDMENT – February 27, 2001** The following is added under Section 18. (b) (iv) Maintain, repair or remove as needed, the monument signs located at the various entrances to the Subdivision. (v) Maintain, repair, rebuild or replace as need, the group mailbox structures at various locations within the Subdivision.

## PINNACLE PEAK ESTATES UNIT THREE ARCHITECTURAL STANDARDS

**Section I – INTRODUCTION** - Each Lot within Pinnacle Peak Estates III (PPEIII) is unique in terms of its natural opportunities and constraints. In order to take full advantage of those attributes, each Lot %krill require different approaches in design and construction. It is the intent of the architectural standards and design restrictions set forth in these PPEIII Design Guidelines which are hereby made a part of these PPEIII Guidelines by reference, to preserve, protect and enhance, to the extend justified, the special environment of PPEIII

It is expected that the design of each Residence in PPEIII will be tailored to the unique features of each individual Lot in an effort to achieve a synthesis of nature and Residence. To preserve the natural features of each Lot, such as open space, views, significant existing plant materials and natural drainage patterns, each Residence will need to be sited so as to minimize disruption of the existing environment.

The purpose of the Architectural Review Committee is to evaluate each proposed design for appropriateness to its own Lot as well as its appropriateness to the overall community. The Committee may determine that what was found acceptable in one situation might not be acceptable in another. The goal is for the appearance and character of all Residences and Improvements to harmonize with and enhance their natural and manmade surrou41ngs rather than to dominate and/or contrast sharply with them. The Architectural Review Committee does not require particular architectural styles or design types, but shall review all submittals based on appropriateness to the natural environment, adjacent homes, and the overall community.

Submittals must be made to the PPEIII ARC for any improvements requiring:

1. Building permits
2. Landscape change
3. Significant landscape change in character or plant density
4. Ornamental house or yard decoration
5. Alteration of existing grades that raise the grade more than 12 inches
6. Pools and any rear yard structures

**Section 2. REVIEW AND APPROVAL PROCESS** - In order to assist each Owner in the planning and designing of their Residence to take full advantage of the unique opportunities of their Lot, a comprehensive design review process administered by the PPEIII Architectural Review Committee (ARC) has been established. This process provides an opportunity for the Owner to draw upon expertise and knowledge of the ARC. The PPEIII ARC is charged with the responsibility of maintaining the standards set forth in the PPEIII Architectural Guidelines.

In general, the architectural review process is divided into four phases:

1. Pre-Design
2. Preliminary Submittal
3. Final Submittal
4. Final Inspection

It is strongly recommended that an Owner retain competent professional services for planning and design of their home. A thorough analysis and understanding of a particular Lot and the Owner's special needs and the skill to translate this into building form, as well as the ability to convey to the ARC the concept and design of a proposed Residence or other Improvements, are all important elements of the architectural review process.

The design review process was developed to provide adequate checkpoints along the way, in an effort to minimize time and money spent on designs which do not adhere to the PPEIII Architectural Guidelines. An attempt has been made to streamline this process to eliminate excessive time delays. Nevertheless, each Owner is directly responsible for complying with the PPEIII Architectural Review Guidelines, and all other applicable provisions of the Declarations, as well as all rules and regulations of any governmental authority, in order to bring the design review process to a speedy and satisfactory conclusion.

The PPEIII ARC will conduct reviews of projects during their regular meetings or at such other times, as they deem appropriate. Owners, Architects or Builders may attend any meeting of the Committee. If they have made a request to be on the agenda through the management company 10 days prior to the meeting or if specifically requested to attend by the ARC. The PPE ARC will respond in writing no later than 30 days after a submittal is completed. Any responses an Owner may wish to make in reference to issues contained in the PPEIII ARC's notice following review of submittals should be addressed to the PPEIII ARC in writing.

Although the Committee will enforce all provisions of the Architectural Guidelines, the following will be of particular concern:

- (A) Placement of the Residence and related improvements in relation to other homes including maintaining privacy from other existing Lots or open spaces.
- (B) Building heights
- (C) Exterior elevations of Residences in an effort to establish and maintain a high level of aesthetic quality.
- (D) Exterior paint and material colors as well as color usage and distribution.
- (E) Landscape

The following is a procedural walk-through of the Review and Approval Process.

**2.1 PRE-DESIGN MEETING** - To initiate the review and approval process prior to preparing any drawings for a proposed Improvement, it is advisable that the Owner and/or his Architect meet with the PPEIII ARC to discuss the proposed Residence and to explore and resolve any questions regarding building requirements in PPEIII or interpretation of the PPEIII Architectural Guidelines. This informal review is to offer guidance prior to the initiation of preliminary design. An appointment for the Pre-Design Meeting should be made at least 10 days in advance. (Contact Robin Thomas at AMCOR 948-5860 to schedule an appointment.)

**2.2 PRELIMINARY SUBMITTAL** - Preliminary drawings, including all of the exhibits outlined below, must be submitted to the PPEIII ARC after the Pre-Design Meeting.

2.2.1 Preliminary Submittals shall include:

- (a) A site plan showing the Lot, the Residence and all other buildings or major structures, driveway, parking areas, patios, pools, walls, proposed utility service facilities and routes, septic location, conceptual site grading, topographic features such as washes, existing trees and major shrubs, and preliminary finished floor elevations of all building floors.

(b) Exterior elevations of all sides of the Residence, at the same scale as the floor plans, with both existing and proposed grade lines shown and all exterior materials.

(c) Any other drawings, materials, or samples requested by the Committee.

2.2.2 All accessory Improvements contemplated on the Lot must be shown on the Preliminary Submittal.

2.2.3 To assist the PPEIII ARC in its evaluation of the Preliminary Submittal if requested, the Owner shall provide preliminary staking at the locations of the corners of the major Improvements and at such other locations as the Committee may request.

**2.3 PRELIMINARY REVIEW** - Upon receipt of all of the drawings and information listed in Section 2.2, the Preliminary Submittal will be deemed complete. The PPEIII ARC, at their next scheduled meeting, will then review the submittal for conformance to these PPEIII Architectural Guidelines and will provide a written response to the Owner or the Owner's Architect.

**2.4 FINAL SUBMITTAL** - After preliminary approval is obtained the following documents, which clearly comply with, or satisfactorily resolve, the stipulations for preliminary approval, are to be submitted to the PPEIII ARC for final approval.

2.4.1 Final Submittals shall include:

(a) Complete construction documents for the Residence including all data and information noted in Section 2.2.1 Paragraphs (a)(b)(c) and (d), building sections as required to illustrate the building, all utility locations, electric meter and transformer locations and locations and manufacturer's catalog cut sheets of all exterior lighting fixtures.

(b) Samples of all exterior materials and colors, and window and glass specifications, mounted on an 8 1/2" x 11 " board clearly marked with Owner's name, filing date, and Lot number, and identified with manufacturer's name, color and/or number.

(c) Landscape plans at an appropriate architectural or engineering scale indicating: landscape improvements (with details as appropriate), aesthetic contours and spot elevations, proposed planting, landscape lighting and irrigation plans or notation that the landscaping will be installed with a fully automated irrigation system.

(d) Appropriate site drainage and FEMA Certification

(e) An approximate project schedule indicating approximate dates for start and completion of construction, completion of landscaping work and anticipated occupancy date.

**2.5 FINAL APPROVAL** - Upon receipt of the complete Final Submittal, the ARC will review at their next scheduled meeting the submittal for conformance to these PPEIII Architectural Guidelines, and to any preliminary approval stipulations and will provide a written response to the Owner or the Owner's Architect.

**2.6 CONSTRUCTION PERMIT** - Securing of a building permit is the responsibility of the Owner and/or Builder. Final Architectural Approval by the PPEIII ARC does NOT constitute an approval for a plan review or building permit from the City of Scottsdale. Construction shall be in accordance with the Final Submittal approved by the PPEIII ARC. Additionally, approval by the city does not necessarily mean or give approval by PPEIII.

**2.7 ADDITIONAL CONSTRUCTION AND/OR EXTERIOR CHANGES** Any changes to the approved drawings before, during, or after the construction of an Improvement must first be submitted to the PPEIII ARC for approval.

**2.8 RESUBMITTAL OF DRAWINGS** - In the event of disapproval by the PPEIII ARC of either a Preliminary or a Final Submittal, any resubmission of drawings must follow the same procedure as the original submittal.

**2.9 WORK IN PROGRESS INSPECTION** - The PPEIII ARC may inspect all work in progress and give notice of non-compliance if found. Absence of such inspection and notification during the construction period does not constitute either approval by the

PPEIII ARC of work in progress or of compliance with these PPEIII Architectural Guidelines, or the Declaration.

## 2.10 FINAL INSPECTION

1. Upon completion of any Residence or other Improvement for which the PPEIII ARC gave final approval, the Owner shall give written notice of completion to the PPEIII ARC by forwarding a copy of the City of Scottsdale Certificate of Occupancy.

2. In such reasonable time as the PPEIII ARC may determine, but in no case exceeding 20 days from receipt of such written notice of completion, it may inspect the Residence and/or Improvements. If it is found that such work was not done in strict compliance with the approved Final Submittal it shall notify the Owner in writing of such non-compliance within 30 days of its receipt of the Owner's notice of completion, specifying in reasonable detail the particulars of non-compliance, and shall require the Owner to remedy the same within 30 days.

3. If, upon the expiration of 30 days from the date of such notification by the PPEIII ARC, the Owner shall have failed to remedy such non-compliance, the PPEIII ARC shall notify the Owner, and may take such action to remove the non-complying Improvements as is provided in these PPEIII Architectural Guidelines or the Declaration, including without limitation, injunctive relief

**2.11 NON-WAIVER** - The approval by the PPEIII ARC of any drawings or specifications for any work done or proposed, or in connection with any other matter requiring such approval under these PPEIII Architectural Guidelines or the Declaration, including a waiver by the Committee, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar drawing, specification, or matter whenever subsequently or additionally submitted for approval. For example, the Committee may disapprove an item shown on the final submittal even though it may have been evident and could have been disapproved at the preliminary submitted.

**2.12 COMMENCEMENT OF CONSTRUCTION** - Upon receipt of approval from the PPEIII ARC, the Owner's shall satisfy all conditions thereof and commence the construction, reconstruction, refinishing, alterations, or other work pursuant to the approved drawings within 180 days from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval given shall be deemed revoked. Re-approval of existing or new plans will be required after revocation.

**2.13 CONSTRUCTION REGULATIONS** - Owner/Builder or Owner's Contractor shall be given a copy of the PPEIII Construction Regulations and shall acknowledge receipt of Construction Regulations.

1. No work of any kind shall commence until plans have been submitted and approved by the Architectural Review Committee.

a) Construction of approved plans must begin within one hundred eighty (180) days of approval. If construction is not started, approvals will expire and new approvals will be required.

b) Construction shall be completed within the following time schedules:

New construction - 12 months from approval date or 9 months from start of construction, whichever is sooner.

Remodeling - 9 months from approval date.

If construction is not completed within outlined schedules, approvals will be considered void and new approvals will be required.

2. The house shall be integrated on the site in such a way that the lowest possible contour of the lot (that conforms with FEMA regulations as approved by the City of Scottsdale) is used for the building pad so as to minimize the overall height of the structure.

**Property Disclosure — Pinnacle Peak Estates III - Page 6 of 12**

3. Existing desert vegetation shall not be destroyed or removed except as it is necessary for construction of roads, dwelling houses and connecting buildings to the home except as approved by the Architectural Committee. Excessive disturbance or destruction of the natural desert shall be replaced in kind with indigenous materials and natural densities to the satisfaction of the ARC prior to any grading site areas to remain undisturbed are to be roped off.
4. All residences in Pinnacle Peak Estates III shall be single-family dwellings and single story structures. No interior second floor areas (including lofts) are allowed.
5. No four (4) bedroom single family dwelling house having a single floor area of less than twenty-four hundred (2,400) livable square feet and no single family dwelling house having a ground floor area of less than two thousand (2,000) containing less than four (4) bedrooms shall be erected, permitted or maintained on any of the lots.
6. No structure shall be erected, altered, placed or permitted to remain on any lot other than one (1) single family dwelling not to exceed one story in height and a private garage and/or a private guesthouse not to exceed one (1) story in height. Guesthouse shall be limited to three rooms and a bath. Kitchens are not permitted in guesthouses. No guesthouse shall be rented for income purposes.
7. Maximum building height for any portion of any structure excluding chimney is twenty (20) feet. Chimney shall be no more than 3' above roofline.
8. Exterior roof decks may be allowed under the following conditions:
  - a) Access will only be allowed by exterior stairs
  - b) No roof or shade structures will be allowed on/over roof decks
  - c) No objects of any kind that are deemed to be of a permanent nature can be placed on the deck that could be viewed from adjacent properties.
9. All dwellings to be Spanish, Southwest, Indian or Mexican architecture except as otherwise approved by the Architectural Committee.
10. Colors of all buildings and walls shall be earth tones and shall blend with the natural desert surroundings. Color must be specified in the plans (with samples -attached) and must be approved by the Architectural Committee.
11. All sloped roofs shall be of mission tile construction. All 'flat' roofs shall have parapets on all exposed sides. No roof-mounted appliances of any kind will be permitted. Any solar equipment must be mounted in an architecturally pleasing manner and approved by the ARC prior to installation.
12. No visible aerials or antennas shall be erected or maintained on roofs. All large satellite receiving earth stations may be located in rear and side yards provided that such installation is screened at least to the height of said units by means of solid walls or fences. Installation shall be limited to six (6) feet. It is recommended that satellite dish antennas be recessed into the site so as not to be seen from adjacent properties. All must be painted the same color as the main house.
  - a. All satellite type receiving antennas, regardless of size, will be mounted where they are inconspicuous or not visible from any view.
  - b. Any satellite-receiving unit must be approved by the Architectural Committee prior to its installation. (See attached Satellite Policy guidelines for planning your installation.)
13. All air conditioning units, pool equipment and other pipes, etc. must be screened from public view and placed where noise and vibration will not create a nuisance.
14. Exterior lighting shall be installed and maintained so that such light sources are shielded and not visible from any neighboring property and no light is directed onto neighboring property. Lights shall be shielded so that the light is directed downward. Lights should be mounted no higher than 8 feet from natural grade. Floodlights are expressly prohibited.
15. Driveways and front walks are to be concrete or decomposed granite and natural desert color. (Recommend 900 sq. ft. concrete maximum)
16. Security lighting: Only motion sensor type security lights are acceptable where security lighting is desired.
17. Rear and side yard living areas shall be enclosed with walls a minimum of four (4) feet, six inches high and a maximum of six (6) feet high from natural grade. Walls shall be built within the building envelope boundaries as provided in the recorded plat of the subdivision at natural grade. Walls and fences must be the same as the residence in texture, quality and color.
18. No walls/fences over two and one-half (2 1/2) feet high shall be constructed or maintained closer to the front street line of any lot than the closest portion of the building erected on such lot. No hedge more than three (3) feet in height shall be permitted closer than thirty (30) feet to the front lot line.
19. Concrete stem walls shall not be exposed. Use step footings at slope of natural grade. Earth immediately around the building should strike the walls at the slope of the natural grade.
20. To avoid unnecessary damage to the desert do not over trench for gas, electricity, water, phone, etc.
21. Roofs should blend with the desert. White, silver or other reflective materials are not permitted.
22. All residences must have a garage. Plan garage so it is not the focal point of the building when viewed from the street. All vehicles should be housed in garages.
23. No mobile home, motor home, camper or any type of recreational vehicle, including boats, motorcycles, jet skis, etc. are permitted on any lot unless it is stored in an enclosed garage so that it is not visible from any other lot.
24. Any and all attached awnings must be of the same color of the house and must be approved prior to installation by the Architectural Committee. Roll shades made of canvas or sunscreen materials need approval. Acceptable colors are the same as window awnings. Vinyl or bamboo roll shades are not acceptable. Roll shades must be mounted behind the beam to hide them when they are not in use. Sunshades should not be used to enclose the entire patio. Everything must be approved by the ARC.
25. Patio Mist Systems: Any espoused piping for mist systems should be of rigid copper or PVC type piping and must be painted to match the color of the surface to which it is attached. Piping must be attached to follow the lines of the house to camouflage the piping. All systems must be approved by the ARC.
26. All landscaping plans, new or revised, must be submitted to the Architectural Committee for approval prior to installation. All landscaped areas visible from the street and outside of the fenced area shall be of a desert theme. No grass is permitted in these areas. Landscaping material must be selected from the approved plant list provided by the Architectural Committee.
  - a) All landscaping plans for new homes must be submitted prior to close of sale of home.
  - b) An automatic watering system shall be installed and maintained which is adequate to maintain all new vegetation in approved landscape plans by the Architectural Committee.
  - c) Landscaping of areas outside of walled areas must be completed within 90 days of closing the home sale.
27. Use of any allergy producing plants, grass or other material is prohibited. See attached prohibited plant list.
28. Violations of any landscaping guidelines will require replacement, to meet the CC&R's, Architectural Guidelines or plant list, by owner/builder.

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29. All lot owners are responsible for keeping their lot free of litter, weeds and debris. Landscaping cuttings (i.e., trimmings of bushes, trees, ground covers, grass, etc.) shall be removed the same day trimmed by the owner's landscape maintenance crew.

30. Any revisions to approved construction and/or landscaping plans must be submitted to the Architectural Committee for review prior to construction.

31. All landscape or construction plans must be completed as approved by the Architectural Committee. All work is subject to final inspection by the ARC.

32. Any variances sought from the City of Scottsdale regarding building codes or zoning stipulations must be submitted to the Architectural Committee along with the proposed plans. The granting of any governmental variance does not relieve the owner of responsibilities for compliance with the often more restrictive covenants and architectural standards of PPEIII

33. Approval of plans by the Architectural Committee does not constitute certification that the plans and specifications are in compliance with the Declaration of Conditions, Covenants and Restrictions, Architectural Standards, applicable statutes, codes, ordinances, regulations or professional standards. These matters are solely the owner's responsibility.

34. All construction and landscape plans, including remodeling and revisions, must be submitted as outlined in the attached Construction Standards. Construction and landscape plans should be submitted at the same time.

Basketball hoops - See attached policy: Plans shall be submitted to the ARC for approval prior to any installation of a basketball hoop. Use the guidelines in your planning. All basketball hoops and backboards shall be lowered to the lowest height when not in actual use. Lighting is prohibited.

Sport Courts - All plans for sport courts must be submitted to the ARC for approval prior to any installation. Lighting of sport courts is prohibited,

Signs - No sign of any type may be placed on properties except for the standard real estate "For Sale" sign. Real Estate for Sale signs shall have a maximum area of five square feet and a maximum height of five feet may be permitted in the front yard of the respective lot on a temporary basis. The signs must be removed within ten days of close of escrow.

**ARCHITECTURAL AND DESIGN REVIEW PROCESS AND SUBMITTAL REQUIREMENTS**

1. Pre-design Conference - Is a meeting with the Architectural Review Committee (ARC) to review ideas and goals prior to starting any drawing or design concepts. This will help ensure that the homeowner understands any design guidelines established by the CC&R's and provides the homeowner a unique opportunity to benefit from the assistance of the ARC. The Pre-design Conference is extremely important as it allows the ARC to approve the homeowner's ideas before they have spent much time and money in design efforts.

2. Preliminary Submittal - Submittal for review and approval of preliminary design drawings. The preliminary submittal process will attempt to catch any problems or design guideline violations before considerable work has been completed and help to avoid redesign work.

**Submittal Requirements:**

- \* Site Plan - to scale
- \* Floor Plan - to scale
- \* Elevations (2 minimum) to scale with identification of exterior materials
- \* Exterior Materials Worksheet (see attached)

3. Final Submittal - Submittal for review and approval of final construction documents. This is to ensure that all the requirements of the CC&R's and previous design review stipulations have been met.

**Submittal Requirements:**

- \* Site Plan including dimensions
- \* Setbacks
  - \* Driveway location
  - \* Septic location
  - \* Fences / Walls
- \* Drainage
  - \* Finished Floor Elevation/FEMA Certification
  - \* Floor Plan including Dimensions
- \* Roof Plan including
  - \* Roof Heights
  - \* Roof Materials
- \* Elevations including
  - \* All Four Sides
  - \* Heights of all roofs, building masses and chimneys
- \* Exterior Lighting (should be shown on elevations and site plan)
- \* Landscape Plan (including landscape grading, hardscape, planting, irrigation and lighting information)
- \* Exterior Materials Worksheet - see attached form General Construction Schedule

**IV. Construction Review:**

Review of home at completion of construction to ensure that all requirements have been fulfilled through actual completion.

Copy of Certificate of Occupancy from City of Scottsdale to be provided.

**APPENDIX D  
EXTERIOR MATERIALS WORKSHEET**

Exterior Walls: Materials #1:  
Color # 1:  
Materials #2:  
Color #2:

Windows: Frame Color:  
Glass Type:

Roofing: Materials #1:  
Color #1:  
Materials #2:  
Color #2:

Fascia: Materials:  
(If applicable) Color:

Driveway: Materials:  
Color:

Perimeter Fence/ Materials:  
Rear Yard Wall: Color:

**Section 5 CONSTRUCTION REGULATIONS** - In order to assure that the existing improvements, landscape and common areas of PPEIII are not unduly damaged during construction, the following Construction Regulations should be made a part of the construction contract documents for each Residence or other

Improvements on a Lot. All Builders and Owners shall be bound by these Regulations and any violation by a Builder shall be deemed to be a violation by the Owner of the Lot.

The ARC has determined that Committee Members and the Homeowner's Association Manager will do policing of building sites during construction. Violations to the Construction Regulations will be reported to the Association Manager who will send a letter to the Owner involved. Copies of the letter will be sent to the Builder and the PPEIII ARC.

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5.1 No site clearance, earthwork or construction shall begin until the Architectural Committee has approved plans in writing.

5.2 Cordon off the actual building site and access drive to prevent trucks, etc. from damaging the natural desert.

5.3 For Sale signs:

- a) Shall be limited to one per lot
- b) Shall be located only on the lot
- c) Shall not exceed six (6) sq. ft. in size
- d) Shall be submitted to and approved by the Architectural Committee.
- e) No other signs are permitted.

5.4 OCCUPATIONAL SAFETY AND HEALTH ACT COMPLIANCE (OSHA) - Owners shall be responsible to ensure all applicable OSHA regulations and guidelines must be strictly observed at all times.

5.5 DEBRIS AND TRASH REMOVAL - The Contractor shall contain all building materials and refuse within the building envelope. A metal refuse container shall be maintained on the site at all times. Debris shall be picked up on a daily basis and put in the dumpster. In the event any of the above is not complied with, the Association shall be entitled (after five days written notice) to cause all refuse to be removed. The cost of such removal shall be charged to the lot owner. During the construction period, each construction site shall be kept neat and clean, and shall be properly policed to prevent it from becoming a public eyesore or affecting other Lots or any open space. Unightly construction debris resulting from activity on each construction site shall be promptly removed and the general area cleaned up.

5.6 Construction of approved plans must begin within one hundred eighty (180) days of approval. If construction is not started, approvals expire and new approvals will be required.

5.7 Construction shall be completed within the following time schedules:

- a. New construction - 12 months from approval date or 9 months from start of construction, whichever is sooner.
- b. Remodeling - 9 months from approval date.

If construction is not completed within outlined schedules, approvals will be considered void and new approvals will be required.

5.8 SANITARY FACILITIES - Each Builder shall be responsible for providing adequate sanitary facilities for his/her construction workers. Portable toilets or similar temporary toilet facilities shall be located only within the Lot and serviced weekly. Toilets shall be set well back from the street and be screened from view.

5.9 VEHICLES AND PARKING AREAS - Construction crews shall not park on or otherwise use other Lots or any common open space. Private and construction vehicles and machinery shall be parked only within the Lot or in areas designated by the PPEIII ARC. All vehicles shall be parked so as not to inhibit traffic and destroy natural desert. Each Builder shall be responsible for its subcontractors and suppliers obeying the safe speed limits. Adhering to the safe speed limits shall be a condition included in the contract between the Builder and its Subcontract or Suppliers.

5.10 EXCAVATION MATERIALS - Excess excavation materials must be hauled away from PPEIII or incorporated into the landscape grading.

5.11 RESTORATION OR REPAIR OF OTHER PROPERTY DAMAGES - Damage and scarring to other property resulting from construction operations, including, but not limited to, open space, other Lots, roads, driveways, concrete curbs and gutter, and/or other Improvements will not be permitted. If any such damage occurs, it must be repaired and/or restored, promptly at the expense of the Builder or Owner as directed by, and to the complete satisfaction, of the ARC.

5.12 MISCELLANEOUS AND GENERAL PRACTICES - All Owners will be absolutely responsible for the conduct and behavior of their

agents, representatives, builders, contractors, and subcontractors while on the premises of PPEIII. The following practices are prohibited:

1. Changing the oil of any vehicle or equipment on the site itself or at any other location within PPEIII.
2. Allowing concrete suppliers, plasterers, painters or any other subcontractors to clean their equipment on any other Lot or any common areas.
3. Removing any rocks, plant material, topsoil, or similar items from any property of others within PPEIII including other construction sites.
4. Using disposal units other than those approved by the PPEIII ARC.
5. Careless disposition of cigarettes and other flammable material. At least one 10 pound, ABC rated, dry chemical fire extinguisher shall be present and available in a conspicuous place on the construction site at all times.

6. Catering trucks will not be permitted to use their horns; their schedules are routine enough for workers to be aware of break times. Also, trash generated by the purchase of items from these trucks and from construction practices generally should be contained and disposed of properly. Repeated problems with these requirements could result in the trucks being denied admittance to the property.

5.13 DUST AND NOISE - The Builder shall be responsible for controlling dust and noise, including without limitation music, compressor, backhoe, etc. from the construction site. Radios and other audio equipment playing music on construction sites at PPEIII are permitted provided music levels are kept at a comfortable listening level and do not disturb neighbors or other residents. If complaints are received, all radios will be prohibited at all times.

5.14 DAILY OPERATION - Standard daily working hours for each construction site shall be from sunrise to sunset for all exterior construction work or noisy construction work, unless the PPEIII ARC designates other hours in writing. Any work that causes loud noise (i.e., noise from power tools, portable engines, grading equipment or other noise inherent with construction) must stop by 6:00 P.M. each evening and may not begin before 9:00 A.M. on Sundays. Use of any lights prior to sunrise or after sunset for exterior construction of house is expressly prohibited.

5.15 The Architectural Committee is to be notified when construction is complete for final onsite review to verify that construction was completed in accordance with approved plans.

**APPENDIX F - PROHIBITED PLANT LIST** - The following may not be planted or maintained anywhere in PPEIII:

1. Any species of tree or shrub whose mature height may reasonably be expected to exceed 20 feet, with the exception of those species specifically listed as approved by the PPEIII ARC.
2. All Palms (Palmae) whose mature height may reasonably be expected to exceed 6 feet will be prohibited for esthetic reasons as well as their high maintenance requirements. Dwarf varieties whose mature height may reasonably be expected to be less than 6 feet will be allowed only within the confines of a walled rear yard.
3. All Pines (Pinus), Cypress (Cupressus), False Cypress (Chamaecyparis), Juniper or Cedar (Juniperus) except those species specifically approved, whose mature height may reasonably be expected to exceed 6 feet will be prohibited for aesthetic reasons. Dwarf varieties and those whose mature height may reasonably be expected to be less than 6 feet may be used immediately adjacent to dwellings or connecting structures or within the confines of a walled rear yard.
4. Olive trees (*Olea europaea*) will be prohibited for reasons, of their profuse production of allergy-producing pollen as well as for aesthetic reasons.
5. Oleanders (*Nerium oleander*) and Thevetia (*Thevetia* species), will be prohibited for aesthetic reasons as well as for their profuse production of allergy-producing pollen. These poisonous plants will also be prohibited for their high maintenance requirements and excessive height. Dwarf varieties will be allowed.
6. Fountain Grass (*Pennisetum setaceum*) will be prohibited as a defined weed with the potential to spread throughout the development and also as a fire hazard.

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- 7. All varieties of Citrus will be prohibited for aesthetic reasons and for their profuse production of allergy-producing pollen. Dwarf varieties are permissible within the confines of a private garden.
- 8. Common Bermuda Grass (*Cynodon dactylon*) will be prohibited as a defined weed.
- 9. Mexican Palo Verde (*Parkinsonia aculeatra*) will be prohibited as a harbinger of pests and because of its ability to spread throughout the development, thereby altering the present natural desert.

in the community, the Architectural Review Committee (ARC) for Pinnacle Peak Estates III (PPEIII) resolves that the following policy will be implemented immediately with any new basketball goals being erected on any lot in the subdivision. RESOLVE THAT:

- 1. All basketball goals must be pole mounted. All goals must be set in concrete.
- 2. All nets must be nylon (no chain nets) and maintained in good condition at all times.
- 3. Insofar as possible, the ARC would encourage that all basketball goals be mounted in the rear or side yard of the lot behind a 6-foot high privacy wall.
- 4. All basketball goals must be screened with mature desert trees, planted in locations to significantly obstruct the structure's presence. Existing vegetation may be utilized if the height of the existing tree is 6 feet or greater.
- 5. All plans for the installation of basketball goals, including material samples, location plan, vegetation plan and manufacturer details must be submitted to the ARC for approval IN ADVANCE of installing the structure. Goals that are installed without permission of the ARC are in violation of the Covenants, Conditions and Restrictions (CC&R's) that govern the community and will be treated accordingly.
- 6. To improve and enhance the visual appearance of the community, the ARC would ask that all existing "portable" basketballs goals be located in a visually unobtrusive area to the rear or side yard behind a 6-foot high privacy wall.
- 7. All goals shall be kept at a minimum height when not in actual use.

**APPENDIX G - APPLICABLE GOVERNMENT REGULATIONS**

**NATURAL AREA OPEN SPACE (N.A.O.S.) EASEMENTS**

Areas required by the City to be designated as natural area open space (N.A.O.S.) May occur on either commonly or privately held lands. In all cases, they must be legally secured to assure that they continue as a permanent feature of the landscape.

The intent is that natural areas be natural desert free from any Improvements and any scars resulting from construction. As long as the vegetation and land surface are not permanently damaged, it is possible to clean and trim in natural areas. Landscaping such areas is not allowed unless needed to repair vegetation that has been destroyed. This repair is the responsibility of the property Owner.

Each Lot Owner will be required to record a Natural Area Open Space Easement in the form required by the City.

SCOTTSDALE NATURE PLANT ORDINANCE - The latest edition of the Scottsdale Native Plant Ordinance is hereby incorporated into these PPEIII Design Guidelines by reference.

**MODIFICATION REVIEW APPLICATION  
FOR  
PINNACLE PEAK ESTATES -UNIT THREE**

DATE RECEIVED:

LEGAL DESCRIPTION: PHASE:  
 LOT:  
 NAMES OF OWNERS:  
 PHONE NUMBERS  
 (BUSINESS) (HOME)

MODIFICATION TO PROPERTY  
 (Check one)  
 LANDSCAPE  
 REMODEL  
 ADDITION TO HOUSE

DESCRIPTION OF PROPOSED PLANNED MODIFICATION

ATTACHMENTS:

- a) 3 copies of building plans (with color samples if structural, grade levels, lighting)
- b) 3 copies of plant list - landscape
- c) 3 copies irrigation drawing if major landscape modification

MATERIALS AND COLORS

ITEM:	STRUCTURAL MATERIAL SIZE	LANDSCAPE COLOR (samples attached) PLANT LISTED
WALLS:		
TRIM:		
ROOFING:		
WINDOWS:		
DOORS:		
FENCING:		

\*Architect: Name License No.  
 Address Phone No.

**ARCHITECTURAL STANDARD POLICY - BASKETBALL GOALS** - In order to maintain a standard appearance for recreational equipment

**BY-LAWS  
OF**

**PINNACLE PEAK ESTATES UNIT THREE  
HOMEOWNERS' ASSOCIATION**

**ARTICLE I - ARTICLES OF INCORPORATION**

Section 1. Articles. Any reference herein made to this Association's Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto as at any given time on file with the Arizona Corporation Commission, together with any and all certificates theretofore filed by the corporation with the Arizona Corporation Commission.

Section 2. Seniority. The Articles will in all respects be considered senior and superior to these Bylaws with any inconsistency to be resolved in favor of the Articles, and with these Bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

**ARTICLE II - DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS**

Reference is made to that certain Declaration of Covenants, Conditions and Restrictions for Pinnacle Peak Estates Unit Three, dated October 25, 1979, recorded January 7, 1980 in Docket 14140, pages 278 to 288, in the Office of the County Recorder of Maricopa County, Arizona as amended by Amendment to Declaration of Covenants, Conditions and Restrictions, Pinnacle Peak Estates Unit Three, dated March 26, 1980, recorded March 26, 1980 in Docket 14311 pages 532 to 533, records of Maricopa County, Arizona (the "Declaration"). The Declaration, as it may be amended or supplemented from time to time, is incorporated herein by reference.

**ARTICLE III - MEMBERSHIP**

Section 1. Annual Meetings. Each annual meeting of the members shall be held in Scottsdale, Arizona in December of each year, or at such place as may be fixed by the Board of Directors and set out in the notice of the meeting; provided; however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day, and provided further that the Board of Directors may by resolution fix the day of the annual meeting at such other date as the Board may deem appropriate.

Section 2. Special Meetings. Special meetings of the members may be held at such places and at such times as may be fixed by the Board of Directors whenever called in writing by the President, a majority of the Board of Directors or by the members holding a majority of the total votes entitled to be cast by all members.

Section 3. Notices. Each member of the Association shall be notified by the Secretary by written notice mailed to such member's address within the Subdivision, as that term is defined in the Declaration (unless the Secretary has received a written notice from such

## Property Disclosure — Pinnacle Peak Estates III - Page 10 of 12

member designating a different address) at least ten (10) days before the date of the annual meeting, stating the time and place of the meeting. Special meetings may be called in like manner after five (5) days notice, but any such notice also shall designate the purpose of the meeting. In all such cases the date of mailing of the notices shall be considered the date such notices were given. Notices need only be given to members appearing as such on the books of the Association at the time of mailing of the notices.

**Section 4. Waiver.** No call or notice of any meeting of the members shall be necessary if waiver of call and notice is signed by all the members.

**Section 5. Quorum.** At any regular or special meeting of the members (or their representatives designated pursuant to Section 6 of this Article III) the members holding ten percent (10%) or more of the total votes entitled to be cast by all members shall constitute a quorum for the transaction of business. A quorum shall be necessary to elect directors and transact any other business. In the absence of a quorum, a majority of the members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

**Section 6. Membership Certificates.** Membership Certificates in such form as shall be approved by the Board of Directors shall be issued to the members. The certificate shall be executed by the President or Vice-President and countersigned by the Secretary or an Assistant Secretary of the Association. If any lot is owned by two (2) or more people or entities, the membership as to such lot shall be deemed a single membership, 'only one (1) membership certificate shall be issued in the names of all owners of record, and such persons or entities who comprise the owners shall designate in writing to this Association the name of the person or entity (from among themselves) who shall cast the vote for and on behalf of the owners. If the owner of a lot is a corporation or other entity, an officer or other duly authorized representative of the corporation or other entity may cast a vote for or on behalf of the owner.

**Section 7. Manner of Voting.** Each certificate of membership in the Association will be entitled to one (1) vote; provided, however, in the election of directors, members shall be entitled to cumulate their votes in accordance with Section 10, Article XIV of the Constitution of the State of Arizona.

**Section 8. Disqualification.** In the event any owner shall be in arrears in the payment of any amounts due under any of the provisions of the Declaration, the Articles or these Bylaws for a period of fifteen (15) days, or shall be in default in the performance of any of the terms thereof for a period of fifteen (15) days, such owner's right to vote as a member of this Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

**Section 9. Proxies.** Any member entitled to vote thereat may vote by proxy at any meeting of the members (and at any adjournment thereof) which is specified in such proxy, provided that his or her proxy is executed in writing by such member or his or her duly authorized attorney in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided therein. The burden of proving the validity of any undated, irrevocable or otherwise contested proxy at a meeting of the members will rest with the person seeking to exercise the same. A telegram or cablegram appearing to have been transmitted by a member or by his duly authorized attorney in-fact may be accepted as a sufficiently written and executed proxy.

**Section 10. Irregularities.** All informalities and irregularities in calls, notices of meetings and in the manner of voting, credentials, and methods of ascertaining those present, shall be deemed waived if no objection is made at the meeting.

### ARTICLE IV - DIRECTORS

**Section 1. Management.** The control and management of the property, affairs and business of the Association shall be vested in a Board of Directors of not less than three (3) nor more than nine (9) members. The initial Board of Directors shall consist of three (3) members and shall serve until the first annual meeting of the members. The Board of Directors will have the power to increase or decrease its size within the aforesaid limits and to fill any vacancies which may occur in its membership, whether resulting from an increase in the size of the Board or otherwise, and shall hold office until the next annual meeting of the members.

**Section 2. Election and Term of Office.** The Board of Directors shall be elected annually at the annual meeting of members and shall hold office until their successors have been elected and hold their first meeting.

**Section 3. Quorum.** A quorum for the transaction of business at any meeting of the Directors shall consist of a majority of the Board of Directors then in office.

**Section 4. Annual and Regular Meetings.** An annual meeting of the Directors shall be held immediately after the adjournment of, and at the place of, the annual meeting of the members. Additional regular meetings of the Directors may be held without notice at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

**Section 5. Special Meetings.** Special meetings of the Board of Directors shall be held at such times and places, as may be designated by the Board of Directors whenever such meetings are called orally or in writing by the President or a majority of the Board. Notices of special meetings, shall be given by the Secretary to each Director orally or in writing, at least three (3) days before the time fixed for the meeting. Such notices shall advise each Director of the time, place and general purpose of the meeting, and shall be delivered personally, or shall be given by telephone or telegram, or, if sent by mail, such three (3) days' notice shall be deemed to have been given if the notice is postmarked at least five (5) days before the date of the meeting. By unanimous consent of the Directors, special meetings of the Board may be held at WW time without call or notice, or waiver or call and notice.

**Section 6. Unanimous Consent.** Any action, which could be taken by the Directors at a duly convened annual or special meeting of the Board may be taken without a meeting if all of the Directors consent thereto in writing. Such consent shall have the same effect as a unanimous vote of the Directors.

**Section 7. Vacancies.** In the event of the death, resignation, or discharge of a Director for any reason, such vacancy shall be filled by vote of the majority of the Directors present at a properly called meeting of the Board of Directors, and the Director elected to fill such a vacancy shall complete the term of office of the Director so replaced.

**Section 8. Removal of Directors.** At a meeting of members called for that purpose, the entire Board or any individual Director may be removed for reasonable cause by the affirmative vote of a majority of the members present in person or by proxy. Notwithstanding this provision, unless the entire Board of Directors is removed, an individual Director shall not be removed in the event votes of a sufficient number are cast against the resolution of his removal, which if cumulatively voted at an election of the entire Board of Directors, would be sufficient to elect at least one (1) Director. A successor may be elected to fill any vacancy created by the removal of a Director. Any Director, whose removal has been proposed by the members, shall be given an opportunity to be heard at the meeting.

**Section 9. Expenses.** No Director shall receive compensation for any service he may render to the Association as a Director. However, any Director may be reimbursed for his actual and reasonable expenses incurred in the performance of his duties.

### ARTICLE V - OFFICERS

**Section 1. Designation of Officers.** The Directors shall elect the officers of the Association at an annual meeting of the Board of Directors; provided, however, that elections of additional officers may be held at any other meeting of the Board specifically called for such purpose. The officers of the Association shall consist of a President, Vice President, Secretary and Treasurer, any two (2) of which offices, other than President and Secretary, may be held by one (1) person. The Board of Directors may also appoint one (1) or more Assistant Secretaries and Assistant Treasurers, which officers shall have authority to perform such duties as may be prescribed by the Board or the President. The elected or appointed officers of the Association must be members.

#### Section 2. Duties of Certain Officers.

(a) **President.** The President shall be the chief executive of the Association. He shall preside at all meeting of the Board of Directors; shall be ex officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association all contracts and other written instruments to be executed by the Association; and shall see that all resolutions of the Board are carried into effect. He shall do and perform such other acts and duties as may be required of him by the Board of Directors, but his authority shall be subject to the control and direction of the Board of Directors at all times.

(b) **Vice-President.** The Vice President, in the absence or disability of the President, shall perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors shall prescribe.

(c) **Secretary.** The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the members and each meeting of the Board of Directors; shall give or cause to be given, when required, notice of all meetings of the members and notice of all meetings of the Board; shall keep an accurate list of all members of the Association and their addresses, and shall perform such other duties as may be prescribed by the Board of Directors or the President. An Assistant Secretary, or Executive Secretary,

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if appointed, shall in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary.

(d) Treasurer. The Treasurer shall have custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board, demanding proper vouchers for such disbursements. He shall prepare and submit a written financial report at each annual meeting of the members, and shall render to the President an account of all his transactions as Treasurer and such additional reports of the financial condition of the Association as the Board may require. The Treasurer may be required to furnish a surety bond in an amount determined by the Board, the premium of which shall be paid by the Association. An Assistant Treasurer, if appointed, shall, in the event of the Treasurer's absence or inability to act, perform the duties and functions of Treasurer.

Section 3. Other Employees. The Board of Directors may engage the services of such other employees, including but not limited to an Executive Secretary as well as a Manager, as may from time to time be deemed necessary or advisable for the objects and purposes of the Association.

Section 4. Removal of Officers; Vacancies. All officers, agents and employees shall be subject to removal at any time by the affirmative vote of the majority of the members of the Board of Directors, then in office. Any vacancy caused by removal, resignation, death or for any other reason whatsoever may be filled by the Board of Directors as the Board may deem appropriate.

Section 5. Committees. The Association shall have as a standing committee an Architectural Committee as provided in the Declaration. In addition, the Board shall from time to time appoint other committees as deemed appropriate in carrying out its purpose.

Section 6. Compensation. The President, Vice-President, Secretary and Treasurer shall receive no compensation for their services rendered to the Association as such officers. However, such officers may be their duties. The Board of Directors may fix and pay such reasonable compensation for other officers or employees of the Association, as the Board deems proper.

### ARTICLE VI - ASSESSMENTS

Section 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year for the Association. Such budget shall take into account the estimated expenses and cash requirements for the year and for each month thereof. The annual budget may provide for a reserve for contingencies in such reasonable amounts as may be determined by the Board. To the extent that assessments and other cash collections from the members during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

Section 2. Assessments. The estimated annual budget for each fiscal year shall be approved by the Board and copies thereof shall be furnished to each member not later than thirty (30) days before the beginning of such year. Upon approval of the estimated annual budget by the Board, the Board shall assess each lot as the annual assessment for the year covered by the annual budget. Each owner of record shall be personally liable for the annual assessment attributed to his lot. If a lot is owned by more than one (1) person or entity, each owner shall be liable for his proportionate share of his lot's annual assessment, computed by multiplying his lot's annual assessment by the ratio that one (1) bears to the total number of owners of his lot.

Each annual assessment shall be due and payable on or before January 10 of the year covered by the annual assessment. The Board of Directors shall have the power to authorize other payment schedules at its discretion.

In addition to the foregoing regular annual assessment, the Board may levy such additional special assessments (sometimes hereinafter referred to as "special assessments" as may be necessary or desirable to meet expenses of the Association during the fiscal year. The annual assessment and the special assessments shall collectively sometimes hereinafter be referred to as the "Assessment." Such special assessments shall be payable when, and upon such notice, as the Board may determine. All amounts, whether regular or special, shall be due and payable to the corporation.

Section 3. Maximum Assessment. No Lot's pro rata share of the Assessment shall exceed \$200-per year, unless such maximum Assessment is increased by the Association with the prior written consent of two-thirds (2/3) of the lot owners of record of said Subdivision.

Section 4. Partial Months. Upon becoming a member of this Association, an owner of a lot in the Subdivision shall thereupon become obligated to pay the assessments and charges provided for herein. If membership commences after January 10 of any calendar year, the member's assessments for that calendar year shall be prorated to the date membership commenced. All members shall remain liable for all assessments and other charges payable hereunder so long as they are members of this Association. In the event that membership terminates, assessments shall be prorated to the date of termination; provided, however, that anything herein to the contrary notwithstanding, any delinquent assessments shall remain the continuing responsibility and obligation of the delinquent owner even after membership in this Association terminates.

Section 5. Delinquency. Assessments as provided for herein shall be due and payable on or before January 10 or at such other time as may be directed by the Board. Failure to pay assessments when due shall render the assessments delinquent and such delinquent assessments shall bear interest at the highest lawful rate per annum from the date of delinquency until paid.

Section 6. Liens. Any and all delinquent amounts, with interest, shall be a lien and a charge upon all the property of the member located within the Subdivision, such lien to be junior only to the lien or charge of any bona fide first mortgage or first deed of trust upon the same property or any part thereof at any time given or made. Suit to recover a money judgment for unpaid expenses or assessments shall be maintainable without foreclosure or waiving the lien securing the same. In any legal action against a member to enforce payment of any unpaid assessments or otherwise to secure compliance with the provisions of these Bylaws, the Articles, or Declaration, the Association, upon prevailing, shall be entitled to reimbursement from the member for all costs and expenses incurred, including, but not limited to, reasonable attorneys' fees.

### ARTICLE VII - AMENDMENTS

Section 1. Amendments. These Bylaws may be amended by the affirmative vote of a majority of the Board of Directors. These Bylaws may not be amended insofar as such amendment would be inconsistent with the Declaration or the Articles.

### ARTICLE VIII - FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Association shall be January 1 through December 31. The commencement date of the fiscal year herein established shall be subject to change by the Board.

Section 2. Books of Account. Books of account of the Association shall be kept under the direction of the Treasurer on a consistent basis in accordance with generally accepted accounting practices.

Section 3. Contracts. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the Association by either the President or Vice-President and countersigned by either the Secretary or the Assistant Secretary. The majority of the Board shall approve all contracts at a regular or special meeting.

### ARTICLE IX - CONSTRUCTION

Section 1. Discrepancies. Any discrepancies or conflicts between the provisions of the Arizona Revised Statutes, the Declaration, the Articles, the Bylaws, and the Rules shall, unless otherwise provided, be resolved by giving priority first to the Arizona Revised Statutes, second to the Declaration, third to the Articles, fourth to the Bylaws, and fifth to the Rules.

### CERTIFICATION OF ADOPTION

This is to certify that the foregoing Bylaws were duly adopted by the Board of Directors of Pinnacle Peak Estates Unit Three Homeowners' Association pursuant to an Action by Unanimous Written Consent of the Board of Directors.

DATED this 23rd. day of November 1987.

Approved by:

PINNACLE PEAK ESTATES UNIT THREE  
HOMEOWNERS' ASSOCIATION,  
an Arizona nonprofit corporation

Jim Walton  
Steve Gillian  
Don Stunoff  
Claudia Chambers     by Claudia Chambers  
Alyce Coburn         It's Secretary  
Cary Dix  
Beverly Noeltl

**ARTICLES OF INCORPORATION  
OF  
PINNACLE PEAK ESTATES UNIT THREE  
HOMEOWNERS' ASSOCIATION**

Recorded: JULY 22, 3:30 PM, 1987 --- 197471-7

**KNOW ALL MEN BY THESE PRESENTS:**

The undersigned, for the purpose of forming a private, nonprofit corporation, the object of which is not pecuniary profit, having the purpose hereinafter set out, under and pursuant to Chapter 5, Title 10, of the Arizona Revised Statutes, and for the further purpose of electing directors for the corporation, does hereby adopt the following Articles of Incorporation:

1. Name: The name of the corporation (hereinafter referred to as "the Association") shall be PINNACLE PEAK ESTATES UNIT THREE HOMEOWNERS' ASSOCIATION.

2. Purpose: The Association is organized and shall be operated for (a) the purposes set forth for the "Association" in the Corrected Declaration of Covenants, Conditions and Restrictions for Pinnacle Peak Estates Unit Three ("the Declaration") recorded on January 7, 1980, at Docket 14140, Page 278, in the office of the Maricopa County, Arizona, Recorder, and (b) the purpose of acting as a "homeowner's association," as that term is defined in Section 528(c) of the Internal Revenue Code of 1986.

3. Business: The Association initially intends to engage in the following activities (which shall be construed as the character of the nonprofit business which the Association initially intends to conduct in the State of Arizona): perform all functions to be performed by the "Association" as set forth in the Declaration. Such initial intention shall in no manner whatever limit the character of the activities and businesses in which the Association may ultimately engage; provided, however, that the Association shall only engage in such business as will further the exempt purposes set forth in Section 528 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder as they now exist or as they may be hereafter amended from time to time.

4. Authorized Stock: The Association shall have no capital stock.

5. Statutory Agent: The name and address of the initial statutory agent of the Association is Brown Bain, P.A., 222 North Central Avenue, P.O. Box 400, Phoenix, Arizona

6. Known Place Of Business: The known place of business of the Association shall be 9388 East San Salvador, Scottsdale, Arizona 85258, but different and other offices and places for conducting business, both within and without the State of Arizona, may be established from time to time by the board.

7. Board of Directors; Annual Meeting of Members: The business and affairs of the Association shall be conducted by a Board of Directors (herein referred to as "the board"). The following persons shall constitute the initial board of the Association and shall serve in such capacity until the first annual election of directors or until their successors are elected and qualify:

Cary V. Dix  
9450 N. 94th Place, #209  
Scottsdale, Arizona 85258

Thurman W. Lawrence  
8041 East Whispering Wind Drive  
Scottsdale, Arizona 85255

Richard L. Frucci  
8027 East Whispering Wind Drive  
Scottsdale, Arizona 85255

Otherwise, the number of persons to serve on the board shall be fixed by the Bylaws of the Association, but in no event shall it be less than three; further, each member of the board shall be elected for such term as shall be fixed by the Bylaws of the Association, provided, however, that in no event shall any change in the length of such term effected by an amendment to the Bylaws be applied so as to shorten the term being served by any member of the board at the time such amendment is adopted.

8. Quorum: A quorum at a meeting of the board shall consist of a majority of the directors then serving.

9. Incorporator: The name and address of the incorporator of the Association is:

Howard N. Singer  
222 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004

The sole duty and responsibility of the Incorporator is to sign and deliver these Articles of Incorporation to the Arizona Corporation Commission for filing. All powers, duties and responsibilities of the Incorporator shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

10. Net Earnings: No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of association property, and other than by a rebate to members of excess membership dues, fees and assessments (and not net earnings)) to the benefit of or be distributable to any member, director or officer of the Association, or to any private individual, except that reasonable compensation may be paid for services rendered to or for the Association and other payments and disbursements may be made in furtherance of one or more of its purposes.

11. Members: Each owner of a lot in Pinnacle Peak Estates Unit Three shall automatically be a member of the Association. Membership in the Association shall be appurtenant to the ownership of a lot, and shall be deemed to be automatically transferred to the new lot owner upon the sale of any lot. The voting rights of the members shall be as set out in the Declaration and in the Bylaws.

12. Private Property: Private property of the incorporator, members, directors and officers of the Association shall be forever exempt from all corporate debts of any kind whatsoever, provided, however, that nothing contained in this Article shall limit the liability of members' property for payment of assessments levied by the Association.

13. Fiscal Year: The fiscal year of the Association shall run from January 1 through December 31 of each year.

14. Indemnification of officers, Directors, Employees and Agents: The Association shall indemnify any person who incurs expense by reason of the fact he or she is or was an officer, director, employee or agent of the corporation. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

15. Elimination of Liability of Directors: The liability of directors of the Association is eliminated in all circumstances and to the fullest extent permitted by Chapter 5, Title 10, Arizona Revised Statutes.

IN WITNESS WHEREOF, for the purpose of forming the Association under the laws of the State of Arizona, I, the undersigned incorporator, have executed these Articles of incorporation on July 22, 1987

Howard N. Singer

BROWN BAIN, P.A., having been designated to act as Statutory Agent, hereby consents to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

BROWN & BAIN, P.A.,  
Statutory Agent

by Howard N. Singer