

3. ASSESSMENTS

A. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot/Parcel, by becoming the Owner thereof, whether or not it is expressed in the deed or other instrument by which the Owner acquired ownership of the Lot/Parcel, is deemed to covenant and agree to pay to the "Association" all assessments, including, but not limited to, annual assessments and special assessments. All assessments payable under Section 3 below of this Declaration, together with interest from the due date for such assessment at a rate determined by the Board of Directors, late charges, collection costs, administrative costs and attorneys' fees and court costs shall be a charge on the land and shall be a continuing lien upon each Lot/Parcel against which such assessment is levied. Each such assessment, together with interest from the due date for such assessment at a rate determined by the Board of Directors, late charges, collection costs, administrative costs, and attorneys' fees and court costs, shall also be the personal obligation of the Owner of such Lot/Parcel at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

B. Assessed for 2.5 Acre Owned. The assessments together with interest from the due date for such assessment at a rate determined by the Board of Directors, late charges, collection costs, administrative costs, and attorneys' fees and court costs shall be charged for each 2.5 acre owned inclusive of any rights-of-way dedication or any fractional division thereof as having proportionate acreage owned.

C. Non-Exemption; Definition of Owner. No Owner of a Lot/Parcel is exempt from the obligation to pay assessments as imposed by the "Association" by waiver and non-use of the facilities or by the abandonment of the Owner's Lot/Parcel. An Owner, whether one or more persons or entities, shall mean the record holder of the fee simple title to any Lot/Parcel, including without limitation, one who is buying a lot under a recorded contract, but excluding others having an interest merely as security for the performance of an obligation. In the case of a Lot/Parcel where the fee simple title is vested of record in a trustee under a deed of trust, legal title shall be deemed to be in the trustor. In the case where a Lot/Parcel's fee simple title is vested in a trustee pursuant to a trust agreement, the beneficiary entitled to possession shall be deemed to be the Owner.

D. Purpose of Assessments. The Board of Directors shall establish assessments chargeable to the Owners to cover the actual cost of operation, maintenance, repair and replacement of the facilities under its control and management for the benefit of the Owners. These facilities include, but are not limited to, the well, the water system, and the roadways within Section 30 of Maricopa County, City of Surprise, Arizona. The assessments shall include any insurance deemed necessary by the Board of Directors.

E. Annual Assessments. For each fiscal year of the "Association," the Board of Directors shall adopt a budget for the total amount of funds which the Board determines necessary to pay the expenses of the "Association" including, but not limited to: (1) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the facilities identified in Section 3(D) above, (2) other amounts necessary to render to the Owners such services as required by the Declaration, and (3) such amounts as may be approved by the Board to be contributed to a reserve fund.

At the July 18, 2020 Special meeting of the Members, a majority vote of the Owners set the amount of the annual assessment at seventy dollars (\$70.00) for each 2.5 acre Lot/Parcel owned.

At the end of each fiscal year, the Board of Directors may, at its sole discretion, increase the annual assessment from the prior fiscal year without a vote of Owners, but the Board shall not impose an annual assessment that is more than twenty percent (20%) greater than the immediately preceding annual assessment without the approval of the majority of the Owners of the "Association."

F. Special Assessment. In addition to the annual assessment authorized above, the "Association" may levy, in any fiscal year, a special assessment from time to time for the purpose of paying for un-budgeted expenses or the cost of construction, reconstruction, repair or replacement of a facility, as listed above in Section 3(D). A special assessment shall have the approval of the Owners having at least fifty-one (51%) of the votes entitled to be cast by the Owners who are voting in person or by absentee ballot at a meeting duly called for such purpose.

G. Effect of Non-payment of Assessments; Payment of Attorneys' Fees. The "Association" shall have the right to enforce collection of any delinquent assessments together with interest, late charges, collection costs, administrative costs, and attorneys' fees and court costs in any manner allowed by law including, but not limited to: (1) bringing an action at law against an Owner personally obligated to pay the delinquent assessments, or (2) an action to foreclose the "Association's" lien against the Lot/Parcel in the manner provided by law for the foreclosure of a mortgage of real property. The "Association," acting on behalf of the Owners, shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots/Parcels purchased at such sale. In the event that the "Association" employs an attorney to enforce said lien to collect the amounts due to the "Association" pursuant to this Declaration or to enforce compliance with or specific performance of the terms and conditions of this Declaration, the Owner(s) against whom the action is brought shall pay all attorneys' fees and costs incurred by the "Association," if the "Association" prevails in any such action.

The "Association's" lien shall have priority over all liens or claims created following the recordation of the Declaration except for: (1) tax lien for real property taxes on the Lot/Parcel; (2) assessments on any Lot/Parcel in favor of any municipal or other governmental body; and (3) the lien of a first deed of trust or first mortgage.

H. Maintenance of Reserve Fund. From the annual assessments and other income as approved by the Board of Directors, the "Association" shall maintain a reserve fund with an established minimum dollar amount set by the Board of Directors, which shall be for the repair and replacement of the facilities, including, but not limited to, those facilities set forth in Section 3(D) above.

The Board of Directors may adopt resolutions that designate how to expend the reserve fund on the facilities.

I. Subordination of Association Lien to Mortgages. The "Association's" lien shall be subordinate to the lien of any first deed of trust or mortgage on a Lot/Parcel. The sale or transfer of any Lot/Parcel shall not affect the assessment lien, except the sale or transfer of a Lot/Parcel pursuant to a judicial or non-judicial foreclosure of a first deed of trust or mortgage shall extinguish the "Association's" lien as to payments which became due prior to the sale or transfer. No sale or transfer shall relieve the Lot/Parcel from liability for any assessments thereafter becoming due or from the lien for such assessments.

J. Construction of Community Documents; Enforcement; Severability. In the event of any conflict or inconsistency between this Declaration, the Articles of Incorporation, and/or the Bylaws, the provisions

of this Declaration shall control, and the provisions of the Articles of Incorporation shall prevail over the provisions of the Bylaws. The "Association" has the exclusive right to construe and interpret the provisions of this Declaration in the absence of an adjudication of a provision by a court of competent jurisdiction. The "Association" shall have the right and authority to enforce the restrictive covenants contained in this Declaration. Failure by the "Association" to enforce the restrictive covenants contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter. Any determination by any court of competent jurisdiction finding that any provision of this Declaration is invalid or unenforceable will not affect the validity or enforceability of any other provisions in this Declaration.

3.1 WELL; WATER DELIVERY SYSTEM; BILLING OF WATER CHARGES

A. Well Site Ownership. Upon becoming an Owner of a Lot/Parcel, an Owner shall receive a proportionate interest in and to the well site and well, all equipment located thereon, and all conduit under the supervision and management of the "Association," which interest shall pass to subsequent Owners proportionally to the interest in the parcel designated when subsequently conveyed. No interest in the well site, well, equipment or conduit of any such owner or any Owner of "The Property" shall be conveyed except proportionally with the real property to which such interest or portion thereof is attributable. No Owner of any such parcel shall retain the ownership in the well site, well, equipment or conduit except proportionally attributable to a parcel retained.

B. Water Delivery System. The "Association" shall require any property owner within Section 30, who is requesting delivery of domestic water from the "Association," to install a **lockable** water meter **shut-off** valve of the kind designated by the "Association" between such water meter and the distribution line at the front property line of any such property where a water conduit has been installed. The "Association" shall have no responsibility to extend such distribution lines beyond those originally installed by the Developer. Any additional water distribution lines shall be extended at the cost of the Owner requesting delivery according to the requirements of the Health Department of Maricopa County, Arizona.

C. Billing and Payment of Water Charges. The "Association's" Board of Directors shall determine the water rate from time to time and bill the Owners receiving such water at regular intervals. The "Association" may determine the manner in which the water meters are read and will seek payment for such service from the Owners.

An Owner shall have thirty (30) days to pay the water charges after the "Association" bills the Owner for the water charges. If the Owner fails to issue payment pursuant to the "Association's" billing, then the "Association" shall issue a written fifteen (15) days' notice of intent to disconnect and discontinue such water service to the Owner. The "Association" may then disconnect and discontinue water service to an Owner, if the Owner fails to pay the "Association" for the water charges after the "Association" issues the fifteen (15) days' notice of intent to disconnect and discontinue.