



FEE # 980616803
 OFFICIAL RECORDS
 COCHISE COUNTY
 DATE 6/05/98 HOUR 11

When recorded, return to:

Dragoon Mountain II LLC
 %Case Group
 2999 N 44th Street #600
 Phoenix Az 85018

REQUEST OF
 FIDELITY NATIONAL TITLE
 CHRISTINE RHODES-RECORDER
 FEE : 18.00 PAGES : 13

21-065,668RS

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 DRAGON MOUNTAIN RANCHES UNIT 2 (Escalante Phase)
 Cochise County, Arizona**

THIS DECLARATION, is made by First American Title Insurance Company, a California corporation, as Trustee, Trust No. 8382, referred to as "Trustee", acting on behalf of its beneficiary, Dragoon Mountain II, L.L.C., an Arizona limited liability company, who along with its successors and assigns shall be hereinafter referred to as "Declarant".

Declarant is the owner of the following described real property located within the County of Cochise, State of Arizona:

Parcels 1 through 71, DRAGON MOUNTAIN RANCHES UNIT 2, according to the Result of Survey recorded in the Office of the Cochise County Recorder in Book 12 of Maps, Page 69 thru 69J.

Owner hereby declares that all of the Parcels, or any portion thereof, 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 all the Parcels, and all of which are hereby declared to be for the benefit of all the real property described herein and the owners thereof, their heirs, successors, grantees and assigns.

This Declaration is supplemental to the Declaration of Covenants, Conditions and Restrictions for DRAGON MOUNTAIN RANCH (Master Declaration) recorded as Document No. 951025894, records of the Cochise County, Arizona Recorder's office. The Master Declaration includes provisions for main road and certain common area maintenance. All Owners and Parcels are subject to and are bound by the provisions of this Declaration, as well as and in addition to the provisions of the Master Declaration.

1. PURPOSE OF THESE RESTRICTIONS, COVENANTS AND CONDITIONS

The purpose of these restrictions, covenants and conditions is to assure the use of the property for attractive residential and non-commercial farm and ranch purposes (as set forth herein) only, and securing to each Parcel owner the full benefit and enjoyment of his or her Parcel and home in furtherance of a common plan.

2. DEFINITIONS

As used herein, the following terms have the following meanings:

A. "Architectural Control Committee" means the committee provided for in Part 5 of this Declaration.

B. "Association" means Dragoon Mountain Ranch Unit 2 Property Owners Association as referred to in Part 3 of this Declaration.

C. "Bona Fide First Mortgage" means any Realty Mortgage or Deed of Trust made in good faith and for value and properly executed and recorded so as to create a lien on any Parcel or Parcels that is prior to the lien of any other Realty Mortgage or Deed of Trust.

D. "Common Area" shall mean road easements as shown of the Result of Survey, excluding any road maintained under the Master Declaration.

E. "Declaration" means this Declaration of Covenants, Conditions and Restrictions.

F. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee or equitable or beneficial title to any Parcel, including Trustee and Declarant. Owner shall include the purchaser of a Parcel under an executory contract for purchase. The foregoing definition does not include persons or entities who hold an interest in any Parcel as security for the performance of an obligation.

G. "Parcel" or "Parcels" means the Parcels as shown on the Result of Survey, either individually or collectively, as the case may be, and any divisions thereof as provided for herein.

H. "Phase" shall mean a portion of the Covered Property included within a recorded Result of Survey.

I. "Property" means the real property described in the Result of Survey or any part thereof.

J. "Result of Survey" or "Survey Map" means the result of survey of record, as may hereafter be amended, as prepared by Declarant and recorded in the Office of the Cochise County, Arizona Recorder.

3. PROPERTY OWNERS ASSOCIATION

A. There is hereby created the Dragoon Mountain Ranch Unit 2 Property Owners Association. The purpose of the Association

Association is to: (i) maintain and improve the Common Area roadways within the Phase, excepting any road maintained under the Master Declaration; (ii) act as the Architectural Control Committee for the Phase; (iii) contract for utility extension if so decided by the Association; all in accordance with the provisions of this Declaration.

B. Each and every Parcel Owner, in accepting a deed or contract for any Parcel, whether or not it shall be so expressed in such deed or contract, automatically becomes a member of the Association, and agrees to be bound by such reasonable rules and regulations as may, from time to time, be established by the Association. Membership shall be appurtenant and may not be separated from ownership of the Parcel. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way, except upon transfer of ownership of such Parcel, whether by intestate succession, testamentary disposition, foreclosure of a mortgage, or such other legal processes as now in effect or as may be hereafter established pursuant to the laws of the State of Arizona. The Association shall be operated and conducted on a strictly cooperative and non-profit basis. Each Parcel Owner as a member shall have such voting rights as set forth in this Declaration.

C. In furtherance of its purposes, which are generally as set forth above, the Association shall provide necessary and appropriate action for the maintenance, repair, replacement and management of the facilities referred to in 3 A above and shall have the right to enter upon a Parcel, if reasonably necessary, in order to accomplish its purpose.

D. The Association shall have the power to borrow and encumber its assets and, in all respects, shall have the powers necessary to carry out its purposes, whether or not specifically set forth herein, including the power to enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so. The Association shall have the power to obtain appropriate insurance, to create reserves, to extend utilities, to pave or otherwise improve the Common Area roads, and to issue rules and regulations.

E. Each Parcel Owner is obligated to pay: (i) regular assessments for normal maintenance and repair and reserves, along with Association insurance and operating costs; (ii) special assessments for capital improvements with such assessments to be established by the Association. The regular and any special assessments, late payment penalties and charges, if any, together with interest, (all as set by the Association) costs and reasonable attorneys fees, shall be a lien on the Parcel. Each Parcel Owner shall be personally responsible for his or her share of assessments imposed by the Association. This personal obligation for

delinquent assessments shall not pass to the Owner's successor in title, unless expressly assumed by such successor; however, the obligation to pay same shall be a continuing lien on the Parcel, excepting for the provisions of Paragraph 3.L below, relating to mortgagees.

F. The Association shall, on an annual basis, make a determination of the estimated costs of the repair and maintenance of the roadways and any other designated common areas as shown on the Result of Survey or otherwise so designated, including any reserves necessary for future capital expenditures and maintenance. Assessments shall be charged to each Owner on a uniform per Parcel basis. The assessments may be collected on a monthly, quarterly, or annual basis, or any combination of same as determined by the Association. The Association shall prepare an annual budget, and also an annual accounting of monies received and disbursed.

G. Each Owner shall be responsible to pay the regular assessment commencing on the first day of the month following the date of recordation of the deed or purchase contract wherein the Owner acquired legal, beneficial, or equitable title to the Parcel. The Declarant shall not be responsible for comparable assessments on each Parcel owned by it. However, Declarant shall be responsible to provide labor, material and/or monies in sufficient amounts, not to exceed the amount of the normal Parcel assessment for each Parcel owned by it, if necessary in Declarant's opinion, to properly fulfil the Association's maintenance responsibilities. Regular assessments shall be set by the Association on an annual calendar year basis. The initial regular assessment shall be One Hundred Twenty Dollars (\$120) per Parcel per year. This regular assessment is in addition to the regular assessment under the Master Declaration. The Parcel Owner acquiring his or her interest from Declarant during the calendar year shall be obligated for a pro rata portion thereof. The Association shall fix the amount of the regular assessment at least thirty (30) days prior to the end of the calendar year. Written notice of the assessment shall be sent to every Owner. The payment due date shall be established by the Association.

H. In addition to the regular assessment as set forth above, the Association may set special assessments if the Association determines by two-third's ownership vote that such is necessary to meet the primary purposes of the Association. Any special assessments shall be charged on the same basis per Parcel as regular assessments.

I. All sums assessed by the Association chargeable to a Parcel, but unpaid, shall constitute a lien on such Parcel prior to all other liens excepting only ad valorem liens in favor of a governmental assessing unit or special assessment district. The Association lien may be foreclosed by the Association in a like manner as a foreclosure of a real property deed of trust. The Association shall have the power to bid on the delinquent Parcel at a foreclosure sale, and acquire, hold, lease, encumber and convey same. A suit to recover a money judgment for unpaid assessments

and charges shall be maintainable by the Association without foreclosing or waiving the lien securing same.

J. The total number of votes in the Association shall be on the basis of one (1) vote per Parcel. The Declarant shall have seven (7) votes for each Parcel it owns, except for special assessments whereby Declarant shall have three (3) votes for each Parcel it owns. The total number of Parcels and therefore the total number of votes may be increased from time to time by expansion, pursuant to Section 4, of the project as evidenced by a Supplemental Declaration, incorporating this Declaration, executed and recorded by Declarant. Unless otherwise specifically provided herein, all Association matters shall be determined by a majority vote. If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest in the Parcel as to how to cast that Parcel's vote, otherwise, that vote shall not be counted.

K. The Association shall have the power to adopt Bylaws and to appoint its officers and directors, as well as promulgate reasonable regulations relating to the matters within its purpose.

L. Where the holder of a first mortgage of record, including Declarant, obtains title to the Parcel as a result of foreclosure, or deed in lieu of foreclosure, of said first mortgage, such acquirer of title, its successors and assigns, shall not be liable for the share of the expenses of the assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such acquirer. As used in this Declaration, the term "mortgage" shall include "deed of trust" and "agreement for sale" and "mortgagee" shall include the "Beneficiary" under a deed of trust and "vendor" under an agreement for sale. Such acquirer shall be responsible, as any Owner, for assessments charged subsequent to the acquisition.

M. In the event the Association determines that any Parcel Owner has not complied with the provisions of this Declaration, then the Association may, at its option, give written notice to the Owner of the conditions complained of. The Owner shall correct same or, if not readily correctable within fifteen (15) days after notice from the Association, the Owner shall submit corrective plans proposing its remedy to the condition complained of within fifteen days after notice from the Association. The Association shall approve or disapprove any plans submitted by the Owner and set forth a reasonable time for correction of the condition complained of. In the event such condition is not corrected according to the approved plans, within the allotted time, the Association shall have the right to undertake to remedy such condition or violation complained of. The cost thereof shall be deemed to be an assessment to such Owner and enforceable by the Association as if any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to so

correct the condition or violation complained of.

4. EXPANSION

Declarant reserves the right to comparably develop adjacent lands within Dragoon Mountain Ranches as described in the Master Declaration. Any such expansion to be included within this Declaration shall be subject to the terms and conditions of this Declaration, but may include reasonable variances.

5. ARCHITECTURAL AND DESIGN CONTROL

No Parcel leveling, excavation, grading, planting, landscaping, residence, structure, outbuilding, fence or wall, or other improvement or installation, shall be commenced, erected, placed, or altered on any Parcel, until the plans and specifications therefore, showing the nature, kind, shape, materials, floor plans, and locations shall have been submitted to and approved by the Architectural Control Committee ("Committee") and a copy thereof is finally approved and lodged permanently with the Committee. The Committee shall have the right to refuse to approve any such plans or specifications which are not suitable or desirable in its opinion for aesthetic reasons, or any other reason, and in so passing upon such plans and specifications it shall have the right to take into consideration the suitability of the proposed building or other structure, and the material which is to be used, the harmony with the surroundings, and the effect of the proposed structure on the outlook from adjacent or neighboring property. All plans must comply with this Declaration and also comply with Cochise County and any other applicable requirements.

(i) Membership. The Committee shall be composed of three Members, initially appointed by Declarant. Declarant shall, at any time, have the authority to assign architectural control functions to the Association, but need not do so prior to all of the Parcels being conveyed by Declarant and further, Declarant having no interest which could result in recovery by Declarant of title to any Covered Property. Prior to assignment to the Association, the Declarant shall appoint and remove the Committee members. The members of the Committee shall not be entitled to any compensation for services performed pursuant to this covenant, but shall be entitled to reimbursement for reasonable costs expended, including the cost of architectural review of the plans and specifications, as approved by the Association. The members of the Committee shall incur no liability for their acts or omissions.

(ii) Procedure. The Committee's approval or disapproval as required in this Declaration shall be in writing. Actions of the Committee shall be by the majority vote of the members of the Committee. All decisions of the Committee shall be final and no Parcel Owner or other party shall have recourse against the Committee or its designated representatives, or its members, for

its disapproval or refusal to approve. In the event the Committee or its designated representative, fails to approve or disapprove of the submitted plans and specifications within thirty (30) days after their submittal to the Committee, the plans and specifications shall be deemed to have been approved.

(iii) Agents and Design Guidelines. The Committee shall have the right to hire agents to review the plans and specifications submitted and charge the costs of such review to the Owner submitting the plans and specifications; and the Committee shall have the right to issue, and amend from time to time, design guidelines and standards, which are to be complied with by all Owners.

6. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS

A. Land Use. No building other than one single family dwelling residence and a private garage, and a guest house and other outbuildings as approved by the Architectural Control Committee, and as are in compliance with applicable zoning, shall be erected, maintained, placed or permitted on any Parcel. No improvements may be commenced without the appropriate building permits having been first obtained. A guest house (or other structure or improvements) may not be completed prior to the completion of the single family residential structure. Any guest house, which may include a kitchen, shall be for the use of bona fide guests or domestic help, as the case may be or the occupants of the main residence, or members of such occupants family, and shall not be rented or leased separate from the main residence.

No manufacturing or commercial enterprise, or enterprises of any kind for profit, or otherwise inconsistent with the above paragraph, shall be maintained upon, in front of, or in connection with any Parcel, except that an Owner may conduct a business activity within a dwelling unit located on a lot so long as the existence or operation of the business activity (i) is not apparent or detectable by sight, sound, or smell from the exterior of the dwelling unit; and (ii) is consistent with the residential character of the real property subject to the Declaration and does not constitute a nuisance or a hazardous or offensive use including, without limitation, excessive or unusual traffic or parking of vehicles in the vicinity of any lot, as may be determined in the sole discretion of the Association. The terms "business" or "trade", as used in the previous sentence, shall be construed to have their ordinary and generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on any ongoing basis which involves providing goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration regardless of whether (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; (iii) a license is required therefor.

No Parcel shall be divided smaller. Contiguous Parcels may be combined and set back requirements and easements as shown on the Survey Map, shall not be applicable to the common boundary of a combined Parcel. A combined Parcel must be under one ownership, and once combined shall not be further divided or redivided. A combined Parcel shall be obligated for one assessment, and shall be entitled to one vote in the Association.

B. Completion Time. Construction of a residence or other improvement shall be finished and completed no later than 9 months after the issuance of a building permit by the appropriate regulatory body.

C. Minimum Sizes and Roofs. Any single family residential structure or approved barn, shed or other improvement placed upon any Parcel shall be constructed from new material or its equivalent, and as may be approved by the Committee. No white or unanodized metal roofs shall be allowed. Any residential structure shall contain a minimum of 1,800 square feet, and a maximum of 8,000 square feet, exclusive of carport, garage, open porches, patio and roof overhangs.

D. Location. No dwelling or other building improvement shall be erected or placed on any Parcel nearer than 200 feet to any boundary line, unless approved in writing by the Architectural Control Committee. It is understood that the above set-back lines and all other use restrictions contained in this Declaration are in addition to zoning and other land use regulations adopted by governmental authorities and the more restrictive must be followed. No fencing shall be allowed within any easement as shown on the Result of Survey.

E. Mobile Homes. No Mobile type home shall be permitted to be placed on any Parcel permanently, or temporarily except as provided in F below.

F. Manufactured Homes. No manufactured type home shall be permitted on any Parcel.

G. Temporary Structures. No structure of a temporary character, motor home, recreational vehicle or travel trailer, regardless of its nature or form, shall be used as a residence at any time, provided, a travel trailer or recreational vehicle may be used during the period of the actual construction of a residence, not to exceed 9 months in term. Any such travel trailer or recreational vehicle shall be subject to prior approval by the Architectural Control Committee.

H. Common Area. Roads, as designated on the recorded Result of Survey, exclusive of Dragoon Mountain Road, shall be the sole responsibility of the Association to maintain.

I. Signs. No signs or billboards used as advertising or promotional devices shall be placed on any Parcel.

J. Public Events. No public events shall be held on any Parcel, without the consent of the Architectural Control Committee.

K. Livestock, Poultry and Domestic Animals. All livestock, poultry and domestic animals shall be maintained so as to avoid creation of a hazard or nuisance to owners of other Parcels. No pigs, fighting chickens, nor wild animals of any kind will be permitted. Livestock, poultry and domestic animals shall be maintained only for the personal use and enjoyment of the residents of the Parcel. While the use of a Parcel for ranching purposes is allowed, no stockyards, no commercial horseback riding stables or any other activity which would create excessive dust, noise or obnoxious odors shall be permitted. All livestock and poultry shall be confined within a fenced area, and all fences for any livestock or animals shall be constructed of new material or the equivalent thereof and of such height and strength as to adequately contain any and all permitted livestock or animals. All such fences are subject to Architectural Control Committee approval. All areas maintained for livestock and poultry shall at all times be kept clean, with all manure removed on a regular basis.

L. Agriculture. The raising of agricultural crops for personal use is allowed; all commercial agricultural use is prohibited. No noxious or offensive crops or weeds are permitted. All agricultural use shall be performed in accordance with good farmer-like practices.

M. Garbage and Refuse Disposal. No Parcel shall be used or maintained as a dumping ground for rubbish or hazardous or toxic waste or materials. Trash, garbage, or other waste shall not be kept except in sanitary containers, and removed by the Owner to a County approved landfill site on a regular basis. All containers for the storage of such material shall be kept in a clean and sanitary condition. No outdoor burning of rubbish shall be permitted on any Parcel. The term "rubbish" shall include leaves and plant trimmings.

N. Water Supply and Individual Sewage Systems. Individual sewage disposal systems to serve the Parcel shall be permitted on each Parcel. All individual sewage systems shall be constructed to Cochise County Health Department and other applicable standards. No sewage disposal system shall be installed without first obtaining the appropriate sewage disposal permit. All sewage systems shall be kept as not to disturb surrounding neighbors and/or Property with offensive odors and/or sight, and located so as to minimize grading and/or disturbance to existing vegetation. Individual domestic wells must be installed in compliance with the rules and regulations of the Arizona Department

of Water Resources, and local regulatory agencies. In order to conserve water, no Owner shall create a pond or other water feature larger than one acre in size.

O. Protective Screening, Fences. All clotheslines, equipment, propane tanks, service yards, wood piles and storage areas shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring Parcels and roads. Fences or walls not exceeding six (6) feet in height, may be erected up to the property lines, net of any easements, except in the front yard setbacks and the side yard setbacks adjacent to streets which shall be limited to four (4) feet in height. No laundering will be permitted except inside an approved structure with approved plumbing.

P. Conservation Easements. Conservation easements as shown on the Result of Survey shall not be fenced off or obstructed, provided Owners of Parcels which are encumbered by such conservation easements may incidentally encroach upon same for observation type patios (subject to Architectural Control Committee approval), but any such improvements shall not materially interfere with the basic purpose of the conservation easement, which is to provide open spaces for wild life. Any other use of the conservation easements, except for equestrian and pedestrian traffic, is prohibited. All motor vehicles are expressly prohibited.

Q. Parking, Storage and Repairs. Boats, boat trailers, camping trailers, campers, travel trailers, recreational or other types of vehicles, sporting or camping equipment shall not be stored or parked within 200 feet of the boundary lines of the Parcel, nor adjacent to roads nor on the roads, or on any conservation easement. No repairs, rebuilding or maintenance work shall be performed on any motor vehicle, travel trailer, boat, boat trailer, camper, or other piece of equipment on any road or Parcel, unless within the confines of an enclosed garage. None of the above shall be allowed to be abandoned or left in any non operating condition on any Parcel. Only temporary vehicle parking by Owners of the Parcels, and their invitees, shall be allowed on the roads and then only if no traffic hazard is created by said parking.

R. All Terrain Vehicles. Only licensed vehicles may use any of the roadways as shown of the Result of Survey. No all terrain vehicle or similar type vehicle or unlicensed vehicle shall be used on any Parcel or on any road.

S. Utility Connection. All utility connections within a Parcel shall be underground.

T. Mining, Oil and Gas. There shall be no mining, mineral, oil or gas exploration or production on any Parcel.

U. Clearing of Land. No brush, tree removal or grading of any Parcel shall be allowed except in conjunction with the installation of an improvement upon the Parcel, and only with the written consent of the Architectural Control Committee.

V. Antennas and Generators. No antenna, satellite dish or power generator shall be installed in a manner that will disturb the surrounding neighbors and/or the Property. The placement of any antenna, satellite dish or power generator must have Architectural Control Committee approval before it is placed on the Parcel.

W. Nuisances. No Parcel Owner shall place or maintain any animate or inanimate object upon any Parcel so as to create a nuisance to the Owners of the neighboring Parcels. No vehicles or motors of any type without mufflers shall be allowed. No all terrain type vehicles or off road motorcycles shall be operated. No fire arms may be discharged in any area of the Property. All exterior lighting, such as tennis courts or horse arena lighting, shall be shielded so as to be contained on the Parcel to be lighted and so not to be offensive to the Owner of any other Parcel. All such lighting shall be subject to Architectural Control Committee approval.

X. Waiver. The Architectural Control Committee shall have the right to allow variances where the strict enforcement of these restrictions would cause undue hardship.

7. GENERAL PROVISIONS

A. Enforcement. The covenants, conditions, and restrictions contained in this Declaration shall run with the land and shall be binding upon all persons owning, leasing, subleasing or occupying any Parcel after the date on which this instrument shall have been recorded in the office of the Recorder of Cochise County, State of Arizona. This Declaration may be enforced by the Declarant, by any Owner or lessee of any Parcel, by the holder of a Bona Fide First Mortgage on any Parcel, by the Association, or any one or more of said persons acting jointly; provided, however, that any breach by reason thereof shall not defeat or adversely affect the lien of a Bona Fide First Mortgage upon any Parcel, but each and all said covenants, conditions and restrictions shall be binding upon and effective against any Owner, lessee or occupant of said Parcel whose title thereto is acquired by foreclosure, or otherwise, and provided also that the breach of any said covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such Bona Fide First Mortgage. All instruments of conveyance or assignment of any interest in all or any part of the Property may refer to this instrument and shall be subject to the covenants, conditions, and restrictions herein contained as fully as though this instrument were therein set forth in full; provided, however,

that the terms and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not.

B. Declarant's Exemption. Nothing herein shall be construed as prohibiting Declarant from maintaining a sales or development office on any parcel or engaging in activities which Declarant deems appropriate to its development or sales program, or ranching activities.

C. Invalidity. Invalidation of any of these covenants, restrictions, reservations, conditions and servitudes by judgment, court order, or otherwise shall in no way affect the validity of any of the other provisions of this Declaration, all of which shall remain in full force and effect.

D. Amendments. This Declaration may be amended during the period ending fifteen (15) years immediately following the date of the recording of this Declaration only by instrument executed by the Owners of at least fifty percent (50%) of the Covered Parcels, but no such amendment shall be effective without the approval of Declarant. Further, any such amendment shall not be effective until the recording of such instrument in the office of the Cochise County Recorder. Thereafter, this Declaration may be amended by instrument executed by the Owners of at least two-thirds (2/3) of the Covered Parcels, included or incorporated within this Declaration, and such amendment shall not be effective until the recording of such instrument.

E. Term. The covenants, conditions, restrictions and servitudes of this Declaration, as the same may hereafter be amended in accordance with the terms hereof, shall remain in full force and effect for a term of twenty five (25) years from and after the date of recording of this Declaration, from which time they shall be automatically renewed and extended for successive periods of ten (10) years each, unless terminated as of the end of such initial twenty five (25) years or any successive ten (10) years within the six (6) month period immediately preceding the expiration of such initial period, or any renewal period, by an instrument of termination executed and acknowledged by the Owners of at least two-thirds (2/3) of the Covered Parcels, included or incorporated within this Declaration, and recorded in the Office of the Cochise County Recorder.

This Declaration of Covenants, Conditions and Restrictions is executed by the undersigned Declarant this 15 day of May, 1998.

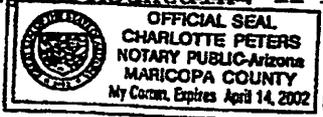
FIRST AMERICAN TITLE
INSURANCE COMPANY, a
California corporation,
as Trustee, Trust No. 8382

DRAGON MOUNTAIN II
L.L.C., an Arizona limited liability
company

By: Roderick N. Collier By: Gerald J. Debra

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 15 day of May, 1998, by Gerald J. Debra, as Managing Member of Dragon Mountain II L.L.C.



Charlotte Peters
Notary Public

My Commission Expires:

4-14-2002

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 19 day of May, 1998, by Roderick N. Collier, as Trust Officer of First American Title Insurance Company, as Trustee.

Cynthia L. Logan
Notary Public

My Commission Expires:

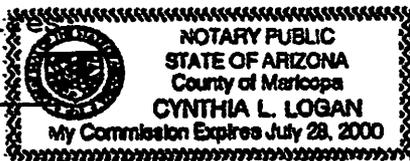


EXHIBIT 'A'

**Parcels 1 through 71 DRAGOON MOUNTAIN RANCHES UNIT 2, according to the
Result of Survey recorded in the Office of the Cochise County recorder in Book 12 of
Maps ,pages 69 thru 69J**

980616802