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**Pinnacle Peak Estates Unit TWO
Homeowners Association
8000 E. Via de Luna Drive
SCOTTSDALE, ARIZONA 85255**

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PINNACLE PEAK ESTATES UNIT TWO HOMEOWNERS ASSOCIATION

AMENDED DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS (the CC&R's), GENERAL USE RESTRICTIONS, BY-LAWS, RULES AND REGULATIONS, ARCHITECTURAL STANDARDS AND GUIDELINES, and ARTICLES OF INCORPORATION

The Pinnacle Peak Estates Unit Two Homeowners Association Amended Declarations of Covenants, Conditions and Restrictions, General Use Restrictions, By-laws, Rules and Regulations, Architectural Standards and Guidelines, and Articles of Incorporation recorded in the Official Records of the Maricopa County Recorder's Office on December 14, 2004 at Instrument No. 2004-1468914 is hereby amended and completely restated by this document to provide as follows:

**DO NOT REMOVE
This is a part of the official document.**

PINNPEAKEST2.0001

Revised 1/18/2020

**Pinnacle Peak Estates Unit TWO
Homeowners Association
8000 E. Via de Luna Drive
SCOTTSDALE, ARIZONA 85255**

**PINNACLE PEAK ESTATES UNIT TWO
HOMEOWNERS ASSOCIATION**

**AMENDED DECLARATIONS OF COVENANTS,
CONDITIONS AND RESTRICTIONS (the CC&R's),
GENERAL USE RESTRICTIONS, BY-LAWS,
RULES AND REGULATIONS, ARCHITECTURAL
STANDARDS AND GUIDELINES, and ARTICLES
OF INCORPORATION**

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Revised: January 18, 2020

Revised 1/18/2020

The President of the Association hereby certifies that the Declarations of Covenants, Conditions and Restrictions (the CC&R's), General Use Restrictions, By-Laws, Rules and Regulations, Architectural Standards and Guidelines, and Articles of Incorporation have been properly amended in accordance with the amendment requirements of the respective documents.

DATED this 28th day of January, 2020

Pinnacle Peak Estates
Homeowners Association

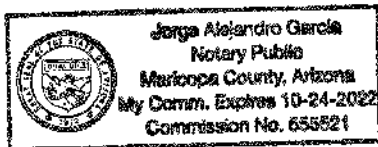
By: [Signature]

Its: President

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

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On this 28th day of January, 2020 before me the undersigned Notary Public, personally appeared Muelin J. Richman, who acknowledged to me that he/she is the President of the Association and that he/she executed the foregoing document on behalf of the Association for the purposes expressed herein.



[Signature]
Notary Public
My Commission expires 10-24-2022

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1.0 AMENDED DECLARATION OF COVENANTS, CONDITION AND RESTRICTIONS (the CC&R's)

Whereas we, the PINNACLE PEAK ESTATES UNIT TWO HOMEOWNERS ASSOCIATION, an Arizona Corporation, are the duly elected representatives of the owners of the following described premises, situated within the County of Maricopa, State of Arizona:

Lots One (1) through One Hundred Twenty-five (125), inclusive, PINNACLE PEAK ESTATES UNIT TWO, according to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, in Book 149 of Maps, Page 11 thereof (hereinafter sometimes referred to as the "Subdivision"), and

WHEREAS, the owners of such properties have conveyed and will convey such properties subject to certain CC&R's as hereinafter set forth; and

WHEREAS, the PINNACLE PEAK ESTATES UNIT TWO HOMEOWNERS ASSOCIATION declares that for the purpose of enhancing and protecting the value, desirability, and attractiveness of the properties described above, the existing CC&R's are to be updated and reissued; and

WHEREAS, PINNACLE PEAK ESTATES UNIT TWO HOMEOWNERS ASSOCIATION declares that the following amendments are for the benefit of all the property described above and the owners of it, their heirs, successors, grantees, and assigns;

NOW THEREFORE, PINNACLE PEAK ESTATES UNIT TWO HOMEOWNERS ASSOCIATION hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following CC&R's, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of such property, and all of which are hereby declared to be for the benefit of all of the property described herein and the owners thereof, their heirs, successors, grantees and assigns.

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1.1 ASSESSMENTS

1.1.1 Pro-Rata Share

In order to provide for certain obligations and amenities of a general nature such as, but not limited to, those described in section 1.1.2, subparagraph (b) below, which are common or for the common use and enjoyment of all lot owner(s) in the Subdivision, or the general public, or both, the owner of each lot must bear a pro-rata share of the cost of meeting such obligations and maintaining such amenities. Therefore, each lot is subject to a servitude and lien therefore, and a homeowners' association has been organized to make and enforce assessments therefore and to collect the money to undertake the necessary maintenance and services.

1.1.2 Assessment and Membership

NOW, THEREFORE, it is hereby declared that each and every lot in the subdivision known as PINNACLE PEAK ESTATES UNIT TWO ("the Subdivision") is subject to a continuing servitude and lien, for the purposes aforesaid, as established and levied against each such lot by the homeowners' association, all as more particularly set forth below. It is further declared that, subject to the provisions of subparagraph (g) below, the lot owners of record shall be members of PINNACLE PEAK ESTATES UNIT TWO HOMEOWNERS' ASSOCIATION (The HOA). Said Association is ^{Unofficial Document} incorporated as a non-profit Association pursuant to the laws of Arizona, for the purposes and with such rights and obligations as are hereinafter set forth:

(a) ASSOCIATION MEMBERSHIP

Membership in the organization shall be limited to the lot owners of record in the Subdivision. Each lot owner of record of the respective lots in the Subdivision shall automatically be a member of the Association; however, voting will be restricted to one, indivisible vote per lot. In official matters, no vote will be cast in cases for which there is voting disagreement among or between owners of record for a particular lot. Membership of the Association further shall be subject to the terms of the Association's Articles of Incorporation and Bylaws (copies of which are available for inspection on the HOA website).

(b) ASSOCIATION DUTIES AND OBLIGATIONS

The Association will be managed by a Board of Directors (the BOD) who will be elected annually by all lot owners who are members in good standing utilizing the secret ballot voting process as defined in the By-Laws, ARTICLE V, Section 2, which are a part of these governing documents. Refer to the BY-LAWS, ARTICLE III, Section 9, for a definition of members in good standing.

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Subject to the right of extension of the area to be serviced and maintained by the Association as provided herein, the Association has the power and undertakes and performs within the Subdivision, the following duties and obligations:

(i) Plant, protect, maintain and otherwise manage the landscaping in the common areas to which all the lot owners have access in the Subdivision or which are for the common enjoyment and inure to the general benefit of the lot owners in the Subdivision, including, but not limited to, the entry gate, the entrance corners from N. 80th St., and the mail box areas;

(ii) Provide for the construction, repair, maintenance, replacement and management of all roadways, alleys, pathways, walks, trails, walls, fences, berms, gateways, entrances, entrance markers, ornamental features, lighting systems and/or other facilities of any nature to which all lot owners have access or which are for the common enjoyment and inure to the general benefit of the lot owners in said Subdivision;

(iii) 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.

(iv) Acquire and own 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 owned by it; and pay all premiums for property, hazard, and public liability insurance;

(v) Levy and collect the assessments which are hereinafter set forth.

(vi) Adopt reasonable rules and regulations governing the Association, and processes to be performed by the Association, including violation processes and architectural review processes. Such rules and regulations that are adopted may be amended in the manner set forth in the rules and regulations.

(c) ASSESSMENT FUNDING AND CHANGE PROCESS

In order to provide funds to enable the Association to perform the obligations and maintain the improvements and render the services herein provided, 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 said 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 for each lot within the Subdivision.

ANNUAL ASSESSMENT: The Annual Assessment, is divided into two categories to allow appropriate budgeting: 1. The Operational Assessment, and 2. The Reserve Assessment

1. Operational Assessment: The Operational Assessment will be utilized to pay for ordinary, day-to-day administrative expenses including but not limited to accounting fees, taxes, insurance, mailings, printing, website, post office lock box, general maintenance and repairs, preventative maintenance, meeting room rentals, landscape maintenance, post storm clean up, etc.

The Operational assessment, starting in year 2020, will be \$450. Any changes to the Operational Assessment will require the vote of two-thirds (2/3) of all lot owners who are members in good standing at the time of the balloting.

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2. Reserve Assessment: The Reserve Assessment funds go into an account where funds are accumulated towards projects such as replacement of community owned assets. These assets include, but are not limited to, the roadways, washes located within the Association-owned right-of-way, gate, mailboxes, street signs, landscape fencing and walls. The Reserve Assessment portion of the Annual Assessment will be based upon a reserve analysis performed from time to time by the BOD or a designated reserve study professional. Other than monies received during escrow closures, there is no annual reserve assessment designated at this time.

Any additional increases in the Reserve Assessment to each lot owner may be increased by the Association only with the prior written consent of two-thirds (2/3) of all lot owners who are members in good standing at the time of the balloting.

3. Special Assessment: The BOD may levy such additional Special Assessments as may be necessary to meet unexpected, unplanned, or major expenses not previously contemplated by the Association. Such Special Assessments shall be payable when, and upon such notice, as the BOD may determine. All Special

Assessments shall be due and payable to the Association. The levying of a Special Assessment shall require a two-thirds (2/3) majority (66.7%) vote of all of the lot owners in good standing.

TOTAL ANNUAL ASSESSMENT: Each lot owner's pro-rata share shall be determined by the Association and is in the ratio that one (1) lot bears to the total number of lots within the Subdivision; i.e., each pro-rata share for obligation purposes is 1/125.

Members in good standing are defined by the By-Laws in Article III, Section 9.

(d) ASSESSMENT DUE DATE

The Annual Assessment shall be fixed, levied and paid by the 15th of February each year unless changed by the BOD at a regularly scheduled meeting.

(e) AGREEMENT TO PAY ALL ASSESSMENTS

Each lot owner in the Subdivision, or lot owner's 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 lot owner accepts such deed in writing), shall pay to the Association the Annual Assessments or charges as provided in paragraph (c) above. The annual assessments (together with such interest thereon, if any such assessments are delinquent, and cost of collection thereof, 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 such assessment, together with interest, collection cost and attorney's fees, etc, shall be the personal obligation of the person who was the record lot owner at the time when the assessment fell due; but such personal obligation of the lot 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 lot owner shall escape liability for the assessment which fell due by nonuse of the common facilities or transfer or abandonment of the lot. The lot owner's personal obligation for assessments which fell due shall not pass to a successor lot owner unless expressly assumed by the successor lot owner. The Association, as the agent and representative of the lot owners in the Subdivision, shall have the right to enforce the provisions of these CC&R's. If the lot owner fails to pay any Annual 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 hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy);

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- (i) Bring an action at law against the lot owner personally obligated to pay the assessments;
 - (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.
- (f) **HIRING AN OUTSIDE PROPERTY MANAGER.**
In the event the BOD desires to hire a property management company to manage the affairs of the association to perform the duties and obligations outlined in these CC&R's, Section 1.1.2 (b), prior to the signing of a contract, this decision will require a two thirds (2/3) majority (66.7%) approval vote of all lot owners in good standing at the time of balloting.
- (g) **TAKE OVER OF MAINTENANCE BY PUBLIC SOURCE.**
At any such time as the afore described maintenance and services to be rendered by the Association are available from a public source, including but not limited to a county, municipal, or other type of improvement district, the Association may, upon an affirmative vote of two-thirds of all of the lot owners of record who are members in good standing by number and area, elect to have the maintenance and services, or any part thereof, provided for herein assumed and undertaken by said public source if the public source is willing to undertake the same.
- (h) **RELEASE OF ALL RIGHTS, POWERS AND OBLIGATIONS BY DEVELOPER:**
Upon issuance of the Certificate of Incorporation of Pinnacle Peak Estates Unit Two Homeowners Association, the Developer was released and divested of any and all right, powers and obligations to the Association and no longer has any right or interest in the Association.
- (i) **COMPELLING PERFORMANCE OR FORMING A NEW ASSOCIATION:** If the Association fails, or is unable, or neglects to perform its duties or exercise its rights, of the record owners, by number and area, shall have the right, by court action if necessary, either to compel performance by the Association of the obligations or to form a new homeowners' association having all the rights and duties of the original Association.

1.1.3 CC&R's ARE BINDING

The foregoing covenants, conditions and restrictions (the CC&R's) run with the land and shall be binding on all persons owning any of said lots in the Subdivision until by a vote of a simple majority of all of the eligible then lot owners in good standing of the lots described, it is agreed to change said CC&R's in whole or in part. Voting eligibility is described in the By-Laws in Article III, sections 7, 8, & 9. Deeds or other instruments of conveyance of said lots may contain the above CC&R's by reference to this document, but whether or not they are so contained, such CC&R's shall be binding upon the respective grantees, their heirs, successors and assigns.

1.1.4 RIGHT OF PROSECUTION

If there shall be a violation or threatened or attempted violation of any of these CC&R's, it shall be lawful for the Association and any person or persons owning real property situated in the Subdivision to prosecute proceedings at law or in equity to enjoin from, and/or receive damages for, each and every violation or threatened violation of any of the CC&R's contained herein. However, a violation of these CC&R's, or any one or more of them, shall not affect the lien of any mortgage now on record, or which may hereafter be placed on record upon said lots or any part thereof.

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The CC&R Committee is established by the BOD to review all Rules and Regulations set forth in the CC&R's, Architectural Guidelines and Community Rules and is charged with reviewing the neighborhood on an ongoing basis to ensure that these rules, standards, and guidelines are being followed.

1.1.5 INVALIDATION OF CC&R'S

Invalidation of any one or more of these CC&R's shall in no way affect any of the other provisions which shall remain in full force and effect.

1.2 SINGLE-FAMILY LOTS

All of the lots in the subdivision shall be known and described as single-family residential lots. Single-family use shall be defined as any number of persons related by blood, marriage, or adoption, or no more than six (6) unrelated people.

1.3 ARCHITECTURAL COMMITTEE APPROVAL REQUIREMENTS

No structure or dwelling of any kind shall be commenced, erected, or placed on any of said lots until the design, location and kind of materials to be used in said structure have been approved in writing by the Architectural Committee (the Committee) of Pinnacle Peak Estates Unit TWO. Further, no construction, modification, or alteration that changes the exterior appearance of any lot or any structure located on the lot shall be made until this change has been approved in

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writing by the Committee. Once the plans have been approved by the Committee, any further changes that materially affect the exterior appearance must be submitted for re-approval prior to construction. See the ARCHITECTURAL REVIEW PROCESS (Section 3.2) for details. The Committee's decision to allow or deny the construction or modification of any building, wall, fence, driveway, patio or any structure may be appealed at a regularly scheduled meeting of the BOD, and is subject to a majority vote of the BOD. All structures shall conform to all requirements of the Building Code of the City of Scottsdale and to all requirements set forth in the ARCHITECTURAL STANDARDS AND GUIDELINES FOR PINNACLE PEAK ESTATES UNIT TWO, a separate document which is incorporated into, and made part of, these CC&R's by this reference. Further, all lot owners shall comply with all requirements set forth in the ARCHITECTURAL STANDARDS AND GUIDELINES FOR PINNACLE PEAK ESTATES UNIT TWO. The ARCHITECTURAL STANDARDS AND GUIDELINES FOR PINNACLE PEAK ESTATES UNIT TWO may be modified by a simple majority vote of all lot owners in good standing, using the secret ballot process found in the By-Laws, ARTICLE V, Section 2, notwithstanding the quorum requirements as defined in the By-Laws.

1.4 NEW CONSTRUCTION REQUIREMENTS

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.

1.5 GARAGE, GUEST QUARTER Unofficial Document CONSTRUCTION

No garage or other building whatsoever shall be erected on any of the lots until a dwelling shall have been erected or until a contract with a reliable contractor shall have been entered into for the construction of a dwelling which shall comply with the restrictions as herein contained. Prior to the erection, or after the erection of such dwelling, 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 nonpaying 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 a bath.

1.6 SINGLE FAMILY/SINGLE STORY REQUIREMENTS

No structure shall be erected, altered, placed or permitted to remain on any lots other than one (1) detached single family dwelling not to exceed one (1) story in height and a garage not to exceed one (1) story in height; i.e., a maximum height of sixteen-feet, eight-inches (16'8") outside dimension as measured from the finished floor. Additional details and specifications are contained in the ARCHITECTURAL STANDARDS AND GUIDELINES.

1.7 DWELLING SIZE (square footage) and DESIGN

No four (4) bedroom dwelling having a ground floor area of less than three thousand (3,000) square feet or two (2) or three (3) bedroom dwelling having a

ground floor area of less than twenty four hundred (2,400) square feet, including the walls of the dwelling, but exclusive of open porches, pergolas, or attached garage, if any, or other similar extension or projection, shall be erected, permitted, or maintained on any of the lots. All such dwellings shall be characteristically of the one-story Spanish, Southwest, Adobe, Territorial, Tuscan, or ranch type of exterior except as may otherwise be approved by the Architectural Committee.

1.8 ROOFING MATERIAL REQUIREMENTS

The tile installed on sloped roofs of all buildings erected, constructed or maintained shall be of a mission, clay, barrel shape, flat concrete, "S" tile, or solar roof tiles per AZ Statute 33-439, except as may otherwise be approved by the Architectural Committee. Metal roofs that are harmonious in color, texture and design, may also be approved. All flat roofs over livable space and garages shall have parapets on all sides. Visible areas of the parapets shall be painted to match the home, including interior parapet surfaces that are visible from the roadway or adjacent lots. Visible portions (from roadway or adjacent lots) of flat roofs must be painted to match roof tile or the color of the structure.

1.9 WALL / FENCE / HEDGE RESTRICTIONS

No solid wall or no fence over two and one-half (2-1/2) feet high shall be constructed or maintained closer to the front lot line of any lot than the closest portion of the building erected on such lot. In the case of a lot on which no residence has been constructed, 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 any side or rear wall or any combination of a wall topped by an ornamental material (except the wall of the structure constructed on any lots) shall be more than five-feet six-inches (5' 6") in height (maximum) as measured from native, finished exterior grade at any point along the wall. No mounding or adding of soil at the fence/wall base to reduce measurable fence/wall height will be allowed.

Pilasters, or other columns which are an integral part of the wall/fence can be reasonably taller than the height restricted portion of the wall/fence as approved by the Architectural Committee. Wall or combination wall/fence construction must be stucco, block, slump-block, or wrought iron and of the same quality, color, and texture as the dwelling. No hedge more than three (3) feet in height shall be permitted closer than fifty-two (52) feet from the front lot line of any lot.

1.10 USE RESTRICTIONS PRIOR TO FINAL INSPECTION

None of the lots shall be used for residential purposes prior to the installation thereon of water flush toilets. All bathrooms and toilets shall be inside the buildings permitted hereunder. No occupation of the residence will be permitted until after the City of Scottsdale has completed and granted approval through the City's final inspection process.

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1.11 SANITARY WASTE DISPOSAL

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 regulatory and/or municipal standards. The cesspools shall be deep enough to prevent water from coming to the surface, and no leach line or disposal fields shall be permitted in connection therewith. When and after sewers are available, all toilets, bathrooms and sanitary conveniences thereafter installed shall be connected to such sewer systems.

1.12 EASEMENT & BUILDING PLACEMENT RESTRICTIONS

No structure of any kind shall be erected, permitted, or maintained on the easements for utilities as shown on the recorded plat for PINNACLE PEAK ESTATES UNIT TWO on Apr. 26, 1972 in Book 149 of Maps, page 11, records of Maricopa County. No portion of the buildings erected on any lots shall be closer to the roadway lines or to the side lot lines or rear lot lines than indicated on the recorded plat for PINNACLE PEAK ESTATES UNIT TWO recorded Apr. 26, 1972 in Book 149 of Maps, page 11, records of Maricopa County. Submit preliminary plans to the Architectural Committee to avoid confusion with setback rules.

1.13 GENERAL USE RESTRICTIONS

1.13.1 GENERAL PROPERTY RESTRICTIONS

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- a) No lot owner may lease or rent less than the entire lot. No fraction or portion of a lot may be leased or rented. For the purposes of this section, the use of "lease" or "rent" or any variation thereof, is intended to include those occupancies subject to the Arizona Landlord and Tenant Act, A.R.S. § 33-301 et. seq. and 33-1301 et. seq., or possessory real estate contracts. The lot shall only be leased or rented for single family use, defined as any number of persons related by blood, marriage, or adoption, or no more than six (6) unrelated people.
- b) All leases must be in writing and must provide that the terms of the lease are subject in all respects to the provisions of the CC&R's, as amended, and all rules and restrictions promulgated thereunder (collectively referred to a "Governing Documents") and that any violation of the Governing Documents by the lessee, sublessees, assignees, or other occupants shall be a default under the lease. Any sublease or assignment of a lease shall be for the entire remainder of the lease term. The lot owner must pay (to the Association), a one-time \$25 administrative fee each time a new tenant has signed a lease agreement (pursuant to AZ State Statute ARS 33-1806.01). This fee shall be paid within fifteen days after the postmarked or e-Mail request to the Association for change of contact information.

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- c) No lot may be leased for a term of less than one-hundred and eighty (180) consecutive days. Any lease or rental agreement for a term of less than one-hundred-eighty (180) consecutive days is a "short-term rental." Short-term rentals are expressly prohibited.
- d) No lot may be advertised, listed, marketed, or otherwise offered in writing or verbally in any form to any party as available on a short-term rental basis, i.e. for a term of less than one-hundred and eighty (180) days. No lot may be advertised as "VRBO's", "AIR BNB", "Bed and Breakfast", "Time Share", or "Vacation Rental" for "temporary lodging" or for any other purpose considered transient in nature.
- e) At least ten (10) days before commencement of the lease term, the lot owner shall provide the Association with the following information: (a) the commencement date and expiration date of the lease term; (b) the names and contact information of each of the lessees and each other adult person who will reside at the lot during the lease term; (c) description and the license plate numbers of the lessees' vehicles; and (d) the address and telephone number at which the lot owner, or authorized representative of the lot owner, and any emergency contact, can be contacted by the Association during the lease term. The lot owner shall also provide the Association with a written document signed by the lessee acknowledging receipt of copies of the Governing Documents and agreement to comply. The lot owner shall be ^{Unofficial Document} responsible for any violation of Governing Documents by the lessees, sublessees, assignees, or other persons residing at the lot and their guests or invitees and, in the event of any such violation, the lot owner, upon demand of the Association, shall immediately take all necessary actions to correct any violations.
- f) Any lot owner who shall lease his, her, or its lot shall be responsible for assuring compliance by the occupancy with the CC&R's, the By-Laws, and the Association Rules. Failure by a lot owner to take legal action, including the institution of a forcible entry and detainer proceeding against his, her, or its occupant who is in violation of the CC&R's, By-Laws, or the Association Rules within ten (10) days after receipt of written demand to do so from the BOD, shall entitle the Association, acting by and through the BOD, to take any and all such actions including the institution of proceedings and forcible entry and detainer on behalf of such lot owner against his, her, or its occupant. Any expenses incurred by the Association, including reasonable attorneys' fee and costs of suit, shall be repaid to it by such lot owner. Failure of such lot owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the BOD to levy a special assessment against such lot owner and the lot for all such expenses incurred by the Association. In the event such special assessment is not paid within thirty (30) days of its due date, the BOD may resort to all remedies of the Association for collection thereof.

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- g) No gainful occupation, trade, or other non-residential use or the receiving of products or services related to such use, may be conducted on the property unless such use is both invisible and inaudible to the neighborhood.
- h) Lot owners must receive BOD permission to apply for any re-zoning, variances, or use permits from the City of Scottsdale or any other governmental office.

1.13.2 TRASH/RECYCLING CONTAINERS AND COLLECTION

- a) **Garbage Containers:** No garbage or trash shall be kept or stored on any lot except in covered containers as provided by the City of Scottsdale. All trash/recycling containers will be kept out of sight from the roadway except on days of collection
- b) **Brush and Bulk Trash Requirements:** In compliance with City of Scottsdale's ordinance for Brush and Bulk Trash services (see City of Scottsdale website for schedule and guidelines), no approved materials, including but not limited to trimmings; bags of rubbish; boxes; wood; appliances; cabinets; and exercise equipment, should be placed near the roadway of owner's lot earlier than nine (9) days prior to scheduled pickup. After a scheduled City brush and bulk trash pickup, lot owners are responsible for ~~cleaning~~ Unofficial Document sweeping, blowing or otherwise cleaning up all leftover debris from the roadway and right-of-way by the end of the weekend following each monthly pickup.

1.13.3 PETS, LIVESTOCK, FARM ANIMALS, EXOTIC ANIMALS

- Owners are allowed to keep generally recognized house or yard pets such as dogs, cats, fish, and interior housed birds.
- Farm animals (including but not limited to goats, lambs, cows, ducks, geese, pigs, pot bellied pigs, chickens, roosters, horses, and other such animals) are not allowed.
- Exotic animals, including but not limited to monkeys, chimpanzees, llamas, ostriches or other such animals are specifically not allowed.
- Animals, including cats and dogs, cannot be kept or raised for commercial purposes.
- Animals are not allowed to become a nuisance to neighbors. Examples of nuisance noise include, but are not limited to, bird aviaries, pigeon coops, barking dogs, and other such occurrences.
- Dog runs may not be visible from the roadway or constructed so the highest portions of the fencing are above the level of the rear or side wall or fence.
- All pets permitted under the CC&R's shall be confined to an owner's lot except that a dog or cat may be permitted to leave the owner's lot if such

dog or cat is at all times kept on a leash and is not permitted to enter upon any other lot. All pet owners must clean up after their pets.

Barking Dog Process: The following defines the process that must take place in order to request that the CC&R Committee produce a Violation Letter concerning noise produced by barking dogs.

1. Inform the lot owner that the noise is causing a disturbance;
If this does not solve the problem:
2. Call the Scottsdale Volunteer Mediation Center Hotline and ask that the issue be mediated through a non-partisan volunteer;
If this does not solve the problem:
3. Find a neighbor who has the same concern, call the Scottsdale Police Dept. and ask that a BARK notice be issued to the owner of the offending dog. Scottsdale police will ask for two people who are disturbed by a barking dog before they will issue the notice;
If this does not solve the problem:
4. Contact the CC&R Chairperson to request a violation letter be issued. You **MUST** have a copy of the BARK notice that has been issued by the Scottsdale Police Dept.

1.13.4 MACHINERY, EQUIPMENT AND NOISE

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No machinery or equipment (excluding passenger vehicles) of any kind shall be placed, operated, or maintained upon any lot or any roadway unless it is housed in a garage or other part of the dwelling, does not make excessive amounts of noise that can disturb other lot owners, and is not visible from the roadway. Except for the summertime construction hours listed below, individual lot owner hobby tools or landscape maintenance tools such as gas operated blowers, trimmers, and chain saws, that produce loud noise cannot be operated before 7:00 A.M. or after 10:00 P.M. if their sound disturbs the peace and quiet of their neighbor's homes. Amplified music or loudspeakers are included in this restriction. Summertime construction (April 1st to Oct 15th) that generates noise must begin after 6:00 A.M. and end by 7:00 P.M. The rest of the year, start time must begin after 7:00 A.M. and end by 7:00 P.M. No construction noise will be allowed on Sundays or legal holidays. Notification of violation to the lot owner by the CC&R Committee for repeat offenders will result in fines (refer to section 3.3.3). Further, there will be no operating of motorcycles or other such noisy vehicles on the roadways except for direct travel from the lot owner's lot to the subdivision entry. Repeat travel from the owner's lot to the entry gate with these vehicles is further restricted. Lot owners shall comply with any relevant City of Scottsdale noise ordinance.

1.13.5 VEHICLES, CAMPERS, TRAILERS, MOTOR HOMES, RV's, BOATS

1.13.5.1 RV Parking: No vehicles of the following types may be parked, stored or moved into the subdivision, unless they are not visible from any point on the roadway tent or truck-camper, all-terrain vehicle (ATC, quad, or 3-wheeler) and/or trailer, bus, travel trailer, animal trailer, house trailer, motor home, boat and/or boat trailer; utility trailer; jet ski and its trailer, motor vehicles classed by the manufacturer rating as exceeding one (1) ton, and any other recreational (RV) vehicle. (all of the types of vehicles set forth above shall be collectively referred to as "RV's).

1.13.5.2 Temporary RV Parking: Any temporary Recreation Vehicle (RV) parking longer than seventy-two (72) hours will require previous approval from the CC&R Committee and is limited to parking in driveways or on improved surfaces (ref: City of Scottsdale regulations). Parking on the roadway right-of-way, (note that the right-of-way extends twenty-five (25) feet from the center line of the road), or on the building setback will need prior approval by the CC&R Committee. Temporary parking of RVs, boats and similar equipment will be limited to two (2) visits per year, no closer than sixty (60) days apart and for a time period not to exceed seven (7) days per visit. Any seventy-two (72) hour visit will be considered one (1) visit. RV parking of seventy-two (72) hours or less may not occur 1 Unofficial Document 2 than two (2) times in any thirty (30) day period.

1.13.5.3 Residential Area Use of Motorized Vehicles

Unlicensed motorized vehicles including, but not limited to, automobiles, dirt bikes, ATVs, motorized scooters, motorcycles, go carts, golf carts, motorized skateboards, and similar vehicles are prohibited from entering onto or being operated on any common area within PINNACLE PEAK ESTATES UNIT TWO. Unlicensed and/or underage persons are specifically not allowed to operate any motorized vehicle within PINNACLE PEAK ESTATES UNIT TWO.

1.13.5.4: Commercial Vehicle Parking: No commercial vehicles shall be parked on roadways or lots in the Subdivision except those allowed by law or are providing a service for a lot owner. "Commercial Vehicle" shall be defined as any vehicle that meets any one or more of the following criteria: Has signage; a vehicle classed by manufacturer's rating as exceeding one (1) ton; commercial utility racks located on the vehicle; or work equipment stored on the vehicle that is visible from outside of the vehicle, all of which are visible from the roadway. A lot owner owning or leasing a vehicle that advertises a business or is intended for commercial purposes is prohibited from parking that vehicle in the driveway or on the roadway in front of any residence if the vehicle is visible from the roadway. Vendors may park for a reasonable amount of time while

rendering a service to a lot owner. It is allowable to park trailers with tools or building materials on the lot owner's property or on the right-of-way, only during the time frame that the contractor is actively utilizing the trailer.

1.13.5.5: Lot Owner/Guest Vehicle Parking: Vehicles of lot owners and their guests are to be parked in the garage, driveways or designated drive-throughs. Neither inoperable vehicles nor those under repair or restoration, nor those with expired tags shall be parked in driveways or roadways. Such vehicles must be housed in a garage or behind walls and/or plantings which render the vehicles not visible from any point beyond the boundary of the vehicle owner's lot. No vehicle shall be parked on landscaped areas such as the front yard. The right-of-way that does not lead to a garage or a designated drive-thru is to be used only as temporary parking. To avoid parked car collisions, temporary parking of guest vehicles is limited to one day or overnight and should be parked on the driveway or on the right-of-way as the paved surfaces are quite narrow. Lot owner temporary emergency parking will be permitted by special circumstances including but not limited to pool construction, house being painted, or other service vehicle requirements needing job access.

1.13.6 BUILDING REPAIR: No structure or improvement shall be permitted to fall into a state of disrepair. The lot owner of every structure is responsible at all times ^{Unofficial Document} keeping the structures in a good condition and adequately painted or otherwise finished. In the event any structure is damaged or destroyed, the lot owner is responsible for repair, reconstruction or renovation. Roofs that are visible from the roadway must be kept in good repair at all times.

1.13.7 LOT CLEAN UP: The lot owner is responsible for the general maintenance and cleanup of that lot including removal of trash, and other unsightly material. This includes, but is not limited to, the removal of weeds specifically in the landscaped / maintained front yards visible from the roadways which includes the right-of-way along the roadway. If Natural Area Open Space (NAOS) has been dedicated to the City of Scottsdale, those affected lot owners shall comply with NAOS requirements per City of Scottsdale regulations. A link to the City of Scottsdale's NAOS Map website is available on the PPEU2 website.

1.13.8 STANDING VIOLATIONS: A standing violation is defined as a formally notified CC&R violation, a non-complying feature on the lot whose owner has been notified in writing by the CC&R Committee as not meeting the CC&R's and/or requirements of the Architectural Standards and Guidelines. During major remodeling, as defined in Section 3.2.6, the Architectural Committee will make every attempt to persuade a lot owner to eliminate any "standing violations" which have existed prior to remodeling or prior to that lot owner purchasing the property. When a

major remodeling project is submitted, the Architectural Committee will work with the CC&R Committee and the lot owner to recommend modifications that will eliminate any standing violation.

The sale of a lot is also subject to notification of any recently discovered standing violations. A standing violation will be so noted in the transfer paperwork during the escrow process, making the new lot owner aware that a current standing violation exists and will require correction by the new lot owner after close of escrow.

1.13.9 GRANDFATHERED VIOLATIONS: A grandfathered violation is defined as a CC&R Violation whereby a past BOD has chosen to issue a letter allowing a one time, (not to set a precedent), non-conforming installation to remain, rather than pursuing the removal of said installation. No violations are to be grandfathered related to work done after an existing home has been purchased, remodeled, or a new home built. Grandfathered violations are not to be confused with a variance where a proposed non-conforming installation is approved by the Architectural Committee prior to actual construction.

1.13.10 SIGNS: No signs, including but not limited to those erected on post, wire stands or flags, for the purpose of advertising which are visible from the roadway or adjacent lots, shall be erected or be maintained on any lot except as approved in writing from the Architectural or CC&R Committee. For sale, ^{Unofficial Document} political, burglar alarm and similar warning signs are specifically excluded from this provision but are limited to one (1) sign per lot. Political signs may be displayed for a maximum of seventy-one (71) days prior to an upcoming election, and must be removed three (3) days after the election per A.R.S. 33-1808. Total signage (multiple signs are allowed) is limited to a maximum of nine (9) square feet.

Open House: Along with a sign on Pinnacle Peak Road near the entrance to PINNACLE PEAK ESTATES UNIT TWO, a maximum of three signs are permitted. One (1) at the turn from 80th St., one (1) if there is a need to turn from an internal road, and one (1) on the common area, or right-of-way in front of the property for sale. A note at the entry gate console or on the realtor sign giving the telephone number of the realtor or lot owner showing the home is permitted. A note or sign giving a gate code is specifically not permitted. Roadside open house realtor signs are permitted only on the day of the open house and shall not remain visible in excess of twelve (12) hours.

1.13.11 DRIVEWAYS AND RIGHT-OF-WAY: The Association-owned right-of-way for the interior roadways (subdivision roadways not including N. 80th Street) measures fifty (50) feet in width. An asphalt surface which varies between 24 to 26 feet wide has been installed on this right-of-way leaving approximately twelve (12) to thirteen (13) feet between the individual lot owner's property line and the actual roadway surface. This

right-of-way also serves as an easement for utility companies. A number of lot owners have installed a hardened driveway such as concrete, asphalt, or cobblestones upon this Association-owned right-of-way with the understanding that a utility company could damage or destroy their driveway improvement while performing maintenance, and not be required to replace it. Additional lot owners may be allowed to make similar improvements after requesting and gaining approval from the Architectural Committee. The Association assumes no responsibility for damage to the driveway should a utility company such as APS, Cox Cable, City of Scottsdale, or Southwest Gas need to excavate that area to service their equipment/lines. Also, lot owners should be aware that roadway replacement or roadway maintenance could change the height of the roadway. In the event that a road maintenance process causes a road surface elevation change, if the lot owner wishes to have the driveway match the roadway elevation, the lot owner is solely responsible for both the cost and process to make this adjustment.

- 1.13.12 SPEED LIMITS:** The speed limit for North 80th Street is 35 MPH. The speed limit for all other roadways is 25 MPH. Drive with care, as there are children playing, people walking, joggers, and cyclists on the roadway.

1.14 AMENDMENTS

The Declaration (CC&R's) may be amended at any time by the approval of a simple majority Unofficial Document owners in good standing. Such approval may be given by a secret ballot process as defined in the By-Laws, ARTICLE V, Section 2. The exception to this approval is Assessments as indicated in Section 1.1.2.c. Any amendment to the CC&R's must be recorded in the office of the Maricopa County Recorder.

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2.0 BY-LAWS of
PINNACLE PEAK ESTATES UNIT TWO 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 Association with the Arizona Corporation Commission.

Section 2 Seniority

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

ARTICLE II

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
(the CC&R's)

That certain Declaration of Covenants, Conditions and Restrictions (the CC&R's), recorded April 26, 1972 in Docket 9394, beginning at page 654, Records of Maricopa County, Arizona, as it may be amended from time to time, is incorporated herein by reference.

ARTICLE III

MEMBERSHIP MEETINGS

Section 1 Annual Meetings

The Annual Meeting of the lot owners shall be held in Scottsdale, Arizona, during the last full week in February of each year. The meeting may be held at any location as chosen by the Board of Directors (BOD).

Section 2 Special Meetings

Special meetings of the lot owners may be held at such places and at such times as may be fixed by the BOD whenever called in writing by either the President, a majority of the BOD, or by ten-percent (10%) of the lot owners in good standing.

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Section 3 Meeting Minutes:

Meeting minutes shall contain reasonable coverage of what transpired at the meeting, including results of all motions, those in favor and those opposed. Minutes for Annual, Regularly Scheduled, or Special meetings are to be distributed by the Secretary to the BOD for approval within three (3) weeks, and to the lot owners within two weeks after approval by the BOD at a regularly scheduled meeting. Closed, or Executive (as defined in ARTICLE IV, Section 5 of these By-Laws) meeting minutes will be distributed by the Secretary to the BOD for approval within three (3) weeks, and distributed by the Secretary to the BOD within one week of approval by the BOD.

Section 4 Notices

Each lot owner of the Association shall be notified by the Secretary by written notice e-mailed or mailed to such lot owner's address within the Subdivision, as that term is defined in the CC&R's, unless the Secretary has received a written notice from lot owner designating a different address at least ten (10) days before the date of the Annual meeting, stating the time and place of the meeting. A Special meeting may be called in like manner after ten (10) days' notice, but any notice shall designate the purpose of the meeting. In all cases, the date of mailing of the notices shall be considered the date notices were given.

Section 5 Code of Conduct

All meeting participants must display respect Unofficial Document for other meeting participants. There will be no shouting, yelling, harassment, swearing, bullying, or flagrant displays of anger by either those in the audience or those on the BOD. Conduct such as this will not be tolerated. Any meeting participant who displays this type of rude behavior, conducts themselves in the manner described above, or repeatedly speaks/interrupts without being recognized by the chair, will be asked to calm down or remove themselves from the meeting room. If a person who is acting in this manner refuses to leave, and continues this behavior, a \$50 fine will be levied (upon a majority vote of the BOD). If the behavior continues, the meeting may be immediately adjourned with the cost of the meeting room added to the fine. Per the fine schedule in Section 3.3.3, the fine for a second offense within one year: \$100, a third offense within one year: \$200. Each time a disrupter causes a meeting to be adjourned, the cost of the meeting room will be added to the fine.

Section 6 Quorum

At any regular or special meeting of the lot owners, the lot owners holding thirty percent (30%) or more of the total eligible votes entitled to be cast by all lot owners shall constitute a quorum for the transaction of business. A majority of the quorum shall be necessary to elect directors and transact any other business. An absentee ballot at any meeting called for the purpose of voting will count towards the quorum requirements. In the absence of a quorum, the Chairman of the meeting shall adjourn the meeting without notice until a quorum shall attend.

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Section 7 **Membership Voting Rights:** Each lot owner who is a member in good standing has one vote in any action requiring a vote by the lot owners. A member in good standing is defined in these By-Laws, Article III, Section 9 Disqualification. If two or more people or entities own any lot, the membership as to such lot shall be deemed a single membership with a single vote. Per CC&R's, Section 1.1.2 (a), in official matters, no vote will be cast in cases for which there is voting disagreement among or between owners of record for a particular lot. On those lots with multiple ownership, such persons or entities who comprise the owners shall designate in writing via a signed and notarized letter to this Association, the name of the representative or entity (from among themselves) who shall cast the vote for and on behalf of the owners. If the ownership has been transferred to a Trust, it is the responsibility of the Trust owner to notify the Association in writing, via a signed and notarized letter, as to who will represent that trust. If the owner of a lot is a corporation or other entity, the corporation or entity shall designate in writing via a signed and notarized letter to this Association, the name of the representative whom shall cast the vote for and on behalf of the corporation/entity. All notifications identifying voting representatives must be sent to the Association's mail box (Pinnacle Peak Estates Unit TWO HOA, 8000 E. Via de Luna, Scottsdale, AZ 85255) for receipt within 15 days of vote due date noticed in BOD communications to Association membership. Assignment of voting responsibility will remain effective until such time that it is changed by proper notice.

Section 8 **Manner of Voting**

Each lot owner in good standing in the Association will be entitled to one vote.

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Section 9 **Disqualification**

In the event any lot owner shall be in arrears in the payment of any amounts due under any of the provisions of the CC&R's, the Articles or these By-Laws for a period of fifteen (15) days prior to a vote, such lot 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.

A lot owner shall be deemed to be in good standing unless: (a) the lot owner is and has been, for a period of thirty (30) days or more, prior to a vote, notified in writing by the CC&R Committee that they are in violation of the governing documents (which are Articles of Incorporation, the CC&R's, and Architectural Standards and Guidelines, the General Use Restrictions, and these By-Laws), and has not removed the violation, and/or (b) the lot owner is and has been for a period of fifteen (15) days or more, in arrears in any amounts due the Association.

Any BOD member not in good standing shall not be eligible to vote on matters before the board and is subject to removal from the BOD pursuant to Arizona state law A.R.S. 33-1813, see ARTICLE IV, section 11.

The BOD will make final determination of any disputed violations. Grandfathered violations are to stand without disqualification of voting rights.

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Section 10 Irregularities

All informalities and/or irregularities in calls, notices of meeting and 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 (the BOD), of a minimum of five (5) and a maximum of seven (7) members. All BOD members must be members of the Association in good standing and must serve as BOD approved committee chairpersons or officers. The BOD shall be elected at the annual meeting of the lot owners.

Section 2 Quorum

A quorum for the transaction of business at any meeting of the BOD shall consist of a majority of the BOD who are members in good standing.

Section 3 Annual and Regular Meetings

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An annual meeting of the BOD shall be held immediately following the annual meeting of the lot owners for the specific purpose of electing officers and assignment of Chairpersons. Additional regular meetings of the BOD may be held with forty-eight (48) hours' notice at regular intervals at such places and at such times as the BOD may decide.

Section 4 Special Meetings

Special meetings of the BOD shall be held at such times and places as may be designated by the BOD whenever such meetings are called orally or in writing by the President or a majority of the BOD. The Secretary shall give notices of special meetings to each Director at least forty-eight (48) hours before the time fixed for the meeting. 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, fax, or e-mail, or if sent by mail, proper 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 BOD, special meetings of the BOD may be held at any time without call or notice, or waiver of call and notice.

Section 5 Executive (Closed) Meetings

Executive (Closed) Meetings must meet the requirements of the state of Arizona Statutes ARS 33-1804. Executive Meetings of the BOD shall be held at such times and places as may be designated by the BOD whenever such meetings are called orally or in writing by the President or a majority of the BOD. The Secretary shall give notices of Executive Meetings to each

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Director, orally or in writing, at least forty-eight (48) hours before the time fixed for the meeting. Such notices shall advise each BOD of the time, place, and purpose of the meeting, and shall be delivered personally, or shall be given by telephone, fax, or e-mail, or if sent by mail, proper notice shall be deemed to have been given if the notice is postmarked at least five (5) days before the date of the meeting. Regularly scheduled or Special meetings may be adjourned in order to hold an Executive session. By unanimous consent of the BOD, Executive Meetings of the BOD may be held at any time without advance notice, so long as the reasons authorizing the same is properly identified pursuant to ARS 33-1804 (C)

Section 6 **Unanimous Consent**

Any action, which could be taken by the BOD at a duly convened annual, regularly scheduled, or special meeting of the BOD, may be taken without a meeting if all of the BOD members consent thereto in writing, including electronic writing such as e-Mail. Such consent shall have the same effect as a unanimous vote of the Directors.

Section 7 **Participation at Meetings**

Lot owners wishing to be heard on a topic at a BOD meeting will be able to do so after discussion of the issue and before action is taken by the BOD members. In addition, on any motion brought before the BOD, individual lot owners in attendance will be allowed to have a reasonable amount of time to speak prior to the BOD taking action on that motion.

Section 8 **Vacancies**

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In the event of the death, resignation, discharge of a BOD member, or in the event of a vacancy on the BOD for any reason, such vacancy may be filled by a vote of the majority of the BOD present at a properly called meeting of the BOD that meets the quorum requirements. The BOD member appointed to fill such a vacancy shall complete the term of the office of the BOD member so replaced.

Section 9 **Expenses**

BOD members shall receive no compensation for any service they may render to the Association as a BOD member. However, any BOD member will be reimbursed for their actual expenses incurred in the performance of their duties. A reimbursement request must be supported with valid receipts, descriptions of work performed by employees, time cards, etc., using a check request form that will be submitted to the Treasurer.

Section 10 **Board of Director's (BOD) Proxy**

A BOD member may appoint a proxy to vote or otherwise act for the BOD member by signing a proxy form letter. The appointment does not relieve the BOD member of liability for acts or omissions imposed by law on BOD members.

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An appointment of a proxy will have effective dates stated on the document and is effective immediately when signed by the BOD member. An appointment of proxy is revocable by the issuing BOD member.

The death or incapacity of the Director appointing a proxy automatically cancels the proxy.

Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Association is entitled to accept the proxy's vote, or any other action as of the BOD member making the appointment.

Section 11 Removal of Directors

All Directors shall be subject to removal at any time by the affirmative vote of the majority of the lot owners who are members in good standing at a meeting so called by the BOD where a quorum is present and all requirements pursuant to ARS 33-1813 Removal of Board Member: Special Meeting. The BOD may fill any vacancy caused by removal, resignation, death, or for any other reason whatsoever, as the BOD may deem appropriate.

ARTICLE V

OFFICERS

Section 1 Election of BOD Membership

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All lot owners who are members in good standing will be given the opportunity to be a candidate and run for a position on the BOD. A member in good standing is defined in these By-Laws, Article III, Section 9: Disqualification. At year end, an announcement will be made by the President asking that all lot owners interested in serving on the BOD during the following year furnish a short statement including a biography (bio) and a paragraph on why they wish to serve. These bios will be included in the annual packet which will contain an absentee ballot listing the names of all lot owners who have submitted this required documentation. The Election of BOD members will utilize the Secret Ballot process defined in these By-Laws in Article V, Section 2. The ballot shall denote those BOD members who are incumbents, with no officer or chairmanship positions shown. In addition, any members in good standing wishing to serve may be nominated from the floor at the annual meeting as a write in candidate, however, that member will not receive the benefit of their name being placed on the absentee ballots provided to the lot owners prior to the annual meeting.

Section 2 Voting by Secret Ballot

A secret ballot or secret written consent will be utilized for all voting issues including the annual election for BOD members per the following process. Note: The words "written consent" apply in each place the word "ballot" is used below. A blank ballot is defined as a ballot with no identifying lot or owner name.

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1. Each lot owner will receive a blank ballot and two envelopes, one envelope will be blank, the other will be stamped, and addressed, with the lot owner's name and lot number as the return address.
2. After filling out the ballot, (which will require no signature or lot number), the lot owner will place it in a blank envelope and seal it. This blank envelope will then be placed in the stamped, addressed envelope and mailed. This envelope will have the address of an independent firm who has been hired to receive, store, and count the ballots.
3. The independent firm, will receive the addressed envelope, check off the lot owners name on a voting log as to who that envelope came from, open it and place the blank envelope containing the ballots in a separate location, disengaging the blank envelope from the envelope with the addresses.
4. Prior to the Annual Meeting, the independent firm will open the blank envelopes, log the vote counts from the ballots, store them separately from the addressed envelopes, and bring them, along with the lot owner log and vote tally sheet to the annual meeting.
5. At the Annual Meeting, any ballots received on the night of the meeting will be opened by the independent firm, the lot owner noted and logged into the lot owner log. The blank ballot envelopes will be separated from the addressed envelope, and the ballots will be stored in a separated container.
6. After the call for any final ballots, the independent firm will add the votes to the tally sheet and then provide the lot owners log and voting tally results to the then President for announcement of the results at the end of the meeting.
7. Both the separate blank and addressed envelopes and ballots will be held for one year and be made available to all lot owners for review.

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Section 3 Designation of Officers

The BOD, immediately following the Annual Meeting, shall elect the officers and the Committee chairs of the Association, being guided by the results of the board election at the Annual Meeting. The vote total results will be announced to the newly elected BOD prior to determining officer/chairman positions. Officers or BOD members may be elected at any other meeting of the BOD specifically called for such purpose. The officers of the Association shall consist of a President, a Secretary, and a Treasurer. The term of office will be one (1) year. The BOD may also appoint an Assistant Secretary and Assistant Treasurer. An Assistant Secretary if appointed, shall, in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary. 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. None of these elected or appointed officers of the Association need be members of the BOD. (Any appointed assistant officer who is not a member of the BOD will have no voting rights in BOD meetings until that individual has been duly elected to the BOD by a majority vote of the BOD).

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Section 4 Duties of Certain officers

(a) President: The President shall be the chief executive of the Association and shall preside at all meetings of the BOD; 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 BOD are carried into effect. The President shall do and perform such other acts and duties as may be required by the BOD, but the President's authority shall be subject to the control and direction of the BOD at all times. Except for new contracts, when the President is not reasonably available for signature, two BOD members may sign on behalf of the President.

(b) Secretary: The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the lot owners and each meeting of the BOD; shall give or cause to be given, when required, notice of all meetings of the lot owners and/or the BOD (e-mail is acceptable for this notice); shall keep an accurate list of all lot owners within the Association and their contact information, and shall perform such other duties as may be prescribed by the BOD or the President. An Assistant Secretary, if appointed, shall in the event of the Secretary's absence or inability to act, perform the duties and functions of the secretary.

(c) 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 BOD. The Treasurer shall ^{Unofficial Document} use the funds of the Association as may be ordered by the BOD, demanding proper receipts for such disbursements. The Treasurer shall prepare and submit a written financial report at each Annual Meeting of the lot owners, and shall render to the President an account of all transactions as Treasurer, and such additional reports of the financial condition of the Association as the BOD may require. The Treasurer may be required to furnish a surety bond in an amount determined by the BOD, 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 5 Other Personnel (Residence not required)

The BOD may engage the services of other personnel, as may from time to time be deemed necessary or advisable for the objectives and purposes of the Association. These personnel will not be members of the BOD.

Section 6 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 BOD who are members in good standing. Officers removed from their position does not remove them from the BOD. See ARTICLE IV, section 11 for Removal of Directors pursuant to ARS 33-1813. The BOD may fill any vacancy caused by removal, resignation, death, or for any other reason whatsoever, as the BOD may deem appropriate.

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Section 7 Committees

The President shall, with the approval of the BOD, appoint such standing or special committees, councils, or boards of such size as the President or BOD may deem necessary to properly carry on the activities and effect the objectives and purposes of the Association. Such committees shall perform such duties as the President or BOD may direct. Assigned Committee membership does not include voting rights on the BOD until that person has been duly elected to the BOD with a majority vote of the BOD.

Section 8 Compensation

The President, Secretary and Treasurer shall not receive any compensation for their services rendered to the Association as such officers. However, such officers may be reimbursed for their actual expenses incurred in the performance of their duties. A reimbursement request will be supported with valid receipts, listings of work performed by employees, time cards, etc., using a Check Request form that will be submitted to the Treasurer. The BOD may fix and pay such compensation for other officers or employees of the Association, as the BOD deems proper.

ARTICLE VI

ASSESSMENTS

Section 1 Annual Budget

The BOD shall prepare an estimated annual ^{Unofficial Document} budget for each fiscal year of 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 BOD. To the extent that assessments and other cash collections, from the lot owners 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 & Budgets

The BOD shall approve the total estimated annual budget for each fiscal year and copies thereof shall be furnished to each lot owner not later than fifteen (15) days before the beginning of such year. The budget will consist of two distinct categories which will be shown as separate items: One for day-to-day operating expenses (Operational Budget), and the other for long term common area replacement requirements (Reserve Budget). Projects that require immediate attention such as the unanticipated replacement of a community asset (Special budget) will be handled on an as needed basis. Refer to the Amended CC&R's, section 1.1.2.c for definitions of the three assessment categories. Upon approval of the total estimated annual budget by the BOD, the BOD shall assess each lot, the lot's pro rata share of the expenses of the Association for the upcoming year, computed by multiplying the estimated annual budget by the ratio that one (1) lot bears to the total number of lots within the subdivision. Each lot owner of record shall be personally liable for the annual assessment attributed to their lot. If a lot is owned by more than one person or entity, each lot owner shall be jointly and severally liable for the lot's

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total annual assessment. Refer to these By-Laws, ARTICLE VI, Section 3 for voting requirements to amend either the Operational and/or Reserve Assessment.

Each annual assessment shall be due and payable on or before February 15th of the year covered by the annual assessment. The BOD shall have the power to authorize other payment schedules at its discretion.

In addition to the foregoing regular annual assessment, the BOD may levy additional special assessments as may be necessary or desirable to meet expenses of the Association during the fiscal year. Special assessments shall be payable when, and upon such notice, as the BOD may determine. All amounts, whether regular or special, shall be due and payable to the Association.

Section 3 **Total Maximum Annual Assessment**

The Total Maximum Annual Assessment is made up of two parts: The Operational Assessment, and the Reserve Assessment. These two assessments, combined, make up the Total Maximum Annual Assessment. A third assessment, the Special Assessment, is used for underfunded, unforeseen or emergency capital requirements. Any increase in assessments require a two-thirds (2/3) 66.7% vote of all lot owners in good standing.

Refer to the AMENDED DECLARATION OF COVENANTS, CONDITION AND RESTRICTIONS (The CC&R's), Section 1.1.2 (c) 1, 1.1.2 (c) 2, and 1.1.2 (c) 3 for detailed definitions of the Operational, Reserve and Special assessments. The process of how these assessments are established is also explained in that Section.

No lot's pro rata share of the Operational ^{Unofficial Document} Assessment shall exceed the annual adjusted amount unless such maximum assessment is increased by the Association according to the voting requirements set forth in the CC&R's.

Section 4 **Partial Months**

Upon becoming a member of this Association, a lot owner in the subdivision shall thereupon become obligated to pay the assessments and charges provided for herein. If membership commences after February 15th of any calendar year, the member's assessments for that calendar year shall be prorated to the date membership commenced.

All lot owners shall remain liable for all assessments and other charges payable hereunder so long as they are lot owners within this Association. In the event that lot ownership 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 lot owner even after membership in the Association terminates.

Section 5 **Delinquency**

Assessments as provided for herein shall be due and payable on or before February 15th, or at such other time as may be directed by the BOD. Failure to pay assessments when due shall render the assessments delinquent and such delinquent assessments shall bear a penalty at the

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rate of \$15.00 or 10% of the amount of the unpaid assessment, whichever is greater, per month from the date of delinquency until paid.

Section 6 Liens

Any and all delinquent amounts, plus penalty fees, shall be a lien and a charge on all the property of the lot owner located within the Subdivision, such lien to be junior only to the lien or charge of any bonifide first mortgage or first deed of trust upon the same property, or any part thereof at any time given or made.

Any 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 enforcement action against a lot owner to enforce payment of any unpaid assessments or otherwise to secure compliance with the provisions of these By-Laws, the Articles, the CC&R's, the Rules and Regulations and the Architectural Standards and Guidelines of the Association, the Association, upon prevailing, shall be entitled to reimbursement from the lot owner for all costs and expenses incurred, including, but not limited to reasonable attorney's fees, which amount is also secured by a lien against the lot.

Section 7 Fiscal Year

The fiscal year of the Association is the calendar year. The commencement date of the fiscal year herein established shall be subject to change by the BOD.

ARTICLE VII

ENFORCEMENT, FINES AND LIENS

An enforcement process, along with establishment of fines and liens, for enforcing violations of the CC&R's, By-laws, Rules and Regulations, and Architectural Standards and Guidelines, is documented in the Rules and Regulations, a separate document which is incorporated into, and made part of these By-Laws by this reference. Specific information on these subjects can be found in the section entitled "CC&R Enforcement, Fines and Collections", Section 3.3.

ARTICLE VIII

AMENDMENTS

Except as provided in ARTICLE VI, Section 3 of these By-Laws, the BOD shall have the power to make, amend, and repeal the By-Laws of the Association by vote of a majority of all the BOD members present at any regular or special meeting of the BOD where a quorum is present, provided that written notice of intention to make, amend or repeal the By-Laws in whole or in part shall have been given in the notice of the meeting, or in the absence of such notice, by vote of two-thirds (2/3) of all the BOD.

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3.0 RULES AND REGULATIONS

3.1 COMMUNITY ORGANIZATION

Every lot owner of Pinnacle Peak Estates Unit Two is a member of the Pinnacle Peak Estates Unit Two Homeowners Association (the "Association"), the entity responsible for the management of all common areas and related lot owners facilities such as roads, gate, mailboxes, community entry walls, as well as administration of the affairs of the community. The Association was created by the recording of the Declaration of Covenants, Conditions, and Restrictions, (the "CC&R's). The CC&R's set forth procedures, rules and regulations, which govern the community. The By-Laws, the Architectural Standards and Guidelines, and the Community Rules are an extension of the CC&R's and are designed to be used in harmony.

The Board of Directors (the BOD) is charged with responsibility for overseeing the business of the Association and has a wide range of powers. The Architectural Committee is established by the BOD to review all improvements within Pinnacle Peak Estates Unit Two including new construction and exterior modifications/renovations to existing properties. The Architectural Committee uses the Architectural Standards & Guidelines to evaluate proposed construction activities. The CC&R Committee is established by the BOD to review all Rules and Regulations set forth in the CC&R's, Architectural Standards & Guidelines and Community Rules and is charged with making sure that these rules, standards, and guidelines are being followed. The BOD has the option to assign additional Committee Chairpersonships such as Communications, Landscape, Gate, Community Liaison and Escrow.

Notwithstanding anything to the contrary contained in the Governing Documents, changes to the Rules and Regulations will require a simple majority vote by secret ballot of all of the lot owners in good standing. The secret ballot process is described in the By-Laws in Article V, Section 2.

3.2 ARCHITECTURAL REVIEW PROCESS

3.2.1 Approval requirements: Any change, addition, or modification to the physical appearance of a lot or a building exterior requires the prior written approval of the Architectural Committee. Note: Interior remodeling that requires the use of heavy equipment (including delivery equipment) requires a Construction Deposit per Section 3.2.6. Lot owners with proposed changes must contact the Architectural Committee Chairperson to obtain the necessary architectural guidelines and submittal documentation. A written request, together with the plans or other documentation which the Architectural Committee may reasonably request, must be submitted at least thirty (30) days prior to the date on which construction is to commence. Submitting preliminary plans to the Architectural Committee may eliminate drawing revisions, as PINNACLE PEAK ESTATES UNIT TWO Architectural Standards and Guidelines are (in many cases) more restrictive than those of the City of Scottsdale.

3.2.2 Prior approval must be obtained: No new construction or exterior remodeling, including changes in exterior color, is to occur on any lot or exterior of any structure without the prior approval of the Architectural Committee. The responsibility of the Architectural Committee is to ensure that the harmonious, high quality image of PINNACLE PEAK ESTATES UNIT TWO is implemented and maintained. The submittal will be returned either approved, denied, or for more information within thirty (30) days. If the Architectural Committee shall fail to approve or disapprove the design, location, or the kind of materials to be used on the project within thirty (30) days after receipt of a written request, approval thereof shall be deemed to have been given, provided, however, that the design, location and kind of materials and the structure to be built on said lots(s) shall not have changed nor will be in violation of any of the CC&R's contained herein. Any exterior changes made after a plan has been initially approved must be resubmitted to the Architectural Committee for re-approval prior to implementation of that portion of the project.

3.2.3 Appeal Process: Lot owners whose architectural requests have been denied by the Architectural Committee may appeal the decisions of the Architectural Committee to the BOD for consideration, in which case, the decision of a majority vote of the BOD shall prevail. It is the responsibility of the lot owner to request (in writing, including e-mail) an appeal meeting within thirty (30) days of the Architectural Committee's written denial. That request will be made to the President or Secretary of the BOD.

3.2.4 Approval from Governmental Agencies: It is the lot owner's responsibility to ensure that all proposed new or remodel construction meets all counties, local, state and federal government agencies. The Architectural Committee and the Association assume no responsibility for obtaining these reviews and approvals.

3.2.5 Construction Documents: Prior to new or major remodel (as defined in section 3.2.6) construction, the Architectural Committee requires two sets of house plans and two (2) sets of engineered site plans (if required by the City of Scottsdale), along with any other information the Committee may reasonably request. For accurate record keeping, the Architectural Committee Chairperson will keep one (1) set for the history file while one (1) set will be signed off and returned.

3.2.6 Construction Deposit: Once approved by the Architectural Committee, all lot owners or contractors must provide a construction deposit, depending upon the extent of the remodel. The deposit will be in the amount of five-thousand dollars (\$5,000) for either new home construction or major remodeling and renovation projects as described below, or two-thousand dollars (\$2,000) for any other remodel utilizing heavy equipment, inclusive of landscape material deliveries, hardscape deliveries, and anything utilizing heavy equipment as a means of delivery or offloading onto the owner's lot.

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Construction Deposit:

- (a) Can be used to pay for any damages done to the common areas of Pinnacle Peak Estates Unit TWO, including but not limited to roadways, gates, street signs, landscape fencing. The lot owner is liable for any damages that exceed the amount of the construction deposit.
- (b) Will ensure that the construction is performed per plans approved by the Architectural Committee.
- (c) Will ensure that the new construction does not create a CC&R Violation and to provide that the project has been properly cleaned up (building materials, landscape materials, trailers, and tools removed from the site).

Major remodeling and renovation projects requiring a \$5,000 deposit shall include:

- (1. Projects adding thirty percent (30%) or more square footage to existing structures;
- (2. Remodeling more than fifty percent (50%) of the building exterior; or
- (3. Remodeling existing roof lines.

Timing: The deposit must be submitted prior to the commencement of construction, including clearing of the lot.

Interior Remodels: Any use of heavy equipment requires a two-thousand-dollar (\$2,000) construction deposit including an interior remodel, if the lot owner/contractor determines that heavy equipment will be utilized either in the remodel process or for the delivery of materials. The construction deposit will be required to protect the common areas and roadways.

Deposit Submission: The construction deposit is to be submitted to the HOA designated accounting firm.

Project Completion: A request for return of the construction deposit constitutes project completion. When a project is complete, the lot owner will formally request, in writing, the return of the deposit (e-Mail is acceptable). This deposit will be released (less any damage or clean-up costs) after 1) An inspection by the Architectural Committee to verify conformance with the approved plans, 2) An inspection performed by the CC&R Committee to verify that construction has not created a CC&R violation, and 3) An inspection by the Roads & Wash Committee who will inspect for damage to any common area including the roadway to determine damage above and beyond normal wear and tear. If the cost for repairing any damage caused exceeds the amount of the construction deposit, the lot owner shall be liable for the additional costs, which shall be collected in the same manner as delinquent assessments.

3.2.7 Clean up Requirements

A commercial dumpster or equivalent (which may qualify as heavy equipment), of appropriate size which will be used for deposit of refuse, shall be the responsibility of the lot owner or contractor. Timely use of this dumpster, (cleanup of the building site on a "regular" basis) is mandatory. If cleanup is not properly completed on a timely basis, as determined by the Architectural Committee, and after proper notification of clean-up violation to the contractor and/or lot owner with reasonable time to correct, the Architectural Committee, with support from the CC&R Committee may issue a notification of violation which could include fines and a lien on the lot if the cleanup is not promptly completed. In addition, the Architectural Committee may utilize funds from the construction deposit to hire a landscape cleanup crew or other parties for any clean up that is required in the common areas or on surrounding lots as a result of improper or untimely cleanup by the owner or contractor. Any funds used by the Committee for clean up will be deducted from the construction deposit at completion of the project.

3.3 CC&R ENFORCEMENT, FINES, AND COLLECTIONS

3.3.1 GENERAL INFORMATION

One of the major functions of the Association is to enforce the guidelines set forth in the Articles of Incorporation, CC&R's, Bylaws, Architectural Standards and Guidelines and Rules and Regulations for PINNACLE PEAK ESTATES UNIT TWO. The CC&R Committee or their authorized agency monitors enforcement on a regular basis. The CC&R Committee identifies violations in a number of ways. Receiving written notice by a concerned lot owner (who must identify themselves and who specifically may not trespass to acquire information) and by conducting surveys/inspections. A verbal request for voluntary compliance is issued to the lot owner, followed by written notification if the violation has not been eliminated in 30 days. If, after 30 days, the violation remains, a second written notification will be initiated, allowing 10 days for removal. The fine process will begin if the second written notification is unsuccessful.

3.3.2 PROCESS FOR CC&R ENFORCEMENT

- a) A period of thirty (30) days will be given for removal of violations that have not been previously documented.
- b) Ten (10) days will be given for removal of recurring violations (or violations not corrected in the first 30 day period).
- c) Initial complaints will be directed to the CC&R Committee. Upon investigation and determination that a new violation exists, a verbal notice confirmed via e-mail, can be given in an attempt to gain voluntary

compliance. If a resolution plan is not forthcoming, this will be followed by sending a letter to the lot owner, allowing thirty (30) days for the resolution of the violation. This letter will also advise that the lot owner may request a hearing with the CC&R Committee. If the issue is disputed, the owner may request (in writing) a further hearing with the BOD. It will be the lot owner's responsibility to initiate the hearing with the BOD within that thirty (30) day period. A majority vote of the BOD will be the final decision of an appeal.

- d) If the violation remains at the end of thirty (30) days, or ten (10) days for a recurring violation, or re-occurs within a six (6) month period, a second letter will be sent. This letter will state that if the violation remains at the end of an additional fifteen (15) days, or if the violation re-occurs within a six (6) month period, a fine up to two-hundred (\$200) per month or occurrence will be levied and a lien on the lot may be recorded. Reference the Fine Schedule below.
- e) At the end of the additional fifteen (15) days, or if the violation re-occurs within the six (6) month period, a letter will be sent advising the lot owner that the BOD intends to impose a fine, the amount of the fine, and whether the fine will be a continuing fine. The letter will also advise the lot owner that they have the opportunity to be heard before the BOD.
- f) Repeat offenders ^{Unofficial Document} committing violations of the same offense and circumstances occurring three (3) times in a six (6) month period, waive all rights for time to resolve the violations. In these cases, the Association intends to impose fines retroactively to the date of the violation, after providing the lot owner with notice of the violation and the opportunity to be heard. The Association intends to impose additional fines for every recurrence of the violation.
- g) The CC&R Committee is charged with keeping a record of up to date files/documents/letters on each lot. These documents related to a lot owners own lot are open to the individual lot owners. Copies of the non-confidential materials may be requested in writing by the lot owner. The cost to produce the copies will be the responsibility of the requesting lot owner and a reasonable time to produce them will be allowed.

The BOD may vary from the above violation process depending on the nature and number of violations and may proceed directly to legal action if necessary or advisable.

3.3.3 FINES

A fine of up to two-hundred (\$200) per month, or fifty (\$50) to two-hundred (\$200) per time of offense, shall be levied against a lot owner in violation of the CC&R's who has been unresponsive to the CC&R

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Committee's efforts to eliminate the violation. Multiple offenses could create multiple fines. Letters indicated in Section 3.3.2 must have been sent giving due process (to be heard on appeal) to the lot owner before this occurs. Before the fine is imposed, the CC&R Committee must be in receipt of a U.S Mail Certified Return Receipt that has either been signed, not accepted, or returned by the US Postal Service.

FINE SCHEDULE

- \$50 Minor Violations (including, but not limited to): Repeated garbage can violations; sign issues; (advertising signage installed); unsightly garbage and/or trash piles visible from roadway; weeds, dead trees, plants or shrubs; building material visible from roadway; Installation of unpainted meters/control boxes/panels; abandoned vehicle; visible commercial vehicle; breaking Code of Conduct rules at BOD meetings: 1st offense; construction noise starting before or after guidelines in Section 1.13.4 & 4.1.1.3: 1st offense.
- \$100 Violations (including, but not limited to): Noise violations after 10:00 PM; barking dogs; parking of RV's, boats, trailers, or equipment for a longer duration than allowable; home ^{Unofficial Document} Unofficial Document repair; painting in disrepair; breaking Code of Conduct rules at BOD meetings: 2nd offense in one year; construction noise starting before or after guidelines in Sections 1.13.4 & 4.1.1.3: 2nd offense.
- \$200 Major Violations, including, but not limited to, short term rentals; ground or roof mounted equipment that are visible from roadways; Issues that require action by a BOD member such as the ordering of a clean up crew (in addition to the amount charged by the clean up crew); work started on a construction project without approval of the Architectural Committee; running a business out of the home that is obvious from the exterior; repeat offenses of lesser violations; parking of RVs on roadway; breaking Code of Conduct rules at BOD meetings: 3rd offense in one year; construction noise starting before or after guidelines in Sections 1.13.4 & 4.1.1.3: 3rd offense.

3.3.4 COLLECTIONS

Amounts delinquent under Section (3.3.2 and 3.3.3 for sixty days shall be collectable in the manner allowed by law.

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4.0 ARCHITECTURAL STANDARDS AND GUIDELINES

4.1 GENERAL PRINCIPLES

The following standards and guidelines are, by incorporation and reference, part of the COVENANTS, CONDITIONS AND RESTRICTIONS (the CC&R's) for PINNACLE PEAK ESTATES UNIT TWO.

The purpose of the Architectural Committee is to ensure consistent application of the Architectural Guidelines. The Architectural Committee monitors any portion of a lot which is visible from other lots, the roadway, or Association common areas. The Architectural Guidelines promote those qualities in Pinnacle Peak Estates Unit TWO that enhance the attractiveness and functional utility of the community. Those qualities include a harmonious relationship among structures, vegetation, topography and overall design of the community. These guidelines are supplemental to and in addition to any and all standards and restriction contained in the CC&R's for PINNACLE PEAK ESTATES UNIT TWO. These standards may be amended and modified from time-to-time by a secret ballot simple majority vote of all of the lot owners of the PINNACLE PEAK ESTATES UNIT TWO who are members in good standing at the time of the balloting, per By-Laws Article V, section 2.

Plans and specifications shall be approved by the Architectural Committee as to style, exterior design, appearance and location, and are not approved for engineering design or for compliance with zoning and building ordinances (or other governmental requirements), and by approving the plans and specifications neither the Architectural Committee, the members thereof, ^{Unofficial Document} nor the BOD assumes any liability or responsibility therefor, or for any defect in any building or other improvement constructed from the plans and specifications. Neither the Architectural Committee, nor the BOD shall be liable to any lot owner or other person for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development, or manner of development of any property within the Association, or (d) the execution and filing of an estoppel certificate pursuant to the Architectural Standards and Guidelines, whether or not the facts therein are correct; provided, however, that the action, with the actual knowledge possessed by the person executing and filing the estoppel certificate, was taken in good faith. Approval of plans and specifications by the Architectural Committee is not, and shall not be deemed to be, a representation or warranty that said plans or specifications comply with applicable governmental ordinances or regulations including, but not limited to, zoning ordinances or building codes.

4.1.1 Protection of Neighbors and Surrounding Desert

4.1.1.1 Interests of Neighbors: The interest of neighboring properties must be protected by making reasonable provisions for such matters as access, surface water drainage, sound and sight buffers, light and air, and other aspects of design, which may have a substantial effect on neighboring properties.

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- 4.1.1.2 Timing of Construction:** New construction shall be completed within eighteen (18) months from groundbreaking. Remodeling or additions should be completed within twelve (12) months from the start of the project.
- 4.1.1.3 Control of Excessive Noise / Time of Construction:** Per City of Scottsdale regulations, Monday thru Friday construction during summer time (from April 1st to Oct 15th) is limited to the hours of 6:00 a.m. to 7:00 p.m. The remainder of the year, weekday construction is limited to the hours of 7:00 a.m. to 5:00 p.m. Saturday construction during the summer months is limited from 7:00 a.m. to 7:00 p.m., the remainder of the year, 8:00 a.m. to 5:00 p.m. No construction shall be allowed on Sundays or legal holidays. Repeated violations shall result in fines per the schedule set forth in the Rules and Regulations, Section 3.3.3.
- 4.1.1.4 Protection of Desert Growth:** It is intended to preserve the present natural desert in its present state. Desert growth shall not be destroyed or removed except as is necessary for reasonable construction access. Except for noxious weeds and certain invasive plants such as, but not limited to, Desert Broom and trees that are dying from mistletoe infestation, native plants that are stripped during construction, if not replaced by planned landscaping, Unofficial Document replaced with either the same plant, or a similar alternative. Refer to City of Scottsdale website for a list of the indigenous plants in this region, a link to this website is available at the PPE2HOA website.
- 4.1.1.5 Subdividing Not Allowed:** None of the said lots in the Subdivision shall be re-subdivided into smaller lots nor conveyed in less than the full original dimension of such lot as shown by the Plat Map. The exception is for public utilities, in which event, the remaining portion of the said lot shall be treated as a whole lot. This restriction shall not prevent the conveyance of a part of a lot to an adjacent owner of a whole lot, after which time said whole lot and the adjacent part of a lot in such common ownership shall, for the purposes of these restrictions, be considered as one (1) lot.
- 4.1.1.6 Residential Use Only:** No businesses including, but not limited to, a store, office building, geriatric care facility, dementia care facility, hospital, hospice, sanitarium or other place for the care of treatment of the sick or disabled, physically or mentally, nor any theater, saloon, or other place of entertainment shall ever be erected, converted, or permitted upon any of the said lots, or any part thereof. Unless invisible and inaudible to the other residents, no business of any kind or character whatsoever shall be conducted in or from any residence on said lots.

4.1.1.7 Building Setback Restrictions: No portion of the building erected on any of said lots shall be closer to the roadway lines the side lot lines or rear lot lines than indicated on the recorded plat for PINNACLE PEAK ESTATES UNIT TWO recorded on Apr. 26, 1972 in Book 149 of Maps, page 11, records of Maricopa County. Submitting preliminary plans to the Architectural Committee can eliminate confusion on this subject.

4.1.2 Design Compatibility

The proposed construction must be compatible with the design characteristics of the property itself, adjoining properties and the neighboring setting. Compatibility is defined as harmony in style, scale, materials, color and construction details.

4.1.2.1 Building Height Restriction

No structure shall be erected, altered, placed or permitted to remain on any of the lots other than one detached single-family dwelling not to exceed one (1) story in height. This may include a private attached garage, not to exceed one (1) story in height, maximum elevation sixteen-feet, eight inches (16' 8"), as measured from the finished floor to the top of the tiled roof or highest point on the parapet wall. The City of Scottsdale determines finished floor height. On new construction, remodeling, or additions, the general Unofficial Document or must furnish the Architectural Committee with verification of height from finished floor. This must be completed with an actual measurement performed by a licensed architect or engineer who will furnish a height certification. This inspection must be completed and approval granted by the Architectural Committee upon completion of framing prior to approval for finishing. An Architectural Committee member, after sufficient notification to the lot owner, reserves the right to enter any property that is in the construction/renovation phase to perform any necessary inspection or measurements to assure compliance with existing Architectural Standards. Such entry shall not be deemed a trespass.

4.1.2.2 Building attachments

Any approved garage, guest house, casita, or other outbuilding must be attached to the main dwelling by a common wall that is a maximum of five (5) feet six (6) inches tall. Any major remodeling and/or detached additions require the written approval of the Architectural Committee. A guest house or casita must be constructed within the building setback and utilities easement restrictions which are further defined earlier in this section entitled: "Building Setback Restrictions". Casitas or guest homes that are designed such that they appear to be an integral part of the dwelling structure, can be constructed anywhere on the lot within Pinnacle Peak Estates Unit TWO plat map setback guidelines, where the structure

meets all of the Architectural and CC&R standards, and is approved by the Architectural Committee.

4.1.2.3 Building Size (square feet)

No two (2) or three (3) bedroom dwelling having a ground floor area of less than twenty-four hundred (2,400) square feet, or four-bedroom dwelling having a ground floor area of less than three thousand (3,000) square feet, including the walls proper of the dwelling, but exclusive of open porches, pergolas, ramadas, or attached garage, if any, or other similar extension or projection, shall be erected, permitted or maintained on any of said lots.

4.1.2.4 Building Style: All such dwelling structures shall be of Spanish, Southwest, Adobe, Territorial, Tuscan, or Ranch exterior design, except as may otherwise be approved by the Architectural Committee.

4.1.2.5 Roofing Materials: If sloped, the roofs of all structures shall be of a mission, clay, concrete, flat, barrel shape, "S" tile, Solar tiles per AZ State Statute 33-439, or other types as approved by the Architectural Committee. Metal roofs that are harmonious in color, texture and design, may also be approved. All flat roofs over livable space and garages shall have parapets on all sides. Visible areas of the parapets shall be painted to match the building ^{Unofficial Document} including interior parapet surfaces that are visible from the roadway or adjacent lots. Patio roofs visible from adjacent lots must be painted to match the building exterior or the roof color. Visible portions (from roadway or adjacent lots) of flat roofs shall be painted to match roof tile or the home.

4.1.2.6 Building Color

The colors of all buildings, walls, and visible roof coatings shall be earth tones and blend with the natural desert surroundings. Samples of colors to be used shall be submitted to the Architectural Committee, from whom prior approval is required before undertaking new construction or altering existing structures. Lot owners should be aware of City of Scottsdale's Environmentally Sensitive Land Ordinance (ESLO) which requires new paint colors to meet the Light Reflective Value (LRV) of thirty five percent (35%) or less. Note: If the exact same color, which may or may not meet the LRV requirements above, is used to repaint the home, without a major remodel, that color is grandfathered by the City of Scottsdale.

4.1.2.7 Roof, Ground, and Wall Mounted Equipment

No air conditioning units or appurtenant equipment may be mounted, installed or maintained on the ground, wall, or roof of any structure so as to be visible from the roadways. Rooftop solar equipment must be located on the roof structure as much as reasonably possible so they are not visible from roadways unless necessary to receive sufficient solar energy, and requires approval by the Architectural Committee prior to installation. Other instrumentation devices, including but not limited to, electrical boxes, panels, meters, conduits, irrigation controllers, or other devices of similar nature that are attached to the home are to be painted to match the adjacent wall surface unless prohibited by the provider. An exception to these rules is rented control panels. Refer to section 4.2.2 for information on satellite devices.

4.1.2.8 Walls/Fences/Hedges: No solid wall or no fence over two and one-half (2-1/2) feet high shall be constructed or maintained closer to the front roadway line of any said lots than the closest portion of the building erected on such lot. In case of a lot on which no residence has been constructed, 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 from the front lot line of the lot.

No side or rear fence and any side or rear wall or any combination of a wall topped by an ornamental material (except the wall of the building constructed on any of Unofficial Document, shall be more than five-feet six-inches (5' 6") in height (maximum) as measured from finished exterior grade at any point along the wall. No mounding or soil added to reduce measurable wall/fence height will be allowed.

Pilasters, or other column's which are an integral part of the fence/wall design can be reasonably taller than the height restricted portion of the wall/fence as approved by the Architectural Committee. Wall or combination wall/fence construction must be stucco, block, slump-block, or wrought iron and of the same quality, color, and texture as the dwelling. No hedge more than three (3) feet in height shall be permitted closer than fifty-two (52) feet to the front lot line of any lot.

4.1.3 Workmanship: The quality of workmanship evidenced in construction must be equal to, or better than, that of the surrounding properties. In addition to being visually objectionable, poor construction practices can cause functional problems and create safety hazards. The Association and the Architectural Committee assume no responsibility for the safety or livability of new construction by virtue of design or workmanship

4.2 BUILDING ARCHITECTURE

4.2.1 Patio Covers, Gazebos, and Storage Sheds

Backyard storage sheds detached from the house will be considered by the Architectural Committee provided they are lower than the home's surrounding wall or fence so as not to be visible from the roadway. Plans for storage sheds, along with any permanent additions to a home, including patio covers, ramadas, gazebos and other buildings, must be submitted to the Architectural Committee for approval prior to installation or construction. Any detached building approval will require the written approval of the Architectural Committee.

4.2.2 Satellite Dishes

Every attempt should be made by the lot owner to ensure that the installer place satellite devices where they are least visible from roadways and adjacent lots, as long as their placement allows the installer to receive an acceptable signal.

4.2.3 Outdoor Lighting

Subject to Review:

All existing, new, or changes to landscape lighting, decorative lighting, driveway lighting, and/or security/flood lighting is subject to review by the City of Scottsdale, who will require compliance to their Dark Sky Policy. If a problem is encountered with a lot owner who does not comply with Dark Sky Policy, contact the City of Scottsdale's Code Enforcement department.

Landscape lighting

Landscape lighting must be directed away from roadways or adjacent lots and comply with the City of Scottsdale Dark Sky Policy.

Other lighting

The City of Scottsdale requires bistro lighting (string lights hung on patios, porches, pergolas, ramadas) to be installed in such a way that the light source is not visible from roadways or adjacent lots.

Security/Flood Lighting

- Security/flood lighting must be shielded and directed toward the ground and not onto the roadways.
- Lights may not be directed in such a manner that they become a nuisance to an adjoining neighbor.
- Security/flood lights should only be turned on for short periods of time.
- The sensitivity of security lights with motion sensors must be set so that the lights will not be turned on by motion on the roadways.

4.3 LANDSCAPING

4.3.1 Acceptable Plant Materials

The goal of the City of Scottsdale and the Association is to maintain the vegetation characteristic of the high Sonoran Desert, which includes no grass lawns or synthetic lawns in the front yard. The recommended plants from the City of Scottsdale's "Indigenous Plants for Environmentally Sensitive Lands" are strongly suggested for the selection of predominate plant material for residential landscapes.

4.3.2 Discouraged Plant Materials

Pinnacle Peak Estates Unit TWO does not approve/support the use of allergy producing plant materials. The use of any Bermuda grass or allergy producing plants such as, but not limited to, Mulberry, Olive (other than the Swan Hill Non-allergenic Olive), Ash or others defined by local authorities as allergy producing are discouraged. Invasive plants such as the "Desert Broom" that proliferate themselves are highly discouraged, and should be removed. Mistletoe (a parasitic growth that will eventually destroy the tree) is highly discouraged, and should be removed to avoid spreading to neighboring trees. Refer to the City of Scottsdale website invasive species list for additional information.

4.3.3 Ornamentation & Outdoor Decor

The utilization of non-living objects as ornaments in the landscape that are visible from the roadways or adjacent lots should be harmonious with the character of the neighborhood and is subject to approval by the CC&R Committee. Individual expression is encouraged so long as it does not detract from this goal. Temporary holiday decorations including lighting, are permitted so long as they are installed a reasonable period of time prior to the holiday, which is defined as a period not to exceed thirty (30) days prior to the date of the holiday, and removed no later than 30 days after the date of the holiday.

4.3.4 Landscape Maintenance

4.3.4.1 Maintenance: All native or planted trees, bushes and shrubs on landscaped grounds must be maintained in a neat and attractive condition, not showing signs of neglect. Maintenance requirements include watering, pruning, removal and replacement of dead or dying plants, removal of prohibited noxious weeds as defined by the State of Arizona, removal of noxious grasses, and removal of trash. In the native, unplanned, unplanted or non-landscaped areas, prohibited noxious weeds and grasses and trash must also be removed. If Natural Area Open Space (NAOS) is applicable to your lot, refer to the City of Scottsdale's website for additional information on NAOS.

4.3.4.2 Brush & Bulk Trash: In compliance with City of Scottsdale's ordinance for Brush and Bulk Trash services (see City of Scottsdale website for schedule and guidelines), no approved materials, including but not limited to trimmings; bags of rubbish; boxes; wood; appliances; cabinets; and exercise equipment, should be placed near the roadway of owner's lot earlier than nine (9) days prior to scheduled pickup. After a scheduled City brush and bulk trash pickup, lot owners are responsible for cleaning, sweeping, blowing or otherwise cleaning up all leftover debris from the roadway and right-of-way by the end of the weekend following each monthly pickup.

4.3.4.3 Roadway Landscape Trimming: The lot owner is responsible to trim trees and other landscape near the roadway that may become a traffic hazard.

4.3.4.4 Debris in Washes: The lot owner must trim vegetation that hangs into the washes that may disrupt water flow during rainstorm runoff. The lot owner must also keep washes free of debris that could interrupt the flow of water.

4.3.4.5 Frost, Sun, and Bird Protection: Lot owners are allowed to protect sensitive plants and trees from damage by frost, sun, or birds, with temporary installations of netting, shades or screens.

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4.4 MISCELLANEOUS ITEMS

4.4.1 Swimming Pools

Pools may not be backwashed into drainage ditches, natural washes or common landscaped areas, drainage-ways, or roadways. All backwash water is to be retained on the lot owner's property and should not be visible from the roadway. If necessary, a sump hole can be excavated and filled with rocks to provide the needed capacity. The City of Scottsdale regulates swimming pool fence height requirements which presently have a minimum of five feet, as measured from the fence/wall exterior. The City should be contacted to determine the safety fence requirements for your pool. Swimming pool fences/walls built prior to 2004 were subject to a City of Scottsdale minimum height requirement of four-feet six-inches (4' 6") and have been grandfathered by the City. Fences/walls built prior to that time do not require an increase in height unless the City requires it during a City of Scottsdale major remodel plan review. For safety reasons, any openings in walls must be securely closed during pool construction to prevent persons from entering and being injured. Pool plans need prior approval and are subject to the remodel deposit of two-thousand dollars (\$2,000). All pool equipment shall be screened from view of roadways and adjacent lots, and common area with walls that are consistent with the architecture and color of the house or any existing

wall. If pool equipment is placed near view-fencing, space must be allowed to accommodate the screening wall.

4.4.2 Garages/Driveways

Garage doors should be kept closed when not in use. All driveways should be kept clean and clear of debris, garden tools, and other items including, but not limited to, newspaper deliveries, boxes, tools, ladders, bicycles, yard equipment, pallets, and building materials.

4.4.3 Clotheslines

Clotheslines or other outside facilities for drying clothes are not permitted unless they are placed exclusively within a fenced yard and not visible from adjacent lots.

4.4.4 Window Covering Criteria

No reflective materials, including, but not limited to aluminum foil, reflective screens, mirrors or similar items shall be installed. Temporary window coverings such as newspaper or bed sheets shall not be installed upon any windows of any structure without the prior written approval of the Architectural Committee.

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4.4.5 Planters, Walkways, and Driveways

Planters, paved walkways, driveways, and other hardscape features visible from the roadways should be constructed so that surface textures and colors match or blend with the paint color and materials of the house.

4.4.6 Ramadas, Pergolas and Gazebos

Ramadas, pergolas, and gazebos may be erected in rear yards only after prior review and approval by the Architectural Committee and subject to the following guidelines: Installations will be subject to the remodel cash deposit of two-thousand dollars (\$2,000). The structure must be built of similar materials, as the home with texture and color matching the main structure (unless of all wood construction), and be limited to the same height restrictions as the house, and subject to the same setback guidelines as any other structure. The structure must be maintained in good condition. Any roof tile must also match the tile of the house. Any light source on the structure must be hidden from adjacent lots and shine only on the ramada surface and/or the property within the lot boundaries. Lighting pointed at the structure must be shielded from neighboring properties. All lighting is subject to review and approval by the City of Scottsdale upon completion. Any such structure will require the

submission of two sets of drawings or sketches and the written approval of the Architectural Committee.

4.4.7 Play Structures

Play structures may be erected in rear or side yards and are subject to prior review and approval by the Architectural Committee. Play structures are subject to the following guidelines:

- 1) May be erected in rear or side yards only.
- 2) Maximum height allowed to the top support bar or highest point of structure is ten (10) feet in rear yards and 7' in side yards. Note: Side yard structures may not have a platform.
- 3) The Architectural Committee will take the appearance, height and proximity of adjacent lots into consideration.
- 4) Any shade canopy should be a solid tan or earth tone color. Submit a brochure or picture if possible.

4.4.8 Unsightly Objects and Nuisances

No unsightly objects or nuisances shall be erected, placed or permitted to remain on any lots, including but not limited to dead trees, trees hanging into the roadway, newspapers, boxes, ladders, buckets, yard maintenance equipment, construction debris, piles of materials, construction equipment not in use, etc. Hoses and sprinklers should be neatly rolled up, or not visible from the roadway when not in use. The premises shall not be used in any way for any Unofficial Document purpose which may endanger the health or unreasonably disturb any lot owner in the subdivision.

4.4.9 Yard Sales Prohibited

Yard sales are prohibited. An estate sale, where items for sale are only viewed inside the home or garage by appointment only, is an exception. Any related signage within the subdivision is prohibited.

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The articles of Incorporation are restated here in their entirety:

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

The undersigned, whose residence addresses appear opposite their respective names below, have this day associated themselves for the purpose of forming a nonprofit corporation under the laws of the State of Arizona and do hereto adopt the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is PINNACLE PEAK ESTATES
Unofficial Document
 UNIT TWO HOMEOWNERS' ASSOCIATION (the Association)

ARTICLE II

Place of Business

The location of its principal and initial known place of business shall be at 8711 E. Pinnacle Peak Rd, Scottsdale, Arizona, but the Association may establish other places of business and other offices at such other places, either within or without the State of Arizona, as the Board of Directors (the BOD) may from time to time determine.

ARTICLE III

Business and Purpose

The objects, purposes and powers of this association and the general nature of the activities it proposes to undertake are:

(a) To exercise its powers and functions on the real property (the "Property") described on Exhibit "A" attached hereto and incorporated herein,

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together with all interests and easements applicable thereto, and together with any additional premises duly conveyed to the association;

(b) To carry out all of those obligations relating to the Property as set forth in the Declaration of Covenants, Conditions and Restrictions (the CC&R's) recorded April 26, 1972, in Docket 9394, beginning at page 654, records of Maricopa County, Arizona, as amended or supplemented from time to time;

(c) To accept such properties, improvements, rights, and interests as may be conveyed, leased, assigned, or transferred to this association and to assume such obligations and duties as may be contained in any lease assigned or transferred to this association;

(d) To maintain, operate, and otherwise manage and regulate the use of the Property and all structures, improvements, landscaping, parking areas and walks now or hereafter located on the Property; to pay any and all taxes and assessments which may properly be levied against the Property; to repair, rehabilitate, and restore all structures and improvements on the Property; to insure the Property and all structures and improvements thereon against such risks as the Board of Directors (the BOD) shall determine; to obtain and maintain general public liability insurance insuring the members of the association in connection with their use of the Property; to evaluate the needs of the association and determine the amounts required and to administer assessments for annual assessments, reserves, maintenance, and operating charges as its BOD shall determine in accordance with the CC&R's and the bylaws of this association, (said bylaws being hereinafter referred to as the "By-Laws"); and to impose liens against lot owners to secure the payment of obligations due from lot owners, and to collect, sue, foreclose, or otherwise enforce, compromise, release, satisfy, and discharge such obligations, demands, and liens in accordance with the CC&R's;

(e) To do all things and acts, including the payment of all maintenance, operating and other costs, which in the sole discretion of its BOD shall be deemed to be in the best interests of the members of this association or for the peace, comfort, safety, or general welfare of the members of this association, all in accordance with the CC&R's;

(f) To enter into management agreements with third parties authorizing such parties to carry on any activities which might legally be carried on by the association and delegated by the association to third parties;

(g) To develop, construct, purchase, lease, own, improve, maintain, operate, and hold real and personal property of every kind and description; to sell, convey, dedicate and lease such property; and to mortgage, assign, and pledge or otherwise encumber such property;

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(h) To borrow money and to issue notes, bonds, and other evidences of indebtedness in furtherance of any or all of the objects and purposes of this association and to secure the same by mortgage, trust deed, pledge, or other lien on or security interest in property of this association;

(i) To enter into, perform, and carry out leases and contracts of any kind necessary to, in connection with or incidental to the accomplishment of any one or more of the objects and purposes of this association;

(j) To make refunds of excess payments or charges to lot owners;

(k) To lend or invest its working capital and reserves with or without security;

(l) To act as surety or guarantor, agent, trustee, broker, or in any other capacity when appropriate to the fulfillment and the furtherance of its objects and purposes;

(m) To do all other acts and things authorized in the CC&R's, but not explicitly set out above;

(n) To sue and be sued;

(o) In general to do ~~unofficial document~~ such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and required and to do any and all things which a natural person could do or which now or hereafter may be authorized by law.

The character of business which the association initially intends actually to conduct in the State of Arizona is the operation of a maintenance association to provide for the acquisition, construction, management, maintenance and care of the property of the association for the benefit of its members.

ARTICLE IV

Restrictions

Notwithstanding anything herein contained to the contrary, no part of the activities of the association shall be devoted to carrying on propaganda or otherwise attempting to influence legislation and the association shall make no gift, donation or contribution to any institution or organization engaged in such activities. No part of the net earnings of the association shall inure (other than by acquiring, construction, or providing management, maintenance, and care of the association's property, and other than by a rebate of excess membership assessments) to the benefit of any private member or individual.

ARTICLE V**Non-Profit**

This association shall be a nonprofit association and shall have no stock, and no dividends or pecuniary profits shall be declared or paid to the members or directors thereof or to any private individuals and all of its earnings shall be used to further the purpose of this association as hereinabove set forth.

ARTICLE VI**Private Property**

The incorporators, officers, directors and lot owners shall not be individually liable for the association's ^{Unofficial Document} debts or other liabilities and the private property of such incorporators, officers, directors and lot owners shall be exempt from all corporate debts or liabilities whatsoever; provided, however, that nothing herein contained shall limit or restrict any liability, obligation or responsibility of the members hereof to each other or to this association as are set forth in the CC&R's, as amended or supplemented from time to time.

ARTICLE VII**Membership**

Each and every owner of a parcel of land (a lot) situated within the Subdivision, as that term is defined in the CC&R's, shall be a member of this association.

An owner of a lot shall automatically, upon becoming the owner of a

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lot, become a member of this association, and shall remain a member of this association until such time as the ownership ceases for any reason, at which time the membership in this association shall automatically cease. Ownership of a lot shall be the sole qualification and criteria for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

A membership in this association shall not be transferred, pledged or alienated in any way, except upon the sale of a lot and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of this association. In the event the owner of any lot should fail or refuse to transfer the membership registered in their name to the purchaser of such lot, this association shall have the right to record the transfer upon the books of this association and issue a new membership to the purchaser, and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered. All memberships shall be subject to all of the provisions of these Articles of Incorporation, the Bylaws, the CC&R's, and any management agreement, as now in effect or as duly adopted and amended. Membership shall be evidenced by an official list of lot owners kept by the secretary of this association.

ARTICLE VIII**Voting Rights**

Each lot owner in the association will be entitled to one (1) Vote.

ARTICLE IX**Board of Directors**

The control and management of the affairs of this association shall be vested in a BOD of not less than three (3) members. The names and addresses of those selected at a meeting held in Scottsdale, Arizona, on October 23, 1976, to serve as directors beginning with the incorporation of this association and until their successors shall be chosen are:

<u>Name</u>	<u>Address</u>
Jerry Nelson	8602 Camino Real Scottsdale, Arizona 85255
Florence Nelson	8602 Camino real Scottsdale, Arizona 85255
Douglas Simonson	23433 N. 84 th Place Scottsdale, Arizona 85255

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ARTICLE X**Amendments**

These Articles of Incorporation may be amended by the affirmative vote of a majority of all of the lot owners in good standing via a secret ballot or written consent-designated for that purpose.

ARTICLE XI**Indemnification**

The association may indemnify any and all of its present or former directors, officers, employees, or agents to the maximum extent permitted by applicable law. Without limiting the generality of the foregoing, the association may indemnify any and all of its directors and officers, or former directors and officers, against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such persons in a legal action brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director or officer of the association, provided that the board of directors shall determine in good faith that such person did not act, fail to act or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or omission.

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ARTICLE XII**Statutory Agent**

This association does hereby appoint Douglas Simonson, 8711 Pinnacle Peak Road, Scottsdale, Arizona 85255, its lawful agent in and for the State of Arizona for and on behalf of said association, in any of the courts in said State of Arizona, such service of process or notice, or the acceptance thereof, by said agent endorsed thereon to have the same force and effect as if served upon an officer of the association. The foregoing appointment may be revoked at any time by filing an appointment of a successor agent.

IN WITNESS WHEREOF, we, the undersigned ^{Unofficial Document} incorporators, have hereunto signed our names this 27 day of October, 1976.

NameResidence Address

/s/ Jerry Nelson
Jerry Nelson

8602 Camino Real
Scottsdale, Arizona 85255

/s/ Douglas Simonson
Douglas Simonson

23433 North 84th Place
Scottsdale, Arizona 85255

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STATE OF ARIZONA)
) ss:
County of Maricopa)

On this 27 day of October, 1976, the undersigned Notary Public, personally appeared DOUGLAS SIMONSON, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that he executed the same for the purposes therein contained.

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

/s/ _____
Notary Public

My Commission Expires:

My Commission Expires May 14, 1979

STATE OF ARIZONA)
) ss:
County of Maricopa)

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On this 27 day of October, 1976, the undersigned Notary Public, personally appeared JERRY NELSON, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that he executed the same for the purposes therein contained.

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

/s/ _____
Notary Public

My Commission Expires:

My Commission Expires May 14, 1979

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EXHIBIT A

All private roads in PINNACLE PEAK ESTATES UNIT TWO, as shown on the plat recorded April 26, 1972, in Book 149 of Maps, page 11, records of Maricopa County, Arizona, such roads being known as 80th Place, Williams Drive, Foothill Drive, Adobe Drive, 81st Street, Sands Drive, Via Del Sol Drive, Vista Bonita Drive, Conquistadores Drive, 81st Place, Paraiso Drive, Via De Luna Drive, and 80th Street.

EXHIBIT B: Overall development: See map on page 61

**EXHIBIT C: South portion of development plat map:
See page 62**

**EXHIBIT D: North portion of development plat map:
See page 63**

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