



Transcript Exhibit(s)

Docket #(s): W-200619A-08-0470

W-04131A-08-0471

W-200619A-08-0471

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Exhibit #: App1-App3, 51

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Arizona Corporation Commission  
**DOCKETED**

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6 Attorneys for Cross Creek Ranch Community Association  
7

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9  
10 IN THE MATTER OF THE  
11 APPLICATION OF CROSS CREEK  
RANCH COMMUNITY ASSOCIATION,  
12 AN ARIZONA NON-PROFIT  
CORPORATION, FOR AN  
13 ADJUDICATION OF "NOT A PUBLIC  
SERVICE CORPORATION" STATUS

DOCKET NO.: W-20619A-05-0470

**CROSS CREEK RANCH  
COMMUNITY ASSOCIATION'S  
APPLICATION FOR AN  
ADJUDICATION NOT A PUBLIC  
SERVICE CORPORATION**

14  
15 **INTRODUCTION**

16 Cross Creek Ranch Community Association (the "CCRHOA"), an Arizona non-  
17 profit corporation, hereby files this Application for Adjudication Not a Public Service  
18 Corporation. As the sole shareholder of Cross Creek Ranch Water Company ("Water  
19 Company"), the CCRHOA has also filed a concurrent application on behalf of the Water  
20 Company for approval of the assignment and transfer of assets, and for a deletion of its  
21 Certificate of Convenience and Necessity ("CC&N"), attached hereto as Exhibit 1. The  
22 Water Company currently provides water utility service to the CCRHOA members. The  
23 purpose of these two applications is to demonstrate to the Arizona Corporation  
24 Commission ("Commission") that the CCRHOA meets the test set forth in Decision No.  
25 55568 (May 7, 1987) for a determination that it is not a public service corporation, and  
26

1 that dissolving the Water Company and transferring its water utility assets to the  
2 CCRHOA, as well as deleting its CC&N will serve the public interest.

### 3 BACKGROUND

4 On June 17, 2003, the Commission granted the application of the Water Company  
5 for a CC&N to provide water utility service to the Cross Creek Ranch subdivision, located  
6 in Yavapai County, Arizona. Decision No. 65978 ("Order"). At the time of the Order,  
7 the Water Company was owned by Cachet Western II, LLC ("Cachet II"), which  
8 constructed the Water Company's water distribution infrastructure with paid in capital.  
9 According to the Order, the Water Company planned to serve between 12 and 18 new  
10 connections per year between 2004 and 2008, and at maximum build-out would serve 84  
11 residential customers. Rates and charges were then established on this build-out schedule  
12 on a fair value rate base of \$1,090,660. The minimum monthly charge for a typical  
13 residential 5/8" x 3/4" inch meter was set at \$18.00, and a three-tiered commodity rate was  
14 established beginning at 0 to 4,000 gallons. This rate methodology was designed to  
15 increase the Water Company's revenue each year as more connections were made based  
16 on water usage alone. In order to provide wastewater service to residents in the  
17 subdivision, Cachet II created the CCRHOA to construct and own the wastewater system.<sup>1</sup>  
18 The CCRHOA continues to own and operate this wastewater system in accordance with  
19 all Arizona Department of Environmental Quality ("ADEQ") rules and regulations.

20 Since the Order, the number of water service connections has not increased in  
21 accordance with original estimates. Though all the 84 residential lots have been sold,  
22 there are currently only 13 residential service connections, causing the Water Company to  
23 continue operating at a deficit due to the lack of revenue based on an estimated water  
24 usage of 84 customers. The operation and management of a water company exposes the

25 \_\_\_\_\_  
26 <sup>1</sup> In the Order, the Commission determined that because the wastewater system would be operated  
as a non-profit corporation, it was not subject to Commission jurisdiction. Order at ¶ 13.

1 CCRHOA and its members to certain fees, taxes and operational expenses associated with  
2 owning a for-profit water utility, which is antithetical to the purpose of a non-profit  
3 organization like the CCRHOA. In addition, the ability of the CCRHOA to flexibly  
4 manage operation and maintenance costs, and to distribute such charges equally among its  
5 members, is tempered by the requirement that any change in rates or charges must first be  
6 approved by the Commission.<sup>2</sup> In situations where investor-owned private water  
7 companies provide water utility service to members of the public, for profit, Commission  
8 jurisdiction and oversight is essential. However, the Water Company is merely an alter-  
9 ego of the CCRHOA, and the Commission has previously determined that Commission  
10 regulation is not necessary in specific situations provided that certain safeguards are in  
11 place.

12 Therefore, on February 23, 2007, the CCRHOA Board of Directors ("Board")  
13 voted in favor of a resolution to amend the Declaration of Covenants, Conditions and  
14 Restrictions ("CC&Rs") to comply with the requirements set forth in Decision No. 55568,  
15 dissolve the Water Company and delete its CC&N. A copy of the minutes reflecting the  
16 Board's resolution is attached hereto as Exhibit 2. In full disclosure to its members, the  
17 CCRHOA sent each a letter on March 28, 2008, explaining the resolution and why the  
18 Board determined the action would benefit its members. A copy is attached hereto as  
19 Exhibit 3. Enclosed with the letter were three documents: (1) the First Amendment to the  
20 Cross Creek Ranch CC&Rs ("First Amendment"), (2) a Notice of Special Meeting and  
21 Ballot Form and (3) a petition to file an application with the Commission ("Petition").  
22 Due to the need to make certain revisions to the First Amendment, the meeting date was

23  
24 <sup>2</sup> Cachet II had been informed during the CC&N hearing that the flexibility it sought towards  
25 water company assessments in the CC&Rs would essentially be lost because the Commission  
26 determines the rates and charges of public service corporations. This was likely a non-issue for  
the developer due to the eventual transfer of the Utility to the CCRHOA once all the lots were  
sold. However, it has become an important issue for the CCRHOA, as addressed in this  
Application.

1 changed and noticed accordingly. A correct copy of the First Amendment is attached  
2 hereto as Exhibit 4.

3 The CCRHOA held a special meeting on May 15, 2008 to vote on the First  
4 Amendment. Any change to the CC&Rs requires at least seventy-five percent (75%) of  
5 the 84 association members – or at least 63 members. The proposal received 73 votes in  
6 favor, and 1 vote against, with 10 absent votes. Voting documents are attached hereto as  
7 Exhibit 5. The First Amendment will become effective once recorded with Yavapai  
8 County, which the CCRHOA intends to finalize upon the Commission's approval of this  
9 application. The Petition was signed by 70 association members, which copies are  
10 attached hereto as Exhibit 6. As a result of the May 15, 2008 meeting, the Board was  
11 given the authority by the CCRHOA members to file this application, and the application  
12 on behalf of the Water Company.

### 13 APPLICATION

14 Pursuant to the Policy Directive established by the Commission in Decision No.  
15 55568, and the standards adopted therein, the CCRHOA respectfully requests that the  
16 Commission enter an order declaring the CCRHOA not a public service corporation.  
17 Decision No. 55568 enumerates seven (7) relevant factors for the Commission to consider  
18 in evaluating this application:

- 19 1) the application must be submitted by a non-profit homeowner's association;
- 20 2) the application is a bona fide request by a majority of the membership of the  
21 association through a petition signed by 51 percent or more of the then-existing members;
- 22 3) all such associations making an application have complete ownership of the  
23 system and necessary assets;
- 24 4) every customer is a member/owner with equal voting rights and that each  
25 member is or will be a customer;
- 26

1           5)     the service area involved encompasses a fixed territory which is not within  
2 the service area of a municipal utility or public service corporation, or if it is, that the  
3 municipal utility or public service corporation is unable to serve;

4           6)     there is a prohibition against further sub-division evidenced by deed  
5 restrictions, zoning, water restrictions, or other enforceable governmental regulations; and

6           7)     the membership is restricted to a fixed number of customers, actual or  
7 potential.

8           *See also* Commission Decision No. 65055 (July 26, 2002)<sup>3</sup>.

9           The CCRHOA is a non-profit corporation incorporated on August 13, 2002.  
10 Attached hereto as Exhibit 7 is a copy of the CCRHOA's Articles of Incorporation, which  
11 complies with requirement No. 1. The Petition is signed by more than 51% of the  
12 CCRHOA's members, and complies with requirement No. 2. Attached hereto as  
13 Exhibit 8 is the CCRHOA's original CC&Rs. Once recorded, the modifications contained  
14 in the First Amendment will bring the CCRHOA into compliance with requirements Nos.  
15 4, 6 and 7 as follows:

16           Requirement No. 4 – According to Section 3.7 of the First Amendment, each lot  
17 owner must be a customer of the CCRHOA. Furthermore, according to Section  
18 5.7, each lot owner shall have one vote on all matters related to water service,  
19 regardless of the number of lots owned.

20           Requirement No. 6 and No. 7 – Section 3.2 of the First Amendment prohibits a  
21 change in the number of existing lots (84), either through annexation of property  
22 outside existing boundaries, the subdivision of one lot or the combination of two or  
23 more lots.

24           The last two conditions – Requirements Nos. 3 and No. 5, require Commission  
25 approval of the Water Company's concurrent application for a dissolution and transfer of  
26

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<sup>3</sup> *In the Matter of the Application of Christopher Creek Estates Association, an Arizona Non-Profit Corporation, for Adjudication that it is not a Public Service Corporation; Docket No. W-04077A-02-0017.*

1 assets of the Water Company, and a deletion of its CC&N. As more fully set forth in that  
2 particular application, the public interest will be served by allowing the Water Company  
3 to transfer its assets to the CCRHOA.

4 **RELIEF REQUESTED**

5 Applicant respectfully requests the following relief:

6 A. That the Commission consider and proceed to act upon this application, as  
7 well as the Water Company's application, in a timely manner and schedule a hearing;

8 B. That upon completion of a hearing, the Commission enter an order deleting  
9 the Water Company's CC&N, and granting the CCRHOA status as not a public service  
10 corporation, based on the following conditions: (1) that the CCRHOA record the First  
11 Amendment within 30 days of any order, with written notice to the Commission  
12 thereafter; and (2) that the CCRHOA dissolve and transfer the water utility assets of the  
13 Water Company pursuant to A.R.S. § 10-1041 *et seq.*; and

14 C. That the Commission grant such other and further relief to the CCRHOA as  
15 may be appropriate under the circumstances herein.

16 RESPECTFULLY SUBMITTED this \_\_\_\_\_ day of September, 2008.

17 FENNEMORE CRAIG

18  
19 By 

20 Patrick J. Black  
21 Sarah A. Kubiak  
22 Attorneys for Cross Creek Ranch  
23 Community Association  
24  
25  
26

1 ORIGINAL and thirteen (13) copies  
2 of the foregoing were **hand-delivered**  
3 this 8th day of September 2008 to:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 W. Washington St.  
7 Phoenix, AZ 85007

8 Copy of the foregoing **hand delivered**  
9 this 8th day of September 2008 to:

10 Lyn Farmer  
11 Chief Administrative Law Judge  
12 Arizona Corporation Commission  
13 1200 W. Washington Street  
14 Phoenix, AZ 85007

15 Janice Alward  
16 Legal Division  
17 Arizona Corporation Commission  
18 1200 W. Washington Street  
19 Phoenix, AZ 85007

20 Steven Olea  
21 Assistant Director, Utilities Division  
22 Arizona Corporation Commission  
23 1200 W. Washington Street  
24 Phoenix, AZ 85007

25 Copy of the foregoing **mailed**  
26 this 8th day of September 2008 to:

Reginald Lopez  
Consumer Services Division  
Arizona Corporation Commission  
400 West Congress, Ste. 218  
Tucson, AZ 85701-1347

By: George Helsey-Baer

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Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# **Exhibit 1**

**Application On Behalf Of The Company For Approval Of The Assignment  
And Transfer Of Assets, And For A Deletion Of Its Certificate Of  
Convenience And Necessity ("CC&N")**

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Attorneys for Cross Creek Ranch Water Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF CROSS CREEK RANCH WATER COMPANY'S APPLICATION FOR APPROVAL OF ASSIGNMENT OF ASSETS VIA DISSOLUTION TO THE CROSS CREEK RANCH COMMUNITY ASSOCIATION, PURSUANT TO ARIZONA REVISED STATUTES 40-285, AND DELETION OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY

DOCKET NO: W-04131A-08-\_\_\_\_\_

**APPLICATION FOR APPROVAL OF ASSIGNMENT AND TRANSFER OF WATER UTILITY ASSETS TO CROSS CREEK RANCH COMMUNITY ASSOCIATION, PURSUANT TO A.R.S. § 40-285(A), AND FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY**

In conformance with A.R.S. § 40-285(A), Cross Creek Ranch Water Company (the "Water Company") hereby submits this Application for Approval of the Transfer of Water Utility Assets pursuant to A.R.S. § 10-1402, to its sole shareholder, the Cross Creek Ranch Community Association (the "CCRHOA"), and for the cancellation of the Water Company's Certificate of Convenience and Necessity ("CC&N") ("Application"). This Application is being filed concurrently with the CCRHOA's Application for Adjudication Not a Public Service Corporation. Approval of these two applications by the Arizona Corporation Commission ("Commission") will terminate the Water Company's public service function, and authorize the CCRHOA to provide its members with domestic water service directly.

1       **I. Summary of Transaction.**

2           The Water Company proposes to transfer its assets to the CCRHOA pursuant to  
3       A.R.S. § 10-1402, which is a dissolution statute that allows a corporation to, among other  
4       things, transfer all its assets to its shareholders. On June 26, 2008, the Water Company's  
5       Board of Directors issued a Joint Consent to Resolutions (without a meeting)  
6       recommending that: (1) the corporation be liquidated and dissolved pursuant to a plan of  
7       liquidation, upon approval by the Commission; (2) the corporation be dissolved on the  
8       effective date of its Articles of Dissolution, after being filed with the Commission by a  
9       corporate officer; (3) an officer of the corporation file necessary documents required by  
10      Internal Revenue Code of 1986, as amended, related to Treasury Regulations and Arizona  
11      law; (4) the Water Company surrender all franchises and privileges – in particular its  
12      Certificate of Convenience and Necessity – in accordance with the laws of the State of  
13      Arizona; (5) upon ascertaining that all liabilities of the Water Company have been  
14      satisfied, to distribute the remaining assets to the sole shareholder, CCRHOA; and (6) an  
15      officer of the Water Company do all things necessary to effectuate the liquidation and  
16      dissolution in accordance with the resolution ("Resolution"). A copy of the Resolution is  
17      attached hereto as Exhibit 1. Copies of the proposed Articles of Dissolution, Assignment  
18      of Assets and Tax Clearance application are attached hereto as Exhibit 2.

19           As set forth in the Resolution, the Water Company's liquidation and dissolution  
20      plan will be subject to Commission approval pursuant to A.R.S. § 40-285(A). Upon the  
21      Commission's approval of the dissolution plan and Assignment of Assets in conjunction  
22      with the CCRHOA's application for an adjudication that it is not a public service  
23      corporation, the water system assets will be transferred to the CCHROA so that it can  
24      provide water utility service directly to its members.

25       **II. The Parties.**

26           The Water Company is a public service corporation providing water service to

1 approximately 14 customers in Yavapai County, pursuant to a CC&N granted by the  
2 Commission in Decision No. 65978 (June 17, 2003). However, because the Water  
3 Company has under 15 interconnected customers at this time, the water system does not  
4 have a Public Water System designation, and is not subject to the rules and regulations of  
5 the Arizona Department of Environmental Quality ("ADEQ"). Nonetheless, the Water  
6 Company's operator, Burnett Enterprises, Inc., has performed monthly coliform tests to  
7 ensure water quality. During the initial operating phase of the water system, chlorination  
8 treatment was necessary on one occasion. Attached hereto as Exhibit 3 are Drinking  
9 Water Microbial Analysis Reports conducted by ADEQ showing the one failed test, and  
10 subsequent remedial action. In addition to these reports, testing of water quality showed  
11 that the arsenic content is .008 mcl, which is below the maximum allowance of .01 mcl.

12 A copy of the Water Company's 2007 Annual Report is attached hereto as  
13 Exhibit 4. Burnett Enterprises' ADEQ operator number is 02794. In addition, the  
14 following operator numbers were subcontracted to pull samples: 19970, 19971, and  
15 19972.

16 Burnett Enterprises, Inc.  
17 P.O. Box 3890  
18 Sedona, AZ 86340  
19 Phone: (928) 203-9320  
20 Fax: (928) 203-9321

21 The CCRHOA is an Arizona non-profit corporation incorporated on August 13,  
22 2002. The CCRHOA provides wastewater service to its members in accordance with all  
23 ADEQ rules and regulations. The Commission determined in Decision No. 65978 that  
24 because the wastewater system would be operated as a non-profit corporation, it was not  
25 subject to Commission jurisdiction. Decision No. 65978 at ¶13 (June 17, 2003). As the  
26 sole shareholder of the Water Company, the CCRHOA effectively provides water utility  
service to its members through management of the Water Company.



1 water utility assets to its sole shareholder, the CCRHOA, through corporate dissolution;

2 B. Extinguish the CC&N currently held by the Water Company; and

3 C. Any other relief that the Commission determines will serve the public  
4 interest.

5 RESPECTFULLY SUBMITTED this \_\_\_\_ day of September 2008.

6 FENNEMORE CRAIG, P.C.

7

8

By: 

9

Patrick J. Black  
Sarah A. Kubiak  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012  
Attorneys for Cross Creek Ranch  
Water Company, Inc.

10

11

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13

ORIGINAL and thirteen (13) copies  
14 of the foregoing were **hand-delivered**  
this 8th day of September 2008 to:

15

16

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

17

18

19

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20

21

Lyn Farmer  
Chief Administrative Law Judge  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

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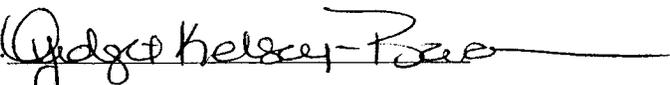
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Janice Alward  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Steven Olea  
Assistant Director, Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

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this 8th day of September 2008 to:

Reginald Lopez  
Consumer Services Division  
Arizona Corporation Commission  
400 West Congress, Ste. 218  
Tucson, AZ 85701-1347

By: 

PHX/DSISGARD/2075731.6/23936.001

Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# **Exhibit 2**

**Minutes dated February 23, 2007**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
BOARD OF DIRECTORS MEETING MINUTES  
February 23, 2007**

**APPROVED**

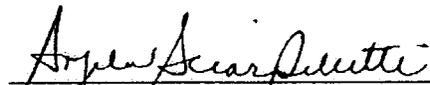
- I. President Paul Claus called the meeting to order at 10.05am.
- II. A quorum was established with all members present. Paul Frieder represented HOAMCO.
- III. OPEN FORUM - none
- IV. Gary Karademos moved to waive the reading of the Board of Directors minutes from December 18, 2006 and January 26, 2007 and approve them as prepared. Cynde Leshin seconded the motion. Unanimously approved.
- V. President Report  
Paul Claus reported on the meeting with Steve Burnett of Arizona Waste Water Service. This company will commence water and wastewater service on April 1, 2007 at a substantial cost saving to the Association. Steve Murdock will be available around the middle of March for reestablishing the dam and water flowing in the ditch. Other projects such as painting will be discussed with Steve Murdock.
- VI. Committee Reports
  - A. Architectural Review –The HOAMCO Architectural status report was distributed. Cynde Leshin moved to accept the resignation of Scott Mangarpan, with regrets, from the Architectural Committee. Ed Hanley seconded the motion. Unanimously approved. Paul Claus recommended that Neil True take control of the committee temporarily. Rick Morris, Kevin Dunlap, Gary Karademos and Neil True are on the Committee. Gary Karademos moved to appoint Scott Adams to the Committee. Cynde Leshin seconded the motion. Unanimously approved. The Committee will appoint a Chairperson.
  - B. Website – Angela Sciarpelletti reported that the website continues to increase in views and is now up to 32 percent of homeowner usage.
  - C. Water Rates – Ed Hanley reported on the water rates. Ed has been working with an attorney, Mr. Black, who has several suggestions that were read by Ed. With approval from the board, Ed will retain a regulatory account to review the Association's accounts. The goal is to dissolve the Water Company and have the Association in control of the water rates. Ed will have more information at the next meeting. Gary Karademos moved to retain Tom Barasso, a regulatory accountant to review the Association's accounts with the goal of dissolving the Water Company. Steve Adams seconded the motion. Unanimously approved.
- VII. HOAMCO report by Paul Frieder.
  - A. Paul reviewed the January 31, 2007 financial statement. Gary Karademos moved to approve the January 31, 2007 Financial Statement. Cynde Leshin seconded the motion. Unanimously approved. - Paul Frieder recommended that all the reserve accounts shown in the January 31, 2007 financial statements be reclassified into the general reserve account. Gary Karademos moved to combine all reserve accounts into the general reserve fund. Steve Adams seconded the motion. Unanimously approved
  - B. Water Company items – Paul has the contracts to be signed by Steve Burnett of Arizona Waste Water Services. The Company's license has been validated. Paul will obtain the necessary insurance certificates.
  - C. 2007 planning – Reserve study, tree trimming, painting. Paul discussed the need to update the reserve study. Paul will have an updated proposal to update the reserve study for the next meeting.

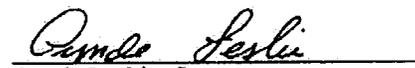
Continued

- C. Bids will be obtained for the sealcoating of the roads.
  - D. Landscape Magic renewal contract is included in the board packet. The renewal has been tabled until the next Board meeting and will continue on a month to month basis. Paul Frieder will have Matt from Common Ground contact Cynde Leshin.
  - E. Discussion concerning Lot #14 - operating a business on the property. Paul Frieder read CC&R Article 3.16. A letter will be written to the owner with a copy of the CC&R article enclosed.
  - F. Trash collection - Cynde Leshin moved to make trash collection an Association responsibility commencing April 1, 2007 and to approve the Waste Management contract. Steve Adams seconded the motion. Unanimously approved.
- VIII. Unfinished Business
- A. Developer items – Ed Hanley recommended that the final settlement with Cachet be delayed until the review with attorney Mr. Black is completed.
- IX. New Business
- A. Landscaping improvements – Landscape bid from Green Magic was reviewed. Cynde recommended that the association request Green Magic to complete the warranty work at this time without the extras. Paul Frieder will notify Chris of Green Magic.
- X. The next meeting is March 23, 2007 at 10:00 am
- XI. Ed Hanley moved to adjourn the meeting at 12. 20 PM. Steve Adams seconded the motion. Unanimously approved.

Respectfully submitted by:

Approved by:

  
\_\_\_\_\_  
Angela Sciarpelletti, Recorder

  
\_\_\_\_\_  
Cynde Leshin, Secretary

Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# Exhibit 3

**March 28, 2008 letter sent to each member explaining the resolution and why  
the Board determined the action would benefit its members**

**Cross Creek Ranch Community Association**  
**6586 Highway 179, Suite C-1**  
**Sedona, AZ 86351**  
**(928) 282-4479**

March 28, 2008

Re: Domestic Water Service

Dear Association Member:

On February 23, 2007, the Board of Directors of the Cross Creek Ranch Community Association, an Arizona non-profit corporation (the "Association") voted in favor of moving forward with efforts to acquire title to the water facilities providing domestic water to its members. These facilities are currently owned by Cross Creek Ranch Water Company ("Water Company"), which is a public service corporation established and regulated by the Arizona Corporation Commission ("ACC") pursuant to Decision No. 65978 (June 17, 2003). The Water Company is a for-profit corporation, and its rates and charges are regulated by the ACC.

Because the Association is the sole shareholder of the Water Company, the Board felt that dissolving the Water Company and providing domestic water service directly to association members (as it does wastewater utility service) will reduce expenses. Under Arizona law, a homeowners association is authorized to provide water utility service directly to its members provided that certain conditions are met. The Board does not plan to change any aspect of water utility operations, and will employ the same Arizona Department of Environmental Quality ("ADEQ") certified operator to run the system and ensure water quality standards are met. However, the rate design for domestic water service will be modified to ensure enough revenue to run and operate the water system, with no element of "profit" or a regulated "rate of return" that the Water Company would otherwise seek to recover from association members.

In order to acquire title to the water facilities owned by the Water Company, the Association must obtain approval from the ACC for a transfer of assets, and deletion of the Water Company's certificate of convenience and necessity ("CC&N"). Its CC&N currently authorizes the Water Company to be the exclusive water provider for the Cross Creek Ranch subdivision. Furthermore, the ACC will require that certain safeguards be included in the Declaration of Conditions, Covenants and Restrictions for Cross Creek Ranch recorded on July 1, 2003 at Yavapai County Recorder's Instrument No. 359928 in Book 4047, Page 427 ("CC&Rs") to ensure, among other things, that all members have equal voting rights with respect to the water system, and that the number of members does not increase from the original number included in the original plat design. In short, these ACC safeguards are designed to ensure that the water system is truly private.

The Board has retained legal counsel to modify the CC&Rs, as well as represent both the Association and Water Company in proceedings before the ACC to effectuate the transfer and changes discussed herein. However, before the Association can continue, it must first modify the CC&Rs to conform to ACC requirements. These modifications require approval from at least seventy-five percent (75%) of the members.

Enclosed with this letter is a copy of the proposed modifications, to be voted upon by the general membership at a special meeting called by the Board on May 15, 2008 at 10:00 a.m. at the Sedona Public Library, 3250 White Bear Road, Sedona, Arizona 86336. If you are unable to attend the Special Meeting, pursuant to A.R.S. Section 33-1812, we have also enclosed an absentee ballot for you to complete and return to the Secretary of the Board no later than May 8, 2008. It is important that at least seventy-five percent (75%) of the members either attend the Special Meeting in person or return the completed absentee ballot so that the CC&Rs may be amended.

If the Association receives the required number of favorable votes to modify the CC&Rs as proposed, then it shall move forward with an application for ACC approval to transfer the water assets and delete of the Water Company's CC&N. There are 84 members, so the proposed CC&R modifications will require 63 favorable votes. However, the Board does not intend to make the changes effective (by recording with the county) until after the ACC approves the requisite applications.

Also enclosed herein is a formal petition to file an application with the ACC for an adjudication that the Association is not a public service corporation. The ACC requires support by at least fifty-one percent (51%) of the association members before it will even consider an application.

At the Special Meeting the Board will establish a quorum based on those present in person and by proxy. The Board will then call for a vote to amend the CC&Rs in the form enclosed. Again, all members are encouraged to either attend the Special Meeting or return their executed absentee ballots to the Secretary no later than May 8, 2008. Once the members have voted to approve the amendments to the CC&Rs and the ACC has approved the requisite applications, the amended CC&Rs will then be recorded in the Official Records of Yavapai County, Arizona and will be effective upon recording.

Should you have any specific questions, please do not hesitate to contact Ed Hanley, Board Member at 928-300-7000, or Paul Frieder, HOAMCO representative at 928-282-4479. Thank you for your prompt attention to this matter.

Sincerely,

Cross Creek Ranch Community Association  
Board of Directors

Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# **Exhibit 4**

**Correct Copy of the First Amendment**

WHEN RECORDED, RETURN TO:

FENNEMORE CRAIG, P.C.  
Attn: Joseph Chandler, Esq.  
3003 North Central Avenue  
Suite 2600  
Phoenix, AZ 85012-2913

---

FIRST AMENDMENT  
TO  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS  
FOR  
CROSS CREEK RANCH  
IN  
SEDONA, ARIZONA

---

THIS FIRST AMENDMENT ("First Amendment") to Declaration of Covenants, Conditions and Restrictions for Cross Creek Ranch is made this 15th day of May, 2008 (the "Effective Date") by the Board of Directors of the Cross Creek Ranch Community Association, an Arizona non-profit corporation.

#### RECITALS

A. Cross Creek Ranch is subdivision located in Sedona, Arizona ("Cross Creek Ranch"), the boundaries of which are shown on the Plat recorded in Book 48 of Maps and Plats, Pages 8 – 14, Official Records of Yavapai County Recorder, Yavapai County, Arizona (the "Plat").

B. Cross Creek Ranch is governed by that certain Declaration of Covenants, Conditions and Restrictions for Cross Creek Ranch dated June 19, 2003 and recorded on July 1, 2003 as Instrument No. 3599928 in Book 4047, Page 427, Official Records of Yavapai County Recorder, Yavapai County, Arizona (the "Declaration").

C. Cross Creek Ranch Community Association is an Arizona nonprofit corporation (the "Association") organized to administer and enforce the Project Documents, including the Declaration.

D. Pursuant to the Declaration, the Transition Date has occurred and control of the Association has transitioned from Declarant to the Board of Directors of the Association.

E. At a duly noticed and called May 15, 2008 Special Meeting of the Association, the requisite majority of the Members of the Association voted to authorized the Board of Directors to amend the Declaration to, among other things, dissolve the Cross Creek Ranch Water Company, an Arizona public service corporation (the "Water Company") and to assume all duties and obligations of the Water Company to provide water services to the Lots in Cross Creek Ranch as of the Effective Date of this First Amendment.

#### AMENDMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, and the other terms and conditions set forth in this First Amendment, the Board of Directors of the Association with the requisite majority authorization of the Members of the Association hereby amend the Declaration as of the Effective Date as follows:

1. Defined Terms and Recitals. The foregoing Recitals are incorporated herein by this reference. Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such term in the Declaration.

2. Water Company. Section 1.43 of the Declaration is hereby deleted in its entirety and superseded as follows:

Any reference to the "Water Company" in the Declaration on and after the Effective Date shall mean the Association.

3. Water Company Assessment. Section 1.44 of the Declaration is hereby deleted in its entirety and superseded as follows:

Any reference to the "Water Company Assessment" in the Declaration on and after the Effective Date shall mean a vacant Lot Water Assessment and/or a Water System Operating Assessment as defined in and levied and assessed pursuant to Section 6.5 of the Declaration.

4. Domestic Water Service. Section 2.2 of the Declaration is hereby amended as follows:

On and after the Effective Date, the Water System shall be owned and operated by the Association in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities. The Association shall contract with qualified persons or companies to manage, operate, and maintain the Water System for the benefit of the Association. The cost of owning, maintaining and operating the Water System shall be paid for by the Association through Water Operating Assessments as set forth in Section 6.5 of the Declaration.

5. Water System and Sewer System; No Liability of Association and Declarant Parties.

Section 2.4(i) of the Declaration is hereby amended as follows:

On and after the Effective Date, the Board shall have no responsibility for the operation or maintenance of the Water System or Sewer System; and

The last paragraph of Section 2.4 shall be amended by adding the following:

In addition, on and after the Effective Date, the Board shall in no event be responsible for, or have liability (including strict liability) for any claims, causes of action, losses, damages, costs or expenses (including attorneys' fees and court costs) for any inconvenience or disturbances arising from the Water System or the Sewer System or the use of the thereof, including any violation of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., The Arizona Environmental Quality Act, A.R.S. § 49-281 et seq., or any other similar state or federal law as such laws have been or may be amended from time to time. Each Owner, lessee and Resident, on behalf of its family members, invitees and licensees, covenants and agrees that it does knowingly and voluntarily assume all risks associated with the foregoing, including the risks of inconvenience and disturbance arising

from the existence, operation, and maintenance of the Water System and Sewer System by the Association.

6. Water Services Restrictions. Section 3.7 of the Declaration is hereby deleted in its entirety and superseded as follows:

Except for certain Association irrigation purposes as provided in Section 4.10 of the Declaration, the Association shall be the sole provider of domestic water through the Water System for all Owners of Lots and Residential Units, including any landscape irrigation water, subject to all fees, charges, rules, regulations and other requirements established by the Board, and if applicable, any Water Assessments adopted by the Board. No Lot shall contain any water well or water storage facility for such purpose. By acceptance of a deed or by acquiring any interest in a Lot, each Owner, Lessee and Resident agrees to be subject to the provisions of this Section. Each Owner, Lessee and Resident shall comply with all rules, regulations, and other requirements established by the Board for providing domestic water through the Water System.

7. Restrictions on Further Subdivision, Annexation, Property Restrictions and Rezoning. Section 3.20 of the Declaration is hereby amended as follows:

No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner and no portion less than all of any such Lot shall be conveyed or transferred by any Owner. No additional real property lying outside of the existing boundary for Cross Creek Ranch as originally shown on the Plat shall ever be annexed into Cross Creek Ranch. Two or more Lots shall not be combined into fewer Lots than originally shown on the Plat. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner, Lessee, or other Person other than the Board on behalf of the Association against any part of the property without the provisions thereof having been first approved in writing by the Architectural Review Committee. No application for rezoning, variances or use permits pertaining to any Lot shall be filed with any governmental authority by any Person other than by the Board of the Association with the prior written approval of the Architectural review Committee and the proposed use otherwise complies with the Declaration.

8. Classes of Members and Voting Rights. Section 5.7 of the Declaration is hereby deleted in its entirety and superseded as follows:

The Transition Date has occurred and Declarant is no longer entitled to any votes concerning the Association. Each Owner shall be entitled to one (1) vote for each Lot owned in Cross Creek Ranch by such Owner for voting on all matters regarding the Association except for any vote concerning the operation, maintenance, replacement and repair of the

Water System or any Water System Operating Assessment or any Vacant Lot Water Assessment or similar Water System related issue (a "Water System Vote"). In the event of a Water System Vote, an Owner shall be entitled to only one (1) vote per Owner regardless of the number of Lots owned in Cross Creek Ranch.

9. Conveyance of Encumbrance of Common Area. Section 5.11(iv) of the Declaration is hereby amended as follows:

(iv) to a domestic water service entity (including the Association for operation and maintenance of the Water System) for the purpose of providing to the Owners and Residents domestic water service;

10. Water Company Assessments. Section 6.5 of the Declaration is hereby deleted in its entirety and superseded as follows:

6.5.1 In addition to any Water System Operating Assessment as described in Subsection 6.5.2, the Association, as long as the Association owns and controls the Water System, shall assess against each Lot that is Assessable Property and for which no Residential Unit has been constructed and no connection to the Water System has been established to such Lot (a "Vacant Lot") a "Vacant Lot Water Assessment" for the purpose of providing operating and capital funds to the Association until such connection has been established to such Lot and a Lot Owner is paying all fee and charges levied by the Association to supply domestic water through the Water System to such Lot. The total amount to be assessed against each Vacant Lot as a Vacant Lot Water Assessment shall be the amount that is reasonably estimated from time to time by the Board to produce the necessary funds for the Association to operate, maintain, repair, and replace the Water System in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities (taking into account other sources if funds available to the Association) divided by the number of Vacant Lots in Cross Creek Ranch. Vacant Lot Water Assessments shall be collected on a monthly or quarterly basis or such other basis as may be selected by the Board. The Vacant Lot Water Assessment for a Lot shall cease on the first day of the month following a water connection and establishment of domestic water service to a Residential Unit on the Lot through the Water System. All Vacant Lot Water Assessments shall be used by the Association as set forth in this Subsection.

6.5.2 In addition to the fees and charges payable by the Owners to the Association pursuant to a Vacant Lot Water Assessment or to Association once a water connection is established to provide domestic water services to a Lot through the Water System, the Association, so long as the Association owns and controls the Water System, may (but shall not be obligated to) assess against each Lot which is an Assessable Property a

“Water System Operating Assessment” for the purpose of providing additional operating and capital funds to the Association for defraying, in whole or in part, the cost of operating the Water System and the cost of any upgrade, construction, reconstruction, repair or replacement of the Water System. The total amount to be assessed against each Lot as a Water System Operating Assessment shall be the amount that is reasonably estimated by the Board to produce the necessary funds for the Association to operate, maintain, repair, and replace the Water System in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities (taking into account other sources of funds available to the Association) divided by the number of lots in Cross Creek Ranch. All Water System Operating Assessments collected by the Association shall be used by the Association as set forth in this Subsection.

11. Miscellaneous. Except as amended by this First Amendment, the Declaration remains in full force and effect. To the extent that the Declaration and this First Amendment conflict, this First Amendment shall govern and control. This First Amendment shall be governed by and construed in accordance with the laws of the State of Arizona.

[SIGNATURE BLOCK APPEARS ON NEXT PAGE.]

DATED as of the Effective Date.

**THE CROSS CREEK RANCH  
COMMUNITY ASSOCIATION, an  
Arizona nonprofit corporation**

By: Paul Claus  
Name: G Paul Claus  
Its: President

Witnessed and Attested:

By: Sandra D'Amico  
Name: SANDRA D'AMICO  
Its: Secretary

STATE OF ARIZONA     )  
  ) ss.  
COUNTY OF YAVAPAI    )

The foregoing instrument was executed before me this 20 day of May, 2008, by G. Paul Claus the President of the Cross Creek Ranch Community Association, an Arizona nonprofit corporation, on behalf of said nonprofit corporation.

Angela Scarpelletti  
Notary Public

My Commission Expires:

04 APR 11



Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# Exhibit 5

**Voting Documents From Special Meeting On May 15, 2008  
To Vote On The First Amendment**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_

**DISAPPROVAL OF AMENDMENT**  \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 19 day of April, 2008.

James J. Shirley  
Signature

James J. Shirley Lot 5  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

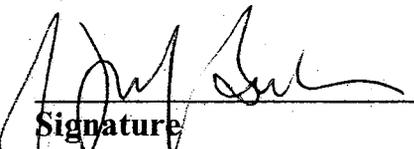
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ ✓

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 15 day of May, 2008.

  
\_\_\_\_\_  
Signature

Stephen Leshin  
Print Name

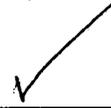
**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT

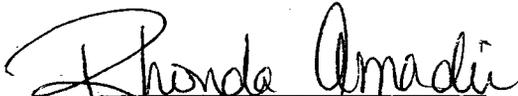


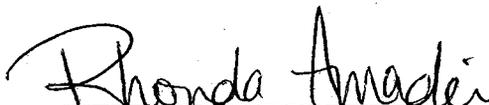
DISAPPROVAL OF AMENDMENT

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 25 day of April, 2008.

  
Signature

 Lot 2  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.





CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

PLEASE CHECK ONE:

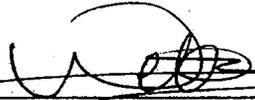
APPROVAL OF AMENDMENT

YES

DISAPPROVAL OF AMENDMENT \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 3 day of April, 2008.

  
Signature

Leann M. Weber

MARTIN Weber r b

Print Name

LEANN M. Weber

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

h o t b

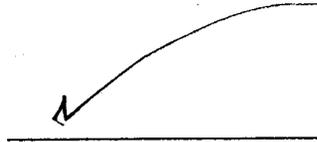


**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT

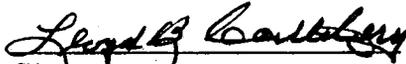


DISAPPROVAL OF AMENDMENT

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 5 day of APR, 2008.

  
Signature

LOYD B CASTLEBERRY - 08  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

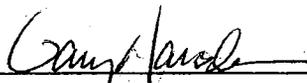
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

**DISAPPROVAL OF AMENDMENT**

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 4th day of APRIL, 2008.

  
Signature



CARY KARADEMOS  
Print Name

Nancy Karademos - 9

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

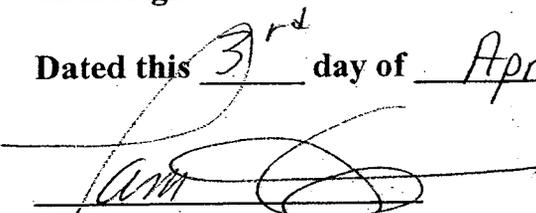
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

**DISAPPROVAL OF AMENDMENT**

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 3<sup>rd</sup> day of Apr, 2008.

  
Signature

Tamela A. Morris - 10  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

✓

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 27 day of April, 2008.

Leslie Besinger  
Signature

Lot 13

Leslie Besinger  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT

    X    

DISAPPROVAL OF AMENDMENT

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10 day of Feb, 2008.

  
Signature

Randy Morris -14  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

X

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 4<sup>th</sup> day of April, 2008.

Patrick J. Moore  
Signature

MOORE, Patrick - 15  
Print Name

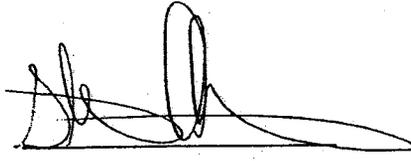
**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

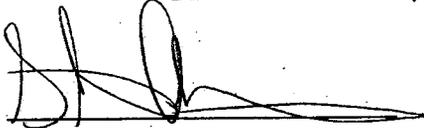
APPROVAL OF AMENDMENT



DISAPPROVAL OF AMENDMENT \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 31 day of MARCH, 2008.



Signature

STEVE ADAMS - 16

Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

✓

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 22 day of April, 2008.

  
Signature

Don Kraw Lot 18  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

2 lots

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

✓

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 5 day of APRIL, 2008.

  
Signature

James Sedel - 19 + 73  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

**DISAPPROVAL OF AMENDMENT**

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 21st day of April, 2008.

James Matt  
Signature

James Matt  
Print Name

LOT 20

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ ✓

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 3 day of APRIL, 2008.

David Keary  
Signature

DAVID KEARY - 22  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ ✓

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 5<sup>th</sup> day of April, 2008.

Walter Sigal  
Signature

WALTER SIGAL LOT 24  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

✓

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 23 day of April, 2008.

Trina M. Feldman  
Signature

TRINA M. FELDMAN Lot 25  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.**



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

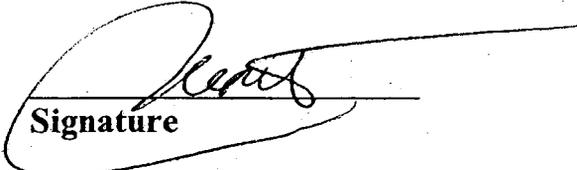
**APPROVAL OF AMENDMENT** \_\_\_\_\_

X

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 31 day of MARCH, 2008.

  
Signature

RONALD M. MARTINEZ - 27  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

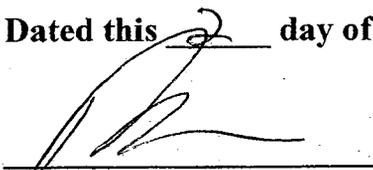
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 2 day of April, 2008.

  
\_\_\_\_\_  
Signature

Robert Green F28  
\_\_\_\_\_  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

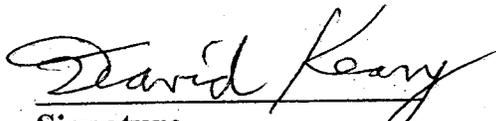
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

**DISAPPROVAL OF AMENDMENT**

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 3 day of APRIL, 2008.

  
Signature

DAVID KEARY - 29  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 30 day of MARCH, 2008.

James J. Leonard  
Signature

JAMES J. LEONARD - 30  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

X

DISAPPROVAL OF AMENDMENT

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 4 day of April, 2008.



Signature

Rodney Cooley - 31

Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

X

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 22 day of April, 2008.

Gary Evers

Signature

lot 32

Gary Evers

Print Name

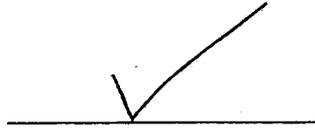
**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

PLEASE CHECK ONE:

APPROVAL OF AMENDMENT



DISAPPROVAL OF AMENDMENT



The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 23 day of April, 2008.

Cynthia D. Verson, Trustee  
Signature

Cynthia D. Verson      Lot 33  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_

X

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 6 day of April, 2008.

Myra A. Sehee  
Signature

MARION J. SCHMEL - 34  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

**DISAPPROVAL OF AMENDMENT**

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 25 day of April, 2008.

  
Signature

lot 35

Kevin Scott  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ ✓

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 12 day of APRIL, 2008.

M. McCutcheon

**Signature**

MICHAEL McCUTCHEON - 38

**Print Name**

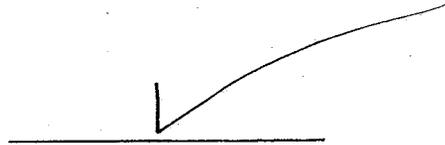
**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT

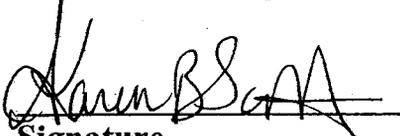


DISAPPROVAL OF AMENDMENT



The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 23rd day of April, 2008.

  
Signature

Lot 39

Karen B. Scott  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

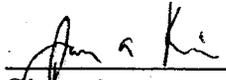
**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT \_\_\_\_\_ X

DISAPPROVAL OF AMENDMENT \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 9<sup>th</sup> day of APRIL, 2008.

  
Signature

JAMES A KIMBLE - 4/1  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**



2 Lot -

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

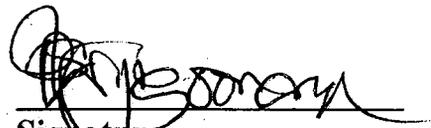
**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 13 day of May, 2008.

  
Signature

Sri P. Wijegoonaratna  
Print Name

Lot 44 + 45

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

X

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 8 day of May, 2008.

*Robin E. Austin*  
Signature

ROBIN E. AUSTIN  
Print Name

Lot 46

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

X

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 4<sup>th</sup> day of April, 2008.

Steven Yousko  
Signature

Steven Yousko - 49  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT \_\_\_\_\_

X

DISAPPROVAL OF AMENDMENT \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10 day of may, 2008.

Ai Soo Song/Kim  
Signature

lot 50

Ai Soo Song/Kim  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

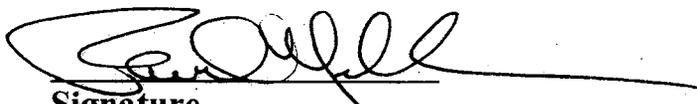
X

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 3 day of April, 2008.

  
Signature

Paul Miller  
Print Name    lot 51

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

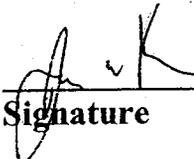
APPROVAL OF AMENDMENT

X

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 9<sup>th</sup> day of APRIL, 2008.

  
\_\_\_\_\_  
Signature

James A Kimble - 52  
\_\_\_\_\_  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

**DISAPPROVAL OF AMENDMENT**

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 14 day of April, 2008.

Laura Reindel  
Signature

Laura Reindel - 53  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10<sup>th</sup> day of May, 2008.

  
Signature

Lot 54

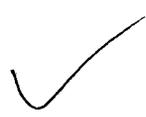
Edward Bernudez  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ 

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 30 day of March, 2008.

  
\_\_\_\_\_  
Signature

Carol Sharp - 55  
\_\_\_\_\_  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,**  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

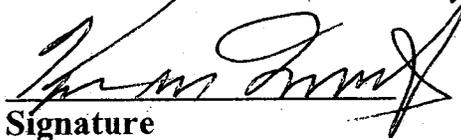
✓

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10 day of April, 2008.

  
Signature

KEVIN DUNLAP - 30  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

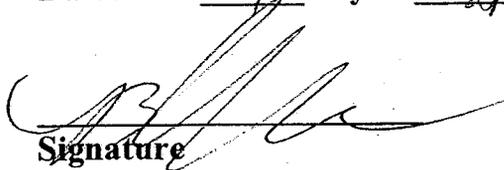
PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 21 day of April, 2008.

  
Signature

JB. Pseudonyme (JPCH)  
Print Name

Lot 58

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
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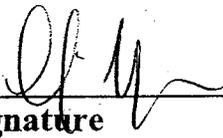
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ 

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10 day of April, 2008.

  
\_\_\_\_\_  
Signature

GIORGIO COBLER - 59  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 30<sup>th</sup> day of MARCH, 2008.

  
Signature

M. PATTERSON - 61  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.**

**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ ✓

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 21 day of APRIL, 2008.

  
Signature

lot 62

SCOTT P. MANGARPAN  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
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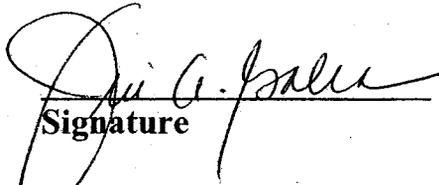
**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT** \_\_\_\_\_ ✓

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 12<sup>th</sup> day of April, 2008.

  
Signature  
JIM GALEA  
Print Name

lot 63

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
FORM PRESENTED WITH THE NOTICE OF SPECIAL MEETING.

PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 23 day of April, 2008.

  
Signature

TRINA M. FELDMAN  
Print Name

letley

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
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**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

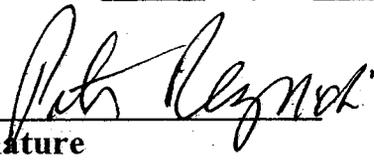
\_\_\_\_\_ ✓ \_\_\_\_\_

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 29 day of April, 2008.

  
Signature

PETER RYZNICKI  
Print Name

Lot 65

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

3 LOTS

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
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**PLEASE CHECK ONE:**

**APPROVAL OF AMENDMENT**

X

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 22<sup>nd</sup> day of April, 2008.

Richard Gorges  
Signature

Richard Gorges 67, 80, 81  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.



CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
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PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

X

DISAPPROVAL OF AMENDMENT

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10<sup>th</sup> day of Apr., 2008.

Shirley Ann trustee  
Signature

ADRIANNE C. HARVEY  
Print Name  
LOT 70

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

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**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT



DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 18 day of APRIL, 2008.

A handwritten signature in cursive script, appearing to read 'Loren Edwards', is written over a horizontal line.

Signature

LOREN EDWARDS

Lot 71

Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,**  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.



CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

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PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 17TH day of APRIL, 2008.

*Gary L. Weaver*  
*Reiko Kagayama-Weaver*  
Signature

GARY L. WEAVER

REIKO KAGEYAMA-WEAVER -74  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
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PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

\_\_\_\_\_

DISAPPROVAL OF AMENDMENT

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 6 day of May, 2008.

Jean Hulme  
Signature

Jean Hulme  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

75

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

**A. VOTE TO AMEND THE CC&Rs IN ACCORDANCE WITH THE  
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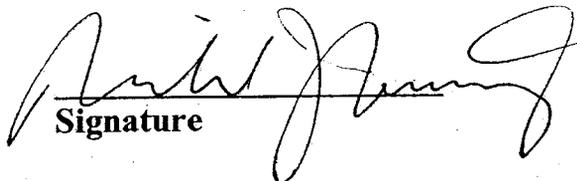
**PLEASE CHECK ONE:**

APPROVAL OF AMENDMENT \_\_\_\_\_ ✓

DISAPPROVAL OF AMENDMENT \_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 10 day of April, 2008.

  
Signature

Richard Roncaglia - 76  
Print Name

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

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DISAPPROVAL OF AMENDMENT

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 1<sup>st</sup> day of APRIL, 2008.

  
Signature

STEVEN T. ARMINIO - 77  
Print Name

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.



**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

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**APPROVAL OF AMENDMENT**

\_\_\_\_\_ ✓ \_\_\_\_\_

**DISAPPROVAL OF AMENDMENT**

\_\_\_\_\_

The foregoing ballot is only valid for the Special Meeting called for May 15, 2008 at 10:00 a.m. at the Sedona Public Library located at 3250 White Bear Road, Sedona, Arizona 86336. The foregoing ballot does not authorize any other person to cast votes on behalf of the undersigned member.

Dated this 14 day of April, 2008.

Edward Lambert  
Ed Lambert

**Signature**

Edward Lambert  
Kimberly Lambert - 82

**Print Name**

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.**

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM

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PLEASE CHECK ONE:

APPROVAL OF AMENDMENT

YES

DISAPPROVAL OF AMENDMENT \_\_\_\_\_

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Dated this 3 day of April, 2008.

  
Signature

JAKE WEBER - PRESIDENT -83  
Print Name DOUBLE EAGLE DEVELOPMENT CORP.

BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14, 2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75% (63 members) must approve an amendment to the CC&Rs.

1-2-08

**CROSS CREEK RANCH COMMUNITY ASSOCIATION  
SPECIAL MEMBERSHIP MEETING — MAY 15, 2008  
MAIL BALLOT FORM**

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**PLEASE CHECK ONE:**

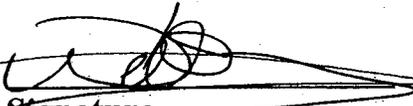
**APPROVAL OF AMENDMENT**

YES

**DISAPPROVAL OF AMENDMENT** \_\_\_\_\_

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Dated this 3 day of April, 2008.

  
Signature

Leann M. Weber

MARTIN (JAKE) WEBER - 84

Print Name

Leann M. Weber

**BALLOT MUST BE RETURNED IN THE ENCLOSED ENVELOPE BY MAY 14,  
2008. The Association has 84 members. Per CC&R Article 9.3 not less than 75%  
(63 members) must approve an amendment to the CC&Rs.**

LOT 84

# CC R Amendment

DATE: 4/16/08

TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 1

73 Yes  
1 No

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED
01	40 Cross Creek Circle Mark Coates (H) PO Box 461; Hilo, HI 96721	01		09/15/03
02	425 Cross Creek Circle Michael & Rhonda Amadei (H) 380 Roadrunner Dr; Sedona, AZ 86336	02		10/14/03 <u>B</u> <u>Y</u>
03	415 Cross Creek Circle G Paul Claus (H) 395 Cross Creek Circle; Sedona, AZ 86336	03		06/07/05 <u>B</u> <u>Y</u>
04	395 Cross Creek Circle G. Paul & Gayle Claus (H)	04		12/17/03 <u>B</u> <u>Y</u>
05	385 Cross Creek Circle James & Mary Jo Shirley (H) 19954 Blythe Court; Saratoga, CA 95070	05		03/23/05 <u>B</u> <u>N</u>
06	375 Cross Creek Circle Martin & Leann Weber (H) PO Box 21059; Sedona, AZ 86351	06		11/06/03 <u>B</u> <u>Y</u>
07	365 Cross Creek Circle Hopirose Enterprises (H) c/o Julia Williams; 70 East Wing Drive; Sedona, AZ 86336	07		01/31/05 <u>B</u> <u>Y</u>
08	355 Cross Creek Circle Ronald Mohnney (H)  Claudine Mohnney (H) 200 E. Wing Drive; Sedona, AZ 86336	08		03/31/08 <u>B</u> <u>Y</u>
09	345 Cross Creek Circle Gary & Nancy Karademos (H) PO Box 3128; Sedona, AZ 86340	09		11/19/03 <u>B</u> <u>Y</u>
10	325 Cross Creek Circle Rick & Pamela Morris (H) PO Box 909; Sedona, AZ 86339	10		03/07/05 <u>B</u> <u>Y</u>
11	40 Anglers Way Lloyd & Beverly Castleberry (H) 75 Steamboat Trail; Sedona, AZ 86336	11		11/17/03 <u>B</u> <u>Y</u>
12	45 Anglers Way Lloyd B. & Beverly Castleberry (H)	12		12/31/03 <u>B</u> <u>Y</u>

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 2

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	75 Steamboat Trail; Sedona, AZ 86336				
13	35 Anglers Way Leslie Besinger (H) 2008 Rio Vista Drive; Fort Pierce, FL 34949	13		10/14/03	B Y
14	25 Anglers Way The Morris Family Trust (H)  Randy & Kelli Morris (H)	14		02/02/05	B Y
15	15 Anglers Way Patrick J. Moore (H) 10412 Litzsinger Rd; Frontenac, MO 63131	15		06/28/05	B Y
16	5 Anglers Way Steven & Genevieve Adams (H) PO Box 3256; Sedona, AZ 86340	16		12/17/03	B Y
17	305 Cross Creek Circle William Nelson (H)  Jacinta Nelson (H) PO Box 1507; Cave Creek, AZ 85327	17		06/14/06	
18	295 Cross Creek Circle John Kramer (H)  Kristina Kramer (H) 114 Hunters Ridge; Wheeling, WV 26003	18		07/13/06	B Y
19	285 Cross Creek Circle JAS Arizona LLC (H) 1025 W Green Tree Rd; Milwaukee, WI 53217	19		03/17/05	B Y
20	265 Cross Creek Circle James Matt (H) 19550 N Grayhawk Dr #1094; Scottsdale, AZ 85255	20		11/21/03	B Y
21	235 Cross Creek Circle James W. & Mary L. Farrell (H) 1407 E Prairie Ave; Wheaton, IL 60187	21		05/24/05	B Y
22	195 Cross Creek Circle David & Michele Keary (H) PO Box 10606; Sedona, AZ 86339-8606	22		02/24/04	B Y
23	185 Cross Creek Circle Randall J. Rademaker (H)	23		10/01/04	B Y

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 3

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	333 W Wacker Ste 2100; Chicago, IL 60606				
24	215 Cross Creek Circle Walter & Barbara Sigall (H) 90 Piedras Del Norte; Sedona, AZ 86351	24		11/03/03	B <u>Y</u>
25	175 Cross Creek Circle Howard & Trina Feldman (H) 595 Camino Del Caballo; Sedona, AZ 86336	25		11/14/03	B <u>Y</u>
26	10 Stargazer Way Stephen & Cynthia Leshin (H)	26		01/29/04	B <u>Y</u>
27	30 Stargazer Way Ronald M. Martinez (H) 400 Arroyo Pinon Dr; Sedona, AZ 86336	27		01/19/05	B <u>Y</u>
28	40 Stargazer Way Robert & Pamela Breen (H) 240 Cragmont Dr; Sedona, AZ 86336	28		10/22/03	B <u>X</u>
29	50 Stargazer Way David & Michele Keary (H) PO Box 10606; Sedona, AZ 86339-8606	29		10/15/03	B <u>Y</u>
30	60 Stargazer Way James Leonard (H)	30		04/25/07	B <u>Y</u>
31	65 Stargazer Way Rodney Cooley (H) 4652 Conchita Way; Tarrana, CA 91356-4906	31		06/15/06	B <u>Y</u>
32	55 Stargazer Way Gary & Debra Evers (H) 1909 Vandenberg Ln; Kaukauna, WI 54130	32		06/03/05	B <u>Y</u>
33	45 Stargazer Way Cynthia Dawn Verson (H) PO Box 20154; Sedona, AZ 85341-0154	33		10/30/03	B <u>Y</u>
34	15 Stargazer Way Marilyn Schnell (H) 1240 39 Street; Downers Grove, IL 60515	34		11/03/03	B <u>Y</u>
35	135 Cross Creek Circle Scott Properties, LLC (H)	35		05/05/04	B <u>Y</u>

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 4

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	122 Blue Jay Dr; Austin, TX 78734				
36	125 Cross Creek Circle Cross Creek LLC (H) 1419 W 12 Place #105; Tempe, AZ 85281	36		02/16/07	
37	115 Cross Creek Circle Kurt Vom Scheidt (H) Mill House Heronway; Brentwood Essex CM13 2LQ; ENGLAND	37		11/08/05	
38	105 Cross Creek Circle Michael P. McCutcheon (H) 55 West Big Horn Court; Sedona, AZ 86351	38		05/28/04	B Y
39	95 Cross Creek Circle Ian & Karen Scott (H) 1580 Christina Lane; Lake Forest, IL 60045	39		11/26/03	B Y
40	85 Cross Creek Circle Kenneth & Linda Kaufman (H)	40		02/19/04	B Y
41	10 Ravens Call Place James Kimble (H)  Bonnie Kimble (H) 410 Meadow Gate Close; Atlanta, GA 30350	41		05/10/07	B Y
42	40 Ravens Call Place Entrust New Direction IRA (H) FBO Beckett, Sandy 04020083; 1300 Plaza Court North #103; Lafay	42		04/20/04	
43	80 Ravens Call Place Petree Courtyard, Inc. (H) 343 Pioneer Drive #404; Glendale, AZ 91203	43		07/16/07	B Y
44	95 Ravens Call Place Sri Wijegoonaratna (H)  Michele Wijegoonaratna (H) 422 E 72 St #28A; New York, NY 10021	44		03/31/06	B Y
45	85 Ravens Call Place Sri Wijegoonaratna (H)  Michele Wijegoonaratna (H) 422 E. 72nd Street #28A; New York, NY 10021	45		04/06/07	B Y
46	75 Ravens Call Place Robert & Robin Austin (H)	46		06/09/06	B Y

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 5

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	PO Box 5048; Carefree, AZ 85377-5048				
47	65 Ravens Call Place Kevin Spillsbury (H) 4375 Polris Suite A; Las Vegas, NV 89103	47		08/07/07	B <u>Y</u>
48	55 Ravens Call Place James Lungo (H) 9337 Scenic Mountain Lane; Las Vegas, NV 89117	48		09/30/03	
49	45 Ravens Call Place Steven Yousko (H)  Susan Yousko (H) 80 Jones Lane; Sedona, AZ 86336	49		11/28/07	B <u>Y</u>
50	35 Ravens Call Place Ai Soo Song Kim (H) 925 Via Nogales; Palos Verde Est, CA 90274	50		01/31/05	B <u>Y</u>
51	25 Ravens Call Place Paul G & Mary S Millar (H) 370 Saddlerock Circle; Sedona, AZ 86336	51		06/01/04	B <u>Y</u>
52	15 Ravens Call Place James A. Kimble (H) 410 Meadow Gate Close; Atlanta, GA 30350	52		06/01/05	B <u>Y</u>
53	70 Cross Creek Circle Laura Reindel (H) 93 Sunset Drive; Encinitas, CA 92024	53		12/29/06	B <u>Y</u>
54	110 Cross Creek Circle Edward Bermudez (H) 683 N Lois Ave; Newbury Park, CA 91320	54		11/03/03	B <u>Y</u>
55	120 Cross Creek Circle SLE Company (H) 3419 E. Minton Circle; Mesa, AZ 85213	55		06/16/04	B <u>Y</u>
56	15 Russet Ridge Place Kevin & Karen Dunlap (H) PO Box 2094; Sedona, AZ 86339	56		12/29/03	B <u>Y</u>
57	25 Harvest Lane Gregory M & Laura M Gorman (H)	57		08/03/05	

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 6

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	19 Phoebes Lane; Yarmouth Port, MA 02675				
58	15 Harvest Lane JPCH Management LLC (H) PO Box 1190; Scott, LA 70583	58		06/30/05	B _____ Y
59	5 Harvest Lane Giorgio & Laura Cagliero (H) 2675 W Hwy 89A; PMB 1291; Sedona, AZ 86336	59		04/14/06	B _____ Y
60	160 Cross Creek Circle Colleen Catapano (H) 607 Artesia Street; Oviedo, FL 32765	60		05/17/05	_____
61	200 Cross Creek Circle Mark & Sharon Patterson (H) 11428 E. Sweetwater Avenue; Scottsdale, AZ 85259	61		02/18/04	B _____ Y
62	210 Cross Creek Circle Scott & Mercedes Mangarpan (H) 350 Navajo Tr; Sedona, AZ 86336	62		02/11/04	B _____ Y
63	20 Amber Cliffs Way Peter & Jill A. Galea (H) 600 Harbor Blvd #850; Weehawken, NJ 07086	63		06/07/04	B _____ Y
64	30 Amber Cliffs Way Howard & Trina Feldman (H) 595 Camino Del Caballo; Sedona, AZ 86336	64		11/14/03	B _____ Y
65	40 Amber Cliffs Way Peter S. & Zaira J. Reznick (H) 1500 Palmer; Flagstaff, AZ 86001	65		06/16/04	B _____ Y
66	50 Amber Cliffs Way David R. Singery (H) 2875 Timberlyn Trail Rd; Fullerton, CA 92833	66		01/30/05	_____
67	60 Amber Cliffs Way Richard A. Gorges (H) 1707 N Briarcliff Drive; Appleton, WI 54915	67		12/02/04	B _____ Y
68	70 Amber Cliffs Way Mary Ann Boreham (H) PO Box 5343; Fort Smith, AR 72913	68		09/01/04	_____
69	65 Amber Cliffs Way Robert & Lynne Grigg (H)	69		06/28/06	B _____ Y

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 7

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	4051 Weslin Avenue; Sherman Oaks, CA 91423				
70	15 Amber Cliffs Way Ed & Adrienne Hanley (H) 110 E Wing Drive; Sedona, AZ 86336		70	10/30/03	B Y
71	240 Cross Creek Circle Loren Edwards (H) 15456 N Cabrillo Dr; Fountain Hills, AZ 85268		71	09/01/04	B Y
72	45 Amber Cliffs Way Grafton Paul Claus (H) 395 Cross Creek Circle; Sedona, AZ 86336		72	11/19/03	B Y
73	55 Amber Cliffs Way JAS Arizona LLC (H) 1025 W Green Tree Rd.; Milwaukee, WI 53217		73	05/19/05	B Y
74	290 Cross Creek Circle Gary Weaver (H)  Reiko Kageyama-Weaver (H) PMB -5B; 2370 W. Hwy 89A Suite 11PMB-51; Sedona, AZ 86336-5341		74	09/24/07	B Y
75	300 Cross Creek Circle Mark Hulme (H) 4605 South Lance; Flagstaff, AZ 86001		75	03/07/05	B P
76	330 Cross Creek Circle Richard J. Roncaglia (H) 12950 Via Esperia; Del Mar, CA 92014		76	06/13/05	B Y
77	25 Russet Ridge Place Steven & Doreen Arminio (H) 1250 Double Bridges Rd; Madison, GA 30650		77	10/14/03	B Y
78	35 Russet Ridge Place Lawrence P. Kelly (H) 4819 Sebastian Ct; Naperville, IL 60564		78	09/14/04	
79	45 Russet Ridge Place Wendy L. Jacobsen (H) 240 Oakcreek Blvd; Sedona, AZ 86336		79	10/13/04	B Y
80	55 Russet Ridge Place Richard A. Gorges (H)		80	12/02/04	B Y

DATE: 4/16/08  
TIME: 1:12 PM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/16/08

PAGE 8

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	1707 N Briarcliff Dr; Appleton, WI 54915				
81	50 Russet Ridge Place Richard A. Gorges (H) 1707 N Briarcliff Dr; Appleton, WI 54915	81		12/02/04	B _____ Y
82	40 Russet Ridge Place Edward F. & Kimberley Lambert (H) 165 Scenic Dr; Sedona, AZ 86336	82		06/16/04	B _____ Y
83	20 Russet Ridge Place Double Eagle Development Corp (H) PO Box 21059; Sedona, AZ 86341	83		04/21/04	B _____ Y
84	10 Russet Ridge Place Martin & Leann Weber (H) PO Box 21059; Sedona, AZ 86341	84		04/21/04	B _____ Y

Total Properties Listed: 84

Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# **Exhibit 6**

**Petition Signed By 70 Association Members**

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Paul Claus

Print Name: Paul Claus

Owner Lot No. 4

Date: 3/30/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Heann M. Weber

Print Name:

~~MARTIN~~ Weber

Heann M. Weber

Owner Lot No.

6

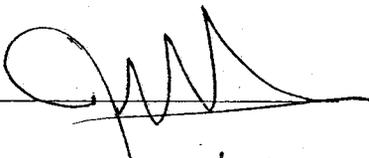
Date:

April 3, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: Julie Williams

Owner Lot No. 7

Date: 4/8/08

FORMAL PETITION

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Lloyd B Castleberry

Print Name: LLOYD B CASTLEBERRY

Owner Lot No. 11412 8

Date: AP-4-10

---

stuck in envelope

128

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Cary Karademos Nancy Karademos

Print Name: CARY KARADEMOS Nancy Karademos

Owner Lot No. 9

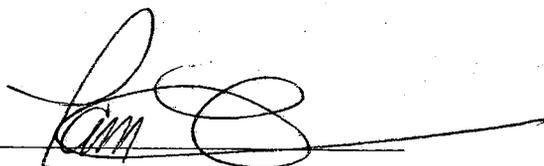
Date: 4-4-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

Pamela A. Morris

Owner Lot No. \_\_\_\_\_

10

Date: \_\_\_\_\_

4-3-08

2 LOTS

FORMAL PETITION

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Lloyd B. Castleberry

Print Name: LLOYD B CASTLEBERRY

Owner Lot No. 114/2

count as 2 lots

Date: AP-1-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Leslie Besinger

Print Name: Leslie Besinger

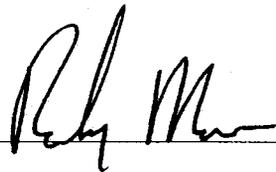
Owner Lot No. 13

Date: April 29 08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: Randy Morris

Owner Lot No. ~~25~~ 14

Date: 4-10-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Patrick J. Moore

Print Name: PATRICK J. MOORE

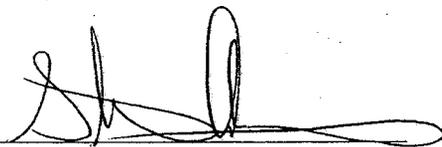
Owner Lot No. 15

Date: 4/4/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: STEVE ADAMS

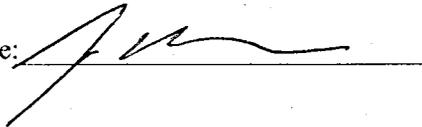
Owner Lot No. 16

Date: 3-31-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: 

Owner Lot No. 

Date: 

2 lots

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: James Sedee

Owner Lot No. lot 19+73

Date: 4-5-08

*Count as 2 Ballots*

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_

*James Matt*

Print Name: \_\_\_\_\_

*James Matt*

Owner Lot No. \_\_\_\_\_

*20*

Date: \_\_\_\_\_

*4.21.08*

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Mary J Farrell

Print Name: Mary L. Farrell

Owner Lot No. 21

Date: 5/7/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: David Keary

Print Name: DAVID KEARY

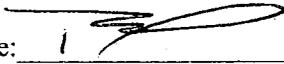
Owner Lot No. 22

Date: 4/3/2008

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: Randall Rademaker

Owner Lot No. 23

Date: April 2, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Walter Sigall

Print Name: WALTER SIGALL

Owner Lot No. 24

Date: 4/5/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature:

*Irina M. Feldman*

Print Name:

IRINA M. FELDMAN

Owner Lot No.

25

Date:

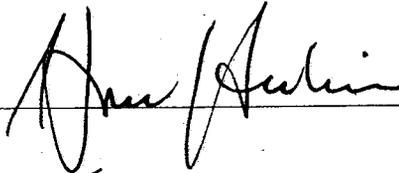
4/23/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

Stephen J. Leskin

Owner Lot No. \_\_\_\_\_

26

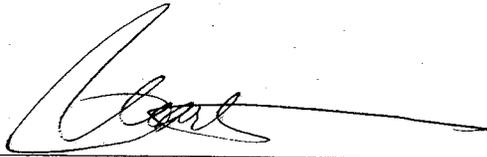
Date: \_\_\_\_\_

3-29-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: RONALD WARDING

Owner Lot No. 27

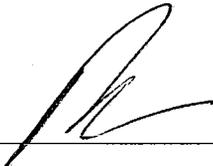
Date: 4-19-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

Robert Breed

Owner Lot No. \_\_\_\_\_

28

Date: \_\_\_\_\_

4/2/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: David Keary

Print Name: DAVID KEARY

Owner Lot No. 29

Date: 4/3/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: James J. Leonard

Print Name: JAMES J. LEONARD

Owner Lot No. 30

Date: MARCH 30, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

Rodney Cooley

Owner Lot No. \_\_\_\_\_

31

Date: \_\_\_\_\_

4/4/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Gary Evers

Print Name: Gary Evers

Owner Lot No. 32

Date: 4-22-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Cynthia D. Verson, Trustee

Print Name: Cynthia D. Verson

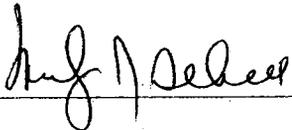
Owner Lot No. 33

Date: 4/23/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: Matthew J. Schreier

Owner Lot No. 34

Date: Apr 6, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Kevin Scott

Print Name: Kevin Scott

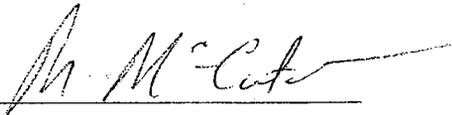
Owner Lot No. 35

Date: April 25, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: McCutcheon / Steel

Owner Lot No. 38

Date: 12 APR 08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Karen B. Scott

Print Name: Karen B. Scott

Owner Lot No. 39

Date: April 23, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_

*James A. Kimble*

Print Name: \_\_\_\_\_

JAMES A KIMBLE

Owner Lot No. \_\_\_\_\_

41

Date: \_\_\_\_\_

4/9/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Gregory Galt, Vice President  
Petree Courtyard, Inc.

Print Name: Gregory Galt for Petree Courtyard, Inc.

Owner Lot No. 43

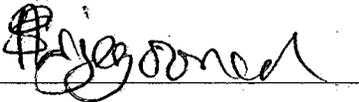
Date: 4-28-08

2 lots

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: Sri P. Wijegoonatathna

Owner Lot No. 44 + 45

Date: 5/13/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Robin E. Austin

Print Name: ROBIN E. AUSTIN

Owner Lot No. 46

Date: May 8, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

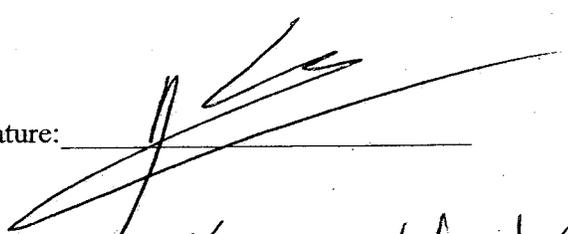
I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Owner Lot No. \_\_\_\_\_

Date: \_\_\_\_\_

  
*Kevin Gettsman*  
47  
4/1/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Steven Yousko

Print Name: Steven Yousko

Owner Lot No. 49

Date: 4/4/2008

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Ai Soo Song Kim

Print Name: Ai Soo Song Kim

Owner Lot No. 50

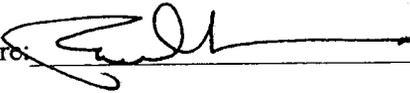
Date: May 10 08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

Paul Miller

Owner Lot No. \_\_\_\_\_

51

Date: \_\_\_\_\_

4/3/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_

*James A. Kimble*

Print Name: \_\_\_\_\_

JAMES A. KIMBLE

Owner Lot No. \_\_\_\_\_

52

Date: \_\_\_\_\_

APRIL 9, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Laura Reinde

Print Name: Laura Reinde

Owner Lot No. 53

Date: 4/14/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: EDWARDS BERNUSEZ

Owner Lot No. 54

Date: 5-10-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_

*CS*

Print Name: \_\_\_\_\_

*Carol Sharp*

Owner Lot No. \_\_\_\_\_

*55*

Date: \_\_\_\_\_

*3/30/08*

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

KEVIN M. DUNLAP

Owner Lot No. \_\_\_\_\_

LOT 56

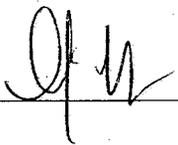
Date: \_\_\_\_\_

4/10/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: GEORGE CABLIER

Owner Lot No. 59

Date: 4/10/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: M. Patterson

Print Name: M. PATTERSON

Owner Lot No. 61

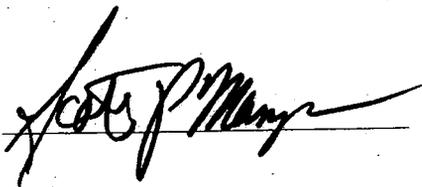
Date: 3-30-08

FORMAL PETITION

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

SCOTT P MANGARPAN

Owner Lot No. \_\_\_\_\_

62

Date: \_\_\_\_\_

4-21-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: JILL GALLETT

Owner Lot No. <sup>#</sup> 63

Date: April 12, 2008

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Irina M. Feldman

Print Name: IRINA M. FELDMAN

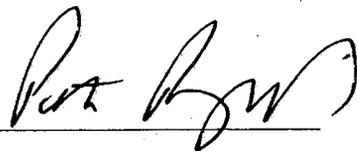
Owner Lot No. 64

Date: 4/23/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: PETER REZNICK

Owner Lot No. 65

Date: 4-29-08

8 lots

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Richard Gorges

Print Name: Richard Gorges

Owner Lot No. 67, 80, 81

Date: 4/22/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: *Lynne Briggs*

Print Name: Lynne Briggs

Owner Lot No. 69

Date: 4/2/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Adrian C. Hawley, Trustee

Print Name: ADRIAN C. HAWLEY, Trustee

Owner Lot No. 70

Date: 4/10/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: LOREN EDWARDS

Owner Lot No. 71

Date: APRIL - 18 - 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: GPaul Clam

Print Name: GPaul Clam

Owner Lot No. 72

Date: 3/30/08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Gary L. Weaver  
Reiko Kageyama-Weaver

Print Name: GARY L. WEAVER  
REIKO KAGEYAMA-WEAVER

Owner Lot No. 74

Date: 4/17/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Jean Hulme

Print Name: Jean Hulme

Owner Lot No. 75

Date: 5/6/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: Richard J. Rencrovia

Owner Lot No. 76

Date: 4/10/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Steven T. Arminio

Print Name: STEVEN T. ARMINIO

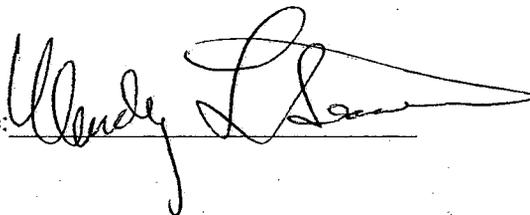
Owner Lot No. 77

Date: 4/1/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: WENDY JACOBSON

Owner Lot No. 79

Date: 4/1/08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

  
Signature: Edward Lambert

Print Name: Edward Lambert  
Kimberly Lambert

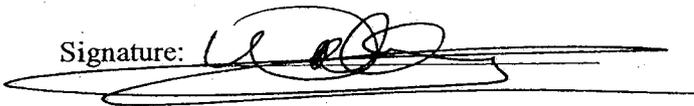
Owner Lot No. 82

Date: 4-14-08

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: 

Print Name: JAKE WEBER - President  
Double Eagle Development  
Corp.

Owner Lot No. 83

Date: April 3, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature:   
~~Leann M. Weber~~

Print Name: MARTIN (JAKE) WEBER  
LEANN M. WEBER

Owner Lot No. 84

Date: April 3, 2008

**FORMAL PETITION**

**APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION**

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: Rhonda Amadei

Print Name: Rhonda Amadei

Owner Lot No. 2

Date: 4-25-08

**FORMAL PETITION**

APPLICATION FOR AN ADJUDICATION NOT A PUBLIC SERVICE  
CORPORATION

I have read the March 28, 2008 cover letter issued by the Cross Creek Ranch Community Association (the "Association") Board of Directors concerning its plan to file an application with the Arizona Corporation Commission. The application is for an adjudication that the Association is not a public service corporation for purposes of providing domestic water service to the Association members. I hereby consent to and support this application.

Signature: GPaul Claus

Print Name: GPaul Claus

Owner Lot No. 3

Date: 3/30/08

# FORMAL Petition

70

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 1

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
01	40 Cross Creek Circle Mark Coates (H) PO Box 461; Hilo, HI 96721	01		09/15/03	_____
02	425 Cross Creek Circle Michael & Rhonda Amadei (H) 380 Roadrunner Dr; Sedona, AZ 86336	02		10/14/03	B _____
03	415 Cross Creek Circle G Paul Claus (H) 395 Cross Creek Circle; Sedona, AZ 86336	03		06/07/05	B _____
04	395 Cross Creek Circle G. Paul & Gayle Claus (H)	04		12/17/03	B _____
05	385 Cross Creek Circle James & Mary Jo Shirley (H) 19954 Blythe Court; Saratoga, CA 95070	05		03/23/05	_____
06	375 Cross Creek Circle Martin & Leann Weber (H) PO Box 21059; Sedona, AZ 86351	06		11/06/03	B _____
07	365 Cross Creek Circle Hopirose Enterprises (H) c/o Julia Williams; 70 East Wing Drive; Sedona, AZ 86336	07		01/31/05	B _____
08	355 Cross Creek Circle Lloyd & Beverly Castleberry (H) 75 Steamboat Trail; Sedona, AZ 86336	08		12/31/03	B _____
09	345 Cross Creek Circle Gary & Nancy Karademos (H) PO Box 3128; Sedona, AZ 86340	09		11/19/03	B _____
10	325 Cross Creek Circle Rick & Pamela Morris (H) PO Box 909; Sedona, AZ 86339	10		03/07/05	B _____
11	40 Anglers Way Lloyd & Beverly Castleberry (H) 75 Steamboat Trail; Sedona, AZ 86336	11		11/17/03	B _____
12	45 Anglers Way Lloyd B. & Beverly Castleberry (H)	12		12/31/03	B _____

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 2

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	75 Steamboat Trail; Sedona, AZ 86336				
13	35 Anglers Way Leslie Besinger (H) 2008 Rio Vista Drive; Fort Pierce, FL 34949		13	10/14/03	B
14	25 Anglers Way The Morris Family Trust (H)  Randy & Kelli Morris (H) c/o Randy & Kelli Morris; 245 Panorama Blvd; Sedona, AZ 86336		14	02/02/05	B
15	15 Anglers Way Patrick J. Moore (H) 10412 Litzsinger Rd; Frontenac, MO 63131		15	06/28/05	B
16	5 Anglers Way Steven & Genevieve Adams (H) PO Box 3256; Sedona, AZ 86340		16	12/17/03	B
17	305 Cross Creek Circle William Nelson (H)  Jacinta Nelson (H) PO Box 1507; Cave Creek, AZ 85327		17	06/14/06	
18	295 Cross Creek Circle John Kramer (H)  Kristina Kramer (H) 114 Hunters Ridge; Wheeling, WV 26003		18	07/13/06	B
19	285 Cross Creek Circle JAS Arizona LLC (H) 1025 W Green Tree Rd; Milwaukee, WI 53217		19	03/17/05	B
20	265 Cross Creek Circle James Matt (H) 19550 N Grayhawk Dr #1094; Scottsdale, AZ 85255		20	11/21/03	B
21	235 Cross Creek Circle James W. & Mary L. Farrell (H) 1407 E Prairie Ave; Wheaton, IL 60187		21	05/24/05	B
22	195 Cross Creek Circle David & Michele Keary (H)		22	02/24/04	B

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 3

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	PO Box 10606; Sedona, AZ 86339-8606				
23	185 Cross Creek Circle Randall J. Rademaker (H) 333 W Wacker Ste 2100; Chicago, IL 60606	23		10/01/04	B
24	215 Cross Creek Circle Walter & Barbara Sigall (H) 90 Piedras Del Norte; Sedona, AZ 86351	24		11/03/03	B
25	175 Cross Creek Circle Howard & Trina Feldman (H) 595 Camino Del Caballo; Sedona, AZ 86336	25		11/14/03	B
26	10 Stargazer Way Stephen & Cynthia Leshin (H)	26		01/29/04	B
27	30 Stargazer Way Ronald M. Martinez (H) 400 Arroyo Pinon Dr; Sedona, AZ 86336	27		01/19/05	B
28	40 Stargazer Way Robert & Pamela Breen (H) 240 Cragmont Dr; Sedona, AZ 86336	28		10/22/03	B
29	50 Stargazer Way David & Michele Keary (H) PO Box 10606; Sedona, AZ 86339-8606	29		10/15/03	B
30	60 Stargazer Way James Leonard (H)	30		04/25/07	B
31	65 Stargazer Way Rodney Cooley (H) 4652 Conchita Way; Tarzana, CA 91356-4906	31		06/15/06	B
32	55 Stargazer Way Gary & Debra Evers (H) 1909 Vandenberg Ln; Kaukauna, WI 54130	32		06/03/05	B
33	45 Stargazer Way Cynthia Dawn Verson (H) PO Box 20154; Sedona, AZ 85341-0154	33		10/30/03	B
34	15 Stargazer Way Marilyn Schnell (H)	34		11/03/03	B

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 4

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	1240 39 Street; Downers Grove, IL 60515				
35	135 Cross Creek Circle Scott Properties, LLC (H) 122 Blue Jay Dr; Austin, TX 78734	35		05/05/04	B
36	125 Cross Creek Circle Cross Creek LLC (H) 1419 W 12 Place #105; Tempe, AZ 85281	36		02/16/07	
37	115 Cross Creek Circle Kurt Vom Scheidt (H) Mill House Heronway; Brentwood Essex CML3 2LQ; ENGLAND	37		11/08/05	
38	105 Cross Creek Circle Michael P. McCutcheon (H) 55 West Big Horn Court; Sedona, AZ 86351	38		05/28/04	B
39	95 Cross Creek Circle Ian & Karen Scott (H) 1580 Christina Lane; Lake Forest, IL 60045	39		11/26/03	B
40	85 Cross Creek Circle Kenneth & Linda Kaufman (H)	40		02/19/04	
41	10 Ravens Call Place James Kimble (H)  Bonnie Kimble (H) 410 Meadow Gate Close; Atlanta, GA 30350	41		05/10/07	B
42	40 Ravens Call Place Entrust New Direction IRA (H) FBO Beckett, Sandy 04020083; 1300 Plaza Court North #103; Lafay	42		04/20/04	
43	80 Ravens Call Place Petree Courtyard, Inc. (H) 343 Pioneer Drive #404; Glendale, AZ 91203	43		07/16/07	B
44	95 Ravens Call Place Sri Wijegoonaratna (H)  Michele Wijegoonaratna (H) 422 E 72 St #28A; New York, NY 10021	44		03/31/06	B
45	85 Ravens Call Place Sri Wijegoonaratna (H)  Michele Wijegoonaratna (H)	45		04/06/07	B

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 5

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	422 E. 72nd Street #28A; New York, NY 10021				
46	75 Ravens Call Place Robert & Robin Austin (H) PO Box 5048; Carefree, AZ 85377-5048	46		06/09/06	B
47	65 Ravens Call Place Kevin Spilsbury (H) 4375 Polris Suite A; Las Vegas, NV 89103	47		08/07/07	B
48	55 Ravens Call Place James Lungo (H) 9337 Scenic Mountain Lane; Las Vegas, NV 89117	48		09/30/03	
49	45 Ravens Call Place Steven Yousko (H)  Susan Yousko (H) 80 Jones Lane; Sedona, AZ 86336	49		11/28/07	B
50	35 Ravens Call Place Ai Soo Song Kim (H) 925 Via Nogales; Palos Verde Est, CA 90274	50		01/31/05	B
51	25 Ravens Call Place Paul G & Mary S Millar (H) 370 Saddlerock Circle; Sedona, AZ 86336	51		06/01/04	B
52	15 Ravens Call Place James A. Kimble (H) 410 Meadow Gate Close; Atlanta, GA 30350	52		06/01/05	B
53	70 Cross Creek Circle Laura Reindel (H) 93 Sunset Drive; Encinitas, CA 92024	53		12/29/06	B
54	110 Cross Creek Circle Edward Bermudez (H) 683 N Lois Ave; Newbury Park, CA 91320	54		11/03/03	B
55	120 Cross Creek Circle SLH Company (H) 3419 E. Minton Circle; Mesa, AZ 85213	55		06/16/04	B
56	15 Russet Ridge Place Kevin & Karen Dunlap (H)	56		12/29/03	B

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 6

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	PO Box 2094; Sedona, AZ 86339				
57	25 Harvest Lane Gregory M & Laura M Gorman (H) 19 Phoebes Lane; Yarmouth Port, MA 02675	57		08/03/05	_____
58	15 Harvest Lane JPCH Management LLC (H) PO Box 1190; Scott, LA 70583	58		06/30/05	_____
59	5 Harvest Lane Giorgio & Laura Cagliero (H) 2675 W Hwy 89A; PMB 1291; Sedona, AZ 86336	59		04/14/06	B _____
60	160 Cross Creek Circle Colleen Catapano (H) 607 Artesia Street; Oviedo, FL 32765	60		05/17/05	_____
61	200 Cross Creek Circle Mark & Sharon Patterson (H) 11428 E. Sweetwater Avenue; Scottsdale, AZ 85259	61		02/18/04	B _____
62	210 Cross Creek Circle Scott & Mercedes Mangarpan (H) 350 Navajo Tr; Sedona, AZ 86336	62		02/11/04	B _____
63	20 Amber Cliffs Way Peter & Jill A. Galea (H) 600 Harbor Blvd #850; Weehawken, NJ 07086	63		06/07/04	B _____
64	30 Amber Cliffs Way Howard & Trina Feldman (H) 595 Camino Del Caballo; Sedona, AZ 86336	64		11/14/03	B _____
65	40 Amber Cliffs Way Peter S. & Zaira J. Reznick (H) 1500 Palmer; Flagstaff, AZ 86001	65		06/16/04	B _____
66	50 Amber Cliffs Way David R. Singery (H) 2875 Timberlyn Trail Rd; Fullerton, CA 92833	66		01/30/05	_____
67	60 Amber Cliffs Way Richard A. Gorges (H) 1707 N Briarcliff Drive; Appleton, WI 54915	67		12/02/04	B _____
68	70 Amber Cliffs Way Mary Ann Boreham (H)	68		09/01/04	_____

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 7

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	PO Box 5343; Fort Smith, AR 72913				
69	65 Amber Cliffs Way Robert & Lynne Grigg (H) 4051 Weslin Avenue; Sherman Oaks, CA 91423	69		06/28/06	B
70	15 Amber Cliffs Way Ed & Adrienne Hanley (H) 110 E Wing Drive; Sedona, AZ 86336	70		10/30/03	B
71	240 Cross Creek Circle Loren Edwards (H) 15456 N Cabrillo Dr; Fountain Hills, AZ 85268	71		09/01/04	B
72	45 Amber Cliffs Way Grafton Paul Claus (H) 395 Cross Creek Circle; Sedona, AZ 86336	72		11/19/03	B
73	55 Amber Cliffs Way JAS Arizona LLC (H) 1025 W Green Tree Rd.; Milwaukee, WI 53217	73		05/19/05	B
74	290 Cross Creek Circle Gary Weaver (H)  Reiko Kageyama-Weaver (H) PMB -5B; 2370 W. Hwy 89A Suite 11PMB-51; Sedona, AZ 86336-5341	74		09/24/07	B
75	300 Cross Creek Circle Mark Hulme (H) 4605 South Lance; Flagstaff, AZ 86001	75		03/07/05	B
76	330 Cross Creek Circle Richard J. Roncaglia (H) 12950 Via Esperia; Del Mar, CA 92014	76		06/13/05	B
77	25 Russet Ridge Place Steven & Doreen Arminio (H) 1250 Double Bridges Rd; Madison, GA 30650	77		10/14/03	B
78	35 Russet Ridge Place Lawrence P. Kelly (H) 4819 Sebastian Ct; Naperville, IL 60564	78		09/14/04	
79	45 Russet Ridge Place Wendy L. Jacobsen (H)	79		10/13/04	B

DATE: 4/02/08  
TIME: 11:27 AM

Cross Creek Ranch  
ANNUAL MEETING REPORT AS OF 04/02/08

PAGE 8

LOT/UNIT	PROPERTY ADDRESS	ACCOUNT NO	RATIO	SETTLED	SIGNATURE
	240 Oakcreek Blvd; Sedona, AZ 86336				
80	55 Russet Ridge Place Richard A. Gorges (H) 1707 N Briarcliff Dr; Appleton, WI 54915	80		12/02/04	B
81	50 Russet Ridge Place Richard A. Gorges (H) 1707 N Briarcliff Dr; Appleton, WI 54915	81		12/02/04	B
82	40 Russet Ridge Place Edward F. & Kimberley Lambert (H) 165 Scenic Dr; Sedona, AZ 86336	82		06/16/04	B
83	20 Russet Ridge Place Double Eagle Development Corp (H) PO Box 21059; Sedona, AZ 86341	83		04/21/04	B
84	10 Russet Ridge Place Martin & Leann Weber (H) PO Box 21059; Sedona, AZ 86341	84		04/21/04	B

Total Properties Listed: 84

Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# **Exhibit 7**

**CCRHOA's Articles of Incorporation**

STATE OF ARIZONA  
ACC/FAX  
DATE FILED

ARTICLES OF INCORPORATION

AUG 13 2002

OF

FILED APPR 8-13-02

CROSS CREEK RANCH WATER COMPANY

Matthew H. Cody

-1041483-7

In compliance with the requirements of § 10-201, et seq., Arizona Revised Statutes, as amended, the undersigned, who is a person capable of contracting, states as follows:

ARTICLE 1

The name of the Corporation is CROSS CREEK RANCH WATER COMPANY. *5/504*

ARTICLE 2

The name and address of Incorporator is as follows:

Matthew H. Cody  
15475 N. Greenway-Hayden Loop  
Suite B-20  
Scottsdale, Arizona 85260

All powers, duties and responsibilities of the above incorporator shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

ARTICLE 3

The purpose for which this Corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The Corporation initially intends to engage in the business of a water utility, including but not limited to the following services and functions:

- (a) To own and operate appropriate utility plant, offices, repair facilities and warehouses necessary for the purpose of providing water and other utility related services, the repairing, maintaining, constructing and rebuilding utility-related plant, vehicles, machinery, equipment, and accessories.
- (b) To purchase equipment, materials, supplies, parts, and other items to be used in the transaction of such business.
- (c) To lease, purchase, or otherwise acquire and dispose of motor trucks, vehicles, and equipment of every name and character.

- (d) To prepare, obtain, and maintain all federal, state, and local regulatory permits and authorities, and complete all filings and requirements pertaining to ownership, operation, and maintenance of such business.
- (e) To employ personnel and to prepare, obtain, and maintain all federal, state, and local certification of personnel regarding the ownership, operation, maintenance and reporting relating to such business.
- (f) To perform any or all general management functions as contracted for.
- (g) To procure, maintain, and file claims under general liability, vehicle, equipment, and employee-related insurance.
- (h) To perform bookkeeping, billing, accounting, and reporting functions necessary or desirable for the transaction of its business.
- (i) To maintain and operate branches and agencies at such places as the corporation may deem desirable for the transaction of its business.
- (j) To purchase, own, hold or otherwise acquire, and to deal in, mortgage, lease, sell, exchange, transfer and otherwise dispose of real and personal property wherever situate.
- (k) To borrow money for its corporate purposes, and to issue the company's note or notes therefor in series, or otherwise; to execute and issue bonds, debentures, or other obligations in series, or otherwise; to issue or cause to be issued certificates or other negotiable or transferable instruments; and to mortgage or pledge any or all of the assets of the corporation as security for the performance of the covenants of any such notes, bonds, debentures, certificates or other instrument.
- (l) To loan money, with or without security and with or without interest; to purchase, hold, acquire and dispose of bills, notes, trade acceptances, conditional sale contracts, and commercial papers of every kind, and to endorse, sell, discount, rediscount and to guarantee payment of the same, and as surety, endorser, guarantor, or otherwise, to undertake, assume and guarantee liabilities with respect to which the corporation may have any interest, direct or indirect.
- (m) To increase or decrease the amounts of its capital stock and to acquire by purchase, redemption or otherwise, or dispose of by sale or otherwise, the capital stock, bonds, debentures or obligations of this corporation or any other person, firm or corporation.
- (n) To purchase or acquire from any of its directors or stockholders any properties, interests, shares of stock or other assets which the Board of Directors may deem it desirable to acquire, and to pay for the same in

stock of the corporation, or by notes, debentures, bonds or other obligations of the corporation, or by cash or by transfer of property of the corporation.

- (o) To enter into, make and perform contracts of every kind for any lawful purpose, without restrictions as to character or amount, with any person, firm, association, trust or corporation.
- (p) To purchase, lease or otherwise acquire, in whole or in part, the business, goodwill, rights, franchises and property of every kind and to take over the whole or any part of the assets and liabilities of any person, firm, association, trust or corporation, or other entity, engaged in any business whatsoever.
- (q) To adopt, amend and repeal rules and regulations with respect to the provision of utility services and the use and conservation of water, all in accordance with the laws, rules and regulations promulgated by the applicable governmental authorities.
- (r) To exercise any or all of the general powers enumerated in A.R.S. § 10-302.
- (s) In general, to do all and everything, either within or without the State of Arizona, suitable or proper for the accomplishment of any of the purposes or for the attainment of any of the objects hereinbefore enumerated, either alone or in association with other corporations, firms and individuals, or otherwise, as fully and to the same extent as a natural person might or could do, so far as the same are not contrary to any applicable laws of the United States or of the State of Arizona.

#### ARTICLE 4

The known place of business of the Corporation shall be 15475 N. Greenway-Hayden Loop, Suite B-20, Scottsdale, Arizona 85260. Offices may also be maintained at such other place or places, either within or without the State of Arizona, as may be designated from time to time by the Board of Directors, or as the business of the Corporation may require.

#### ARTICLE 5

The Corporation shall have authority to issue a total of 10,000,000 shares of \$1.00 par value common stock. Shares of the Corporation's common stock may be issued upon such terms and conditions as shall be prescribed by the Board of Directors of the Corporation and may be issued in exchange for cash, services or anything of right or value. The judgment of the Board of Directors as to the value of property or services taken in exchange for stock, as to the determination of cash reserves and operating capital

and as to the value of consideration received from time to time for the sale of stock, shall be conclusive in the absence of fraud. The stock of this Corporation shall be fully paid for when issued and shall be forever nonassessable.

#### ARTICLE 6

The holders from time to time of the common stock of the Corporation shall have preemptive rights as to the common stock then or thereafter authorized to be issued, including treasury stock.

#### ARTICLE 7

The number of Directors constituting the initial Board of Directors shall be one (1). The name and address of the person who is to serve as Director until the first annual meeting of Shareholders or until his successor be elected and qualified is as follows:

Matthew H. Cody  
15475 N. Greenway-Hayden Loop  
Suite B-20  
Scottsdale, Arizona 85260

The minimum and maximum number of Directors that shall from time to time serve the Corporation shall be set forth in the Bylaws of the Corporation.

#### ARTICLE 8

The Board of Directors of the Corporation may, from time to time, distribute on a pro rata basis a portion of the assets of the Corporation, in cash or property, to its shareholders from the capital surplus of the Corporation.

#### ARTICLE 9

The Board of Directors of the Corporation may, from time to time, cause the Corporation to purchase its own shares to the extent of the unreserved and unrestricted earned and capital surplus of the Corporation.

#### ARTICLE 10

The duration of the Corporation shall be perpetual.

#### ARTICLE 11

A director of the Corporation shall not be liable to the Corporation or its shareholders for monetary damages for any action taken or any failure to take any action as a director, except liability for (i) the amount of a financial benefit received by a director to which the director is not entitled; (ii) an intentional infliction of harm on the

Corporation or its shareholders; (iii) a violation of Arizona Revised Statutes § 10-833, as and if amended; and (iv) an intentional violation of criminal law. If Arizona law is subsequently amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Arizona law.

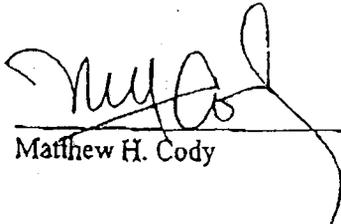
#### ARTICLE 12

The Corporation shall indemnify, to the fullest extent allowed by law, any person who incurs liability or expense by reason of such person acting as an officer or director of the Corporation. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

#### ARTICLE 13

Steven L. Lisker, Two North Central Avenue, Suite 2200, Phoenix, Arizona 85004, who has been a bona fide resident of the State of Arizona at least three (3) years, is hereby appointed Statutory Agent of this Corporation upon whom all notices of process, including summons, may be served. The Board of Directors may revoke the appointment of such agent at any time and shall have the power to fill any vacancy.

IN WITNESS WHEREOF, I have hereunto set my hands this 12<sup>th</sup> day of August, 2002.

  
Matthew H. Cody

#### ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

The undersigned, having been designated to act as statutory agent for this Corporation, hereby accepts such appointment and agrees to act in that capacity until removal or resignation is submitted in accordance with applicable provisions of the Arizona Revised Statutes.

Dated this 12<sup>th</sup> day of August, 2002.

  
Steven L. Lisker

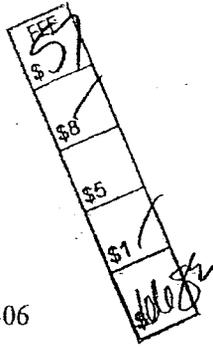
Cross Creek Ranch Community Association's  
Application For An Adjudication Not A Public Service Corporation

# **Exhibit 8**

**CCRHOA's Original CC&Rs**

When recorded, return to:

Steven L. Lisker  
Bryan Cave LLP  
Two North Central Avenue  
22nd Floor  
Phoenix, Arizona 85004-4406



3599928 BK 4047 PG 427  
Yavapai County, Arizona  
Patsy Jenner-Colon, Recorder  
07/01/2003 01:28P PAGE 1 OF 57  
SHEPHERD-WESNITZER INC  
RECORDING FEE 57.00  
SURCHARGE 8.00  
POSTAGE 1.00

**DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS**

**FOR**

**CROSS CREEK RANCH**

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
CROSS CREEK RANCH

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DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS

FOR

CROSS CREEK RANCH

This Declaration of Covenants, Conditions and Restrictions for Cross Creek Ranch (the "Declaration") is made this 19th day of June, 2003, by Cachet-Western II, LLC, an Arizona limited liability company (the "Declarant").

ARTICLE 1  
DEFINITIONS

Unless otherwise defined, the following words and phrases when used in this Declaration shall have the meanings set forth in this Article.

1.1 "Annual Assessment" means the assessments levied against each Lot pursuant to Section 6.2 of this Declaration.

1.2 "Architectural Review Committee" means the committee of the Association to be created pursuant to Section 5.10 of this Declaration.

1.3 "Areas of Association Responsibility" means (i) all Common Area; (ii) all real property, and the Improvements situated thereon, located within the boundaries of a Lot which the Association is obligated to maintain, repair and replace pursuant to the terms of this Declaration, the Plat or the terms of another Recorded document executed by the Association; and (iii) all real property, and the Improvements situated thereon, within the Project located within dedicated rights-of-way with respect to which the State of Arizona or any county or municipality has not accepted responsibility for the maintenance thereof, but only until such time as the State of Arizona or any county or municipality has accepted all responsibility for the maintenance, repair and replacement of such areas.

1.4 "Articles" means the Articles of Incorporation of the Association, as amended from time to time.

1.5 "Assessable Property" means any Lot, except such Lots or parts thereof that may from time to time be Exempt Property.

1.6 "Assessment" means an Annual Assessment, a Water Company Assessment or a Special Assessment.

1.7 "Assessment Lien" means the lien created and imposed by Article 6 of this Declaration.

1.8 "Assessment Period" means the period set forth in Section 6.7 of this Declaration.

1.9 **"Association"** means Cross Creek Ranch Community Association, an Arizona nonprofit corporation, or such other Arizona nonprofit corporation to be organized by Declarant to administer and enforce the Project Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns.

1.10 **"Association Rules"** means the rules adopted by the Board pursuant to Section 5.3 of this Declaration, as amended from time to time.

1.11 **"Board"** means the Board of Directors of the Association.

1.12 **"Builder"** means any Person purchasing a Lot to construct a Residential Unit thereon for later sale to an Owner.

1.13 **"Building Envelope"** means that area of a Lot designated by the Architectural Review Committee as the "Building Envelope" on which all Improvements must be constructed and installed, except as otherwise provided in this Declaration.

1.14 **"Bylaws"** means the Bylaws of the Association, as amended from time to time.

1.15 **"Common Area"** means Tracts A through F, Cross Creek Ranch, recorded in Book 48 of Maps and Plats, pages 8 - 14, Official Records of Yavapai County Recorder, Yavapai County, Arizona, and all other real property, together with all Improvements situated thereon, which the Association at any time owns in fee or in which the Association has a leasehold interest for as long as the Association is the owner of the fee or leasehold interest, except that Common Area shall not include any Lot which the Association may acquire through foreclosure of the Assessment Lien or any deed in lieu of foreclosure.

1.16 **"Common Expenses"** means the actual or estimated expenses incurred, or anticipated to be incurred, by the Association, together with any allocations to reserves.

1.17 **"Declarant"** means Cachet-Western II, LLC, an Arizona limited liability company, its successors, and any Person to whom it may expressly assign any or all of its rights under this Declaration by a Recorded instrument.

1.18 **"Declarant Party" or "Declarant Parties"** means collectively Declarant, its builders, general contractors or brokers, or their agents or employees.

1.19 **"Declaration"** means this Declaration of Covenants, Conditions and Restrictions, as amended from time to time.

1.20 **"Design Guidelines"** means the rules and guidelines adopted by the Architectural Review Committee pursuant to Section 5.10 of this Declaration, as amended or supplemented from time to time.

1.21 **"Exempt Property"** means (i) all real property and improvements owned by, or dedicated to and accepted by the United States, State of Arizona, the County of Yavapai, or any political subdivision thereof (including any domestic water entity or sanitary sewer entity serving the Residents and Owners), so long as such entity or political subdivision is the owner thereof or

for so long as said dedication remains effective; (ii) all Common Area; and (iii) all Lots or other real property within the Project owned by Declarant, or any wholly-owned subsidiary of Declarant, except for property owned by Declarant or such a subsidiary that is subject to a contract for the conveyance of real property subject to the provisions of A.R.S. §33-741 et seq.

1.22 "First Mortgage" means any mortgage, deed of trust or contract for sale pursuant to the provisions of A.R.S. §33-741 et seq. encumbering a Lot which has priority over all other mortgages, deeds of trust and contracts for sale on the same Lot.

1.23 "First Mortgagee" means the holder or beneficiary of any First Mortgage.

1.24 "Improvement" means any Residential Unit, guest house, building, fence, wall or other structure (including any sheds, basketball poles/hoops, play structures, patio covers, balconies, light fixtures and light poles), and any swimming pool, tennis court, sport court, road, driveway, parking area (paved or unpaved), water well facilities, irrigation facilities, and any trees, plants, shrubs, grass and other landscaping improvements of every type and kind.

1.25 "Include" or "Including" means include or including, without limitation.

1.26 "Lessee" means the lessee or tenant under a lease, oral or written, of any Lot. Including an assignee of a lease.

1.27 "Lot" means a portion of the Project intended for independent ownership and use for residential purposes and designated as a lot on the Plat and as described on Exhibit A attached to this Declaration and, where the context indicates or requires, shall Include any building, structure or other Improvements situated on the Lot.

1.28 "Maintenance Standard" means the standard of maintenance of Improvements established from time to time by the Board or, in the absence of any standard established by the Board, the standard of maintenance of Improvements generally prevailing throughout the Project.

1.29 "Member" means any Person who is a Member of the Association that holds a "Membership" created pursuant to Article 5.

1.30 "Owner" means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Lot. Owner shall not include Persons having an interest in a Lot merely as security for the performance of an obligation or a Lessee. Owner shall include a purchaser under a contract for the conveyance of real property subject to the provisions of A.R.S. §33-741 et seq. Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to the executory contracts pending the closing of a sale or purchase transaction. In the case of Lots subject to a deed of trust Recorded pursuant to A.R.S. §33-801, et seq., the trustor shall be deemed to be the Owner. In the case of the Lots the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the trust property shall be deemed to be the Owner.

1.31 **"Person"** means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, limited liability company, limited liability partnership, government, governmental subdivision or agency, or other legal or commercial entity.

1.32 **"Plat"** means the final plat of Cross Creek Ranch recorded in Book 48 of Maps and Plats, pages 8 - 14, Official Records of Yavapai County Recorder, Yavapai County, Arizona, and all amendments, supplements and corrections thereto.

1.33 **"Property" or "Project"** means the real property described on Exhibit A attached to this Declaration together with all Improvements located thereon.

1.34 **"Project Documents"** means this Declaration, the Articles, the Bylaws, the Association Rules and the Design Guidelines.

1.35 **"Purchaser"** means any Person, other than the Declarant, who by means of a voluntary transfer becomes the Owner of a Lot, except for: (i) a Person who purchases a Lot and then leases it to the Declarant for use as a model in connection with the sale or lease of other Lots; or (ii) a Person who, in addition to purchasing a Lot, is assigned any or all of the Declarant's rights under this Declaration and in such assignment is declared not to be a Purchaser.

1.36 **"Recording"** means placing an instrument of public record in the Official Records of Yavapai County Recorder, Yavapai County, Arizona, and **"Recorded"** means having been so placed of public record.

1.37 **"Resident"** means each natural person occupying or residing in a Residential Unit.

1.38 **"Residential Unit"** means any building, or portion of a building, situated upon a Lot and designed and intended for independent ownership and for use and occupancy as a residence.

1.39 **"Sewer System"** means the centralized sewage collection and treatment system for the Project as defined in Section 2.3 of this Declaration.

1.40 **"Special Assessment"** means any assessment levied and assessed pursuant to Section 6.6 of this Declaration.

1.41 **"Transition Date"** means the first to occur of:

(i) the day on which title to the last Lot in the Project owned by Declarant is conveyed to a third party for value, other than as security for the performance of an obligation, or

(ii) the expiration of any seven (7) year period during which title to no Lot in the Project is conveyed by Declarant to a third party for value, other than as security for the performance of an obligation, or

(iii) the date twenty (20) years after the date this Declaration is Recorded, or

(iv) such earlier date as Declarant declares to be the Transition Date in a Recorded instrument.

1.42 **"Visible From Neighboring Property"** means, with respect to any given object, that such object is or would be visible to a person six (6) feet tall, standing at ground level on any part of an adjoining Lot, Common Area or street.

1.43 **"Water Company"** means Cross Creek Ranch Water Company, an Arizona public service corporation, its successors and assigns.

1.44 **"Water Company Assessment"** means an Vacant Lot Water Company Assessment and/or a Water Company Operating Assessment levied and assessed pursuant to Section 6.5 of this Declaration.

1.45 **"Water System"** means the water delivery system for the Project as defined in Section 2.2 of this Declaration.

## ARTICLE 2

### PLAN OF DEVELOPMENT; CERTAIN PROJECT DISCLOSURES

2.1 **Property Subject to the Declaration.** Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of improvement and desire to provide a flexible and reasonable procedure for the overall development of the Property and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property. Declarant hereby declares that all the Property shall be held, sold, used and conveyed subject to the easements, restrictions, conditions and covenants set forth in this Declaration, which are for the purpose of protecting the value and desirability of the Property, and which shall run with the Property. Declarant further declares that this Declaration shall be binding upon all Persons having any right, title or interest in the Property or any part thereof, their successors, successors in title and assigns and shall inure to the benefit of each Owner thereof. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each Person, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the development, sale, lease and use of the Property and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners. Declarant, its successors, assigns and grantees, covenant and agree that the Lots and the Membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and each

shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

**2.2 Domestic Water Service.** Declarant shall, at its cost, construct and install a water delivery system, including all production, pumping, treatment, storage, transmission, distribution, pressure and metering facilities, for the Project, and fire hydrants to provide both domestic water and fire protection water service to the Owners, Lessees, Residents and Common Area (the "Water System"). Upon completion of construction of the Water System, Declarant, for and in consideration of the Water Company agreeing to provide water service to the Project, shall convey the Water System to the Water Company, the sole stockholder of which as of the date this Declaration is Recorded is the Association, and the Water Company shall own and operate the Water System in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities. The Water Company shall contract with qualified persons or companies to manage, operate and maintain the Water System. The cost of owning, maintaining and operating the Water System shall be paid for by the Water Company through charges to its customers for water usage and related services, and, if applicable, through Water Company Assessments as set forth in Section 6.5 of this Declaration.

**2.3 Sewage Treatment.** Declarant shall, at its cost, construct and install a centralized sewage collection and treatment system, including all collection, transmission, treatment and disposal facilities (including lift stations), within or outside the boundaries of the Project, to provide wastewater service to the Owners, Lessees, Residents and Common Area (the "Sewer System"). Declarant, for and in consideration of the Association agreeing to provide wastewater service to the Project, shall convey all components of the Sewer System to the Association. The Association shall own and operate the Sewer System in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities and in accordance with the provisions of Section 7.1 of this Declaration. The cost of owning, maintaining and operating the Sewer System shall be a Common Expense.

**2.4 Water System and Sewer System; No Liability of Declarant Parties.** The Water System and Sewer System may include such facilities as pumping equipment, water storage tanks, sewer lift stations, a sewage treatment plant, effluent percolation fields, generators, metering and distribution equipment, site lighting and other equipment and facilities normally associated with such water and sewer systems (the "Water and Sewer Facilities"). Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, acknowledges and agrees as follows:

(i) The Declarant Parties shall have no responsibility for the operation or maintenance of the Water System or Sewer System; and

(ii) The operation of the Water and Sewer Facilities may create noise, smoke, gas and odor emissions, and outdoor lighting will be used in and around such facilities.

The existence of the Water System and the Sewer System may cause inconvenience and disturbance to the Owners, Lessees, Residents and their families, invitees and licensees; however, each Owner, Lessee and Resident has considered the location of the Lot being purchased, leased or occupied and its proximity to the Water and Sewer Facilities. By

acceptance of a deed or by acquiring any interest in any of the Property, each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, acknowledges and assumes the risks of the aforesaid inconvenience and disturbance to persons. In no event shall any Declarant Parties be responsible or accountable for, or have liability (Including strict liability) for any claims, causes of action, losses, damages, costs or expenses (Including attorneys' fees and court costs) for any inconvenience or disturbance arising from the Water System and Sewer System, Including any acts or omissions occurring with respect to the Water System or the Sewer System or the use thereof, Including any violation of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., The Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., The Arizona Environmental Quality Act, A.R.S. § 49-281 et seq. or any other similar state or federal law as such laws have been or may be amended from time to time. Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, covenants and agrees that it does knowingly and voluntarily assume all risks associated with the foregoing, Including the risks of inconvenience and disturbance, arising from the existence, operation and maintenance of the Water System and the Sewer System.

**2.5 Restricted Access Gate; No Liability of Association and Declarant Parties for Certain Matters.** The Declarant intends to construct a gated entrance leading into the Project from Red Rock Loop Road, as shown on the Plat, in order to limit vehicular access to the Project and to provide some privacy for the Owners and Residents. Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, acknowledges, understands and agrees as follows:

(i) Declarant Parties make no representations or warranties that a gated entrance will provide security and safety to Owners, Lessees, Residents and their families, invitees and licensees.

(ii) The gated entrance may restrict or delay entry into the Project by the police, fire department, ambulances and other emergency vehicles or personnel.

(iii) For as long as Declarant owns any Lot in the Project, Declarant may allow the gated entrance to remain open during business and construction hours for the period of time necessary to sell and/or construct infrastructure to the Project and Improvements upon all Lots and Residential Units owned by Declarant and other subdivision Improvements.

Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, assumes the risk that the gated entrance may not provide security and safety and may restrict or delay entry into the Project by the police, fire department, ambulances and other emergency vehicles and personnel. Neither the Declarant Parties, the Association, nor any director, officer, agent or employee of any of the foregoing, shall be liable to any Owner, Resident, Lessee or its family, invitees or licensees for any claims or damages resulting, directly or indirectly, from the construction, operation, existence or maintenance of the gated entrance.

**2.6 Proximity of Project to Animal Habitats; No Liability of Association and Declarant Parties.** The Project is located adjacent to the Coconino National Forest and Red Rock State Park, and the Project, Coconino National Forest and Red Rock State Park contain many species of insects, reptiles and other animals. Animals indigenous to the area, including coyotes, skunks, mule deer, elk, scorpions, snakes, spiders, bobcats, hawks, javelina, bears, mountain lions and antelope, may be found throughout the Coconino National Forest, Red Rock State Park and the natural areas of the Project and may enter upon the residential and recreational portions of the Project from time to time. Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, assumes the risk that such animals may be present and may present danger. Neither the Declarant Parties, the Association, nor any director, officer, agent or employee of any of the foregoing, shall be liable to any Owner, Lessee or Resident or its family members, invitees or licensees for any claims or damages resulting, directly or indirectly, from the existence of such animals within the Project.

**2.7 Proximity of Project to Oak Creek and Armijo Ditch; Construction of Water Features; No Liability of Association and Declarant Parties.** Certain water features are or may be included within the boundaries of the Project as follows: (a) Oak Creek (the "Creek") is adjacent to the Project and traverses certain Lots; (b) an historic earthen irrigation ditch (the "Armijo Ditch") enters onto the northeast portion of the Project from a point approximately one (1) mile east of the Project and traverses certain Lots and Common Area in the Project; and (c) in addition, Declarant may construct additional water features throughout the Project (the "Project Water Features") on Lots and on Common Area. With respect to (a) above, certain Lots are encumbered with a "Trail Easement," as shown on the Plat, permitting Owners and Residents to gain access to and walk along the Creek over and across the Trail Easement. With respect to (b) above, certain Lots are encumbered by the "Armijo Ditch Easement," as shown on the Plat, permitting the Association to gain access to the Armijo Ditch for operation and maintenance purposes. Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, acknowledges, understands and agrees that, with respect to all of the foregoing:

(i) the Creek, the Armijo Ditch and Project Water Features may present hazards to children and other persons;

(ii) the proximity to the Creek, the Armijo Ditch and Project Water Features of certain Lots may create additional burdens upon Owners, including maintenance requirements and construction requirements for erosion mitigation and as set forth in Sections 4.11 and 4.12 of this Declaration;

(iii) insects associated with standing bodies of water may be present from time to time; and

(iv) the water level within the Creek, the Armijo Ditch and Project Water Features may rise and fall as dictated by the forces of nature.

The existence of the Creek, the Armijo Ditch and Project Water Features may cause inconvenience and disturbance and possible injury to the Owners, Lessees, Residents and their families, invitees and licensees; however, each Owner, Lessee and Resident has considered the location of the Lot being purchased, leased or occupied and its proximity to the Creek, the

Armijo Ditch and Project Water Features. By acceptance of a deed or by acquiring any interest in any of the Property, each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, acknowledges and assumes the risks of the aforesaid nuisance, inconvenience, disturbance, damage and possible injury to persons. **The Declarant Parties, any Owner of a Lot on which the Creek, the Armijo Ditch and/or a Project Water Feature is located, the Association, any director, officer, agent or employee of the Association, individually or collectively, shall not be responsible or accountable for, and shall have no liability (Including strict liability) for any claims, causes of action, losses, damages, costs or expenses (Including attorneys' fees and court costs) for any nuisance, inconvenience, disturbance, property damage or personal injury (including death) arising from the existence of the Creek, the Armijo Ditch and Project Water Features within the Project or activities thereon.**

The Project Water Features and the Armijo Ditch may become components of the flood control and drainage facilities for the Project, and therefore water may be diverted away from or into the Project Water Features and/or the Armijo Ditch for that purpose. Declarant and the Association shall not be obligated to maintain the Project Water Features and/or the Armijo Ditch in the size, level or formation as originally contemplated where forces of nature, governmental requirements, approved development plans or the operation of flood control and drainage devices prohibit or otherwise render such maintenance of the Project Water Features and the Armijo Ditch unreasonable or burdensome for environmental, flood and drainage control, economic or other reasons, as determined by the Declarant in its sole discretion, until the Declarant no longer owns any Lot or other property within the Project, and thereafter, by the Association.

**2.8 Release.** Each Owner, Lessee and Resident, on behalf of its family members, invitees and licensees, hereby releases the Declarant Parties and the Association from any and all claims, actions, suits, demands, causes of action, losses, damages or liabilities (Including strict liability) related to or arising in connection with any nuisance, inconvenience, disturbance, injury (Including death) or damage resulting from activities or occurrences described in Sections 2.4 through 2.7 of this Declaration.

**2.9 Views Not Guaranteed.** Although certain Lots in the Project at any point in time may have particular views, no express or implied rights or easements exist for views or for the passage of light and air to any Lot or Residential Unit. Neither Declarant Parties nor Association makes any representation or warranty whatsoever, express or implied, concerning the view which any Lot or Residential Unit will have whether as of the date this Declaration is Recorded or thereafter. Any view which exists at any point in time for a Lot or a Residential Unit may be impaired or obstructed by further construction within or outside the Project, Including by construction of Improvements (Including landscaping) by Declarant, construction by third parties (Including other Owners and Residents) and by the natural growth of landscaping. No third party, Including any broker or salesperson, has any right to bind Declarant or the Association with respect to the preservation of any view from any Lot or Residential Unit constructed thereon or any view of a Lot or Residential Unit constructed thereon from any other property.

**2.10 Disclaimer of Implied Covenants.** Nothing contained in this Declaration and nothing which may be represented to a Purchaser by real estate brokers or salespersons shall be

deemed to create any implied covenants, servitudes or restrictions with respect to the use of any Property subject to this Declaration.

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

### ARTICLE 3 USE RESTRICTIONS

#### 3.1 Architectural Control.

**3.1.1** No excavation or grading work shall be performed on any Lot without the prior written approval of the Architectural Review Committee.

**3.1.2** No Improvement which would be Visible From Neighboring Property at the time it is constructed or would be Visible From Neighboring Property with the passage of time (such as trees or large bushes and shrubs) shall be constructed or installed on any Lot without the prior written approval of the Architectural Review Committee. No addition, alteration, repair, change or other work which in any way alters the exterior appearance, including the exterior color scheme, of any part of a Lot, or any Improvements located thereon which are Visible From Neighboring Property, from their appearance on the date this Declaration is Recorded shall be made or done without the prior written approval of the Architectural Review Committee. Accordingly, approval of the Architectural Review Committee is not required for the construction, installation, addition, alteration or repair of any Improvement situated in the back yard of a Lot unless such Improvement is or would be with the passage of time Visible From Neighboring Property. Any Owner desiring approval of the Architectural Review Committee for the construction, installation, addition, alteration, repair, change or replacement of any Improvement which is or would be with the passage of time Visible From Neighboring Property shall submit to the Architectural Review Committee a written request for approval specifying in detail the nature and extent of the addition, alteration, repair, change or other work which the Owner desires to perform, including the distance of such work from neighboring properties, if applicable. Any Owner requesting the approval of the Architectural Review Committee also shall submit to the Architectural Review Committee any additional information, plans and specifications which the Architectural Review Committee may request. In the event that the Architectural Review Committee fails to approve or disapprove an application for approval within sixty (60) days after the application, together with any fee payable pursuant to Section 3.1.6 of this Declaration and all supporting information, plans and specifications requested by the Architectural Review Committee, have been submitted to the Architectural Review Committee, approval will not be required and this Section will be deemed to have been complied with by the Owner who had requested approval of such plans. The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change or other work pursuant to this Section shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change or other work subsequently submitted for approval.

3.1.3 In reviewing plans and specifications for any construction, installation, addition, alteration, repair, change or other work which must be approved by the Architectural Review Committee, the Architectural Review Committee, among other things, may consider the quality of workmanship and design, harmony of external design with existing structures and location in relation to surrounding structures, topography and finish grade elevation. The Architectural Review Committee may disapprove plans and specifications for any construction, installation, addition, alteration, repair, change or other work which must be approved by the Architectural Review Committee pursuant to this Section 3.1 if the Architectural Review Committee determines, in its sole and absolute discretion, that: (i) the proposed construction, installation, addition, alteration, repair, change or other work would violate any provision of this Declaration; (ii) the proposed construction, installation, addition, alteration, repair, change or other work does not comply with any Design Guideline; (iii) the proposed construction, installation, addition, alteration, repair, change or other work is not in harmony with existing Improvements in the Project or with Improvements previously approved by the Architectural Review Committee but not yet constructed; (iv) the proposed construction, installation, addition, alteration, repair, change or other work is not aesthetically acceptable; (v) the proposed construction, installation, addition, alteration, repair, change or other work would be detrimental to or adversely affect another Owner or the appearance of the Project; or (vi) the proposed construction, installation, addition, alteration, repair, change or other work is otherwise not in accord with the general plan of development for the Project.

3.1.4 Upon receipt of approval from the Architectural Review Committee for any construction, installation, addition, alteration, repair, change or other work, the Owner who had requested such approval shall proceed to perform, construct or make the addition, alteration, repair, change or other work approved by the Architectural Review Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Review Committee or as set forth in the Design Guidelines.

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

3.1.6 The Architectural Review Committee shall have the right to charge a fee for reviewing requests for approval of any construction, installation, alteration, addition, repair, change or other work pursuant to this Section 3.1, which fee shall be payable at the time the application for approval is submitted to the Architectural Review Committee.

3.1.7 All Improvements constructed on Lots shall be of new construction, and no buildings or other structures shall be removed from other locations on to any Lot.

3.1.8 The provisions of this Section do not apply to, and approval of the Architectural Review Committee shall not be required for, the construction, erection, installation, addition, alteration, repair, change or replacement of any Improvements made by, or on behalf of, the Declarant, any member of Declarant or any Person affiliated or controlled by Declarant or any member of Declarant.

3.1.9 The approval required of the Architectural Review Committee pursuant to this Section 3.1 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation, including any such approvals and permits as set forth on the Plat. The approval by the Architectural Review Committee of any construction, installation, addition, alteration, change or other work pursuant to this Section 3.1 shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, change or other work subsequently submitted for approval.

3.1.10 The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change or other work pursuant to this Section 3.1 shall not be deemed a warranty or representation by the Architectural Review Committee as to the quality of such construction, installation, addition, alteration, repair, change or other work or that such construction, installation, addition, alteration, repair, change or other work conforms to any applicable building codes or other federal, state or local law, statute, ordinance, rule or regulation.

3.1.11 The Architectural Review Committee may condition its approval of plans and specifications upon the agreement by the Owner submitting such plans and specifications (other than Declarant who shall not be subject to the provisions of this Subsection) to furnish to the Association a bond or other security acceptable to the Architectural Review Committee in an amount determined by the Architectural Review Committee to be reasonably sufficient to: (i) assure the completion of the proposed Improvements or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, (ii) remove any construction debris from a Lot which is permitted to accumulate in violation of Section 3.3 of this Declaration, and (iii) to repair any damage which might be caused to any Area of Association Responsibility as a result of such work. Any such bond shall be released or security shall be fully refundable to the Owner upon: (a) the completion of the Improvements in accordance with the plans and specifications approved by the Architectural Review Committee; and (b) the Owner's written request to the Architectural Review Committee, provided that the Owner has satisfactorily corrected any condition described in (i), (ii) and (iii) above which may have existed during construction.

3.1.12 If the plans and specifications pertain to an Improvement which is within an Area of Association Responsibility so that the Association is responsible for the maintenance, repair and replacement of such Improvement, the Architectural Review Committee may condition its approval of the plans and specifications for the proposed construction, installation, addition, alteration, repair, change or other work with respect to the Improvement on the agreement of the Owner to reimburse the Association for the future cost of the repair, maintenance or replacement of such Improvement.

3.2 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. No temporary construction buildings or trailers may be installed or kept on any Lot without the prior written approval of the Architectural Review Committee. Any such temporary buildings or trailers approved by the Architectural Review Committee shall be removed immediately after the

completion of construction, and in no event shall any such buildings, trailer or other structures be maintained or kept on any property for a period in excess of twelve months without the prior written approval of the Architectural Review Committee.

**3.3 Nuisances; Construction Activities.** No animal waste, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Common Area, and no odors, fumes, dust, smoke, glare, heat, vibration, electromechanical disturbances, electromagnetic disturbances, radiation, danger of fire or explosion or loud noises shall be permitted to exist, arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No use of a Lot shall be permitted which will result in the discharge of toxic or hazardous materials into the Sewer System or Water System. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved in writing by the Architectural Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot during the construction of Improvements may be kept only in areas approved in writing by the Architectural Review Committee, which may also require screening of the storage areas. The Architectural Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance. The provisions of this Section shall not apply to construction activities of the Declarant.

**3.4 Minimum and Maximum Building Size; Building Height.**

**3.4.1** No Residential Unit shall be constructed with a livable area above grade of less than 2,500 square feet, exclusive of any basement, guest house, accessory buildings, breezeways, screened porches, terraces, patios and garages.

**3.4.2** Except for a Residential Unit that is proposed to be constructed on more than one Lot for which an Owner may apply to the Architectural Review Committee for permission to construct a larger Residential Unit, no Residential Unit (including the square footage of any guest house constructed on the Lot, whether attached or detached) shall be constructed with a livable area of more than 12,000 square feet, which shall include any accessory building and guest house, but shall exclude breezeways, basements, screened porches, terraces, patios and garages.

**3.4.3** No Residential Unit shall be constructed with a second story having a number of square feet more than thirty-five percent (35%) of the square feet in the first floor, including the garage.

**3.4.4** No portion of any Residential Unit shall exceed the immediately adjacent natural grade by more than twenty-five (25) feet, as measured to the midpoint of a peaked roof or the parapet of a flat roof.

**3.5 Fencing.**

3.5.1 Fencing outside the Building Envelope shall be permitted only on Lots that abut the Coconino National Forest, provided that fencing on such Lots shall be limited to areas along the exterior boundary of the Project where fencing exists as of the date this Declaration is Recorded. All such fencing abutting the Coconino National Forest shall be maintained in its current condition by the applicable Lot Owner and any repair or replacement of such fencing shall be subject to the review and approval of the Architectural Review Committee.

3.5.2 Fencing on Lots inside the Building Envelope shall be permitted on all Lots and may include privacy screening, solid wall and other types of fencing constructed in locations and with materials and colors prescribed in the Design Guidelines.

**3.6 Restrictions on Improvements Outside of Building Envelope.** No Improvements shall be constructed or installed and no disturbance to the natural area outside of the Building Envelope shall occur on a Lot except (i) underground utilities to serve a Residential Unit and other Improvements on a Lot; (ii) Improvements for the purpose of fire mitigation; (iii) supplemental native landscaping in areas where scarring has occurred or where the natural landscape is under-developed, as determined by the Architectural Review Committee in its sole discretion; (iv) Improvements constructed or installed to enhance the accessibility and enjoyment of the natural areas within or adjacent to the Project such as walkways to and areas for viewing the Creek, Red Rock State Park or Coconino National Forest; and (v) as required by law (to the extent applicable law permits the review and approval by the Architectural Review Committee). Except to remove broken limbs, and except to thin trees and other vegetation in accordance with a plan for prudent natural area preservation approved in advance by the Architectural Review Committee, an Owner shall not irrigate, prune or trim plant materials outside the Building Envelope; however, an Owner shall perform general maintenance outside the Building Envelope to remove trash and to remove weeds to prevent any fire hazard.

**3.7 Water Service Restrictions.** Except for certain Association irrigation purposes as provided in Section 4.10 of this Declaration, the Water Company shall be the sole provider of domestic water through the Water System for all Owners of Lots and Residential Units, including any landscape irrigation water, subject to all fees, charges, rules, regulations and other requirements established by the Water Company, and, if applicable, any Water Company Assessments adopted by the Board. No Lot shall contain any water well or water storage facility for such purpose. By acceptance of a deed or by acquiring any interest in a Lot, each Owner, Lessee and Resident agrees to be subject to the provisions of this Section. Each Owner, Lessee and Resident shall comply with all rules, regulations and other requirements established by the Water Company.

**3.8 Sewer Service Restrictions.** Each Owner shall be required to dispose of all sewage generated on such Owner's Lot and Residential Unit by connecting to the Sewer System, subject to all Assessments, fees, charges, rules, regulations and other requirements adopted by the Board. No Lot shall contain any septic system or any other waste disposal technology for such purpose. By acceptance of a deed or by acquiring any interest in a Lot, each Owner, Lessee and Resident agrees to be subject to the provisions of this Section. Each Owner and Resident shall comply with all laws, rules and regulations promulgated by governmental authorities,

Including limitations on the type of wastewater that may be discharged into the Sewer System by Owners, Lessees and Residents. Other reasonable rules and regulations governing the use of the Sewer System may be established by the Board in the Association Rules, including permissible limits of concentration for various specific substances, materials, waters or waste that can be accepted in the Sewer System and specify those substances, materials, waters or waste that are prohibited from entering the Sewer System. Each permissible limit so established shall be placed on file in the business office of the Association. No Owner or Resident shall discharge, or cause to be discharged, any new sources of inflow into the Sewer System, including storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water or unpolluted industrial process waters. The Association Rules may provide for the right of the Board to require certain components of the Sewer System to be installed on Lots by certified operators of the Sewer System in order to ensure uniformity and ease of maintenance, and to discontinue sewer service to any Owner, Lessee or Resident who violates the Association's Rules with respect to the use of the Sewer System.

**3.9 Diseases and Insects.** No Person shall permit any thing or condition to exist upon any Lot or other property which shall induce, breed or harbor infectious plant diseases or noxious insects.

**3.10 Antennas.** Except as permitted under the Design Guidelines, no antenna, aerial, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation proposed to be erected, used or maintained outdoors on any portion of the Project, whether attached to a Residential Unit or structure or otherwise, shall be erected or installed without the prior written consent of the Architectural Review Committee.

**3.11 Mineral Exploration.** No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

**3.12 Trash Containers and Collection.** No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style which are approved by the Architectural Review Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only for the shortest time reasonably necessary to effect such collection. All rubbish, trash, or garbage shall be removed from Lots and other property and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot or other property. The Board shall have the right to contract with one or more third parties (including a municipality) for the collection of garbage, trash, or recyclable materials for the benefit of the Owners and Residents, with any costs to be Common Expenses or billed separately to the Owners at the sole discretion of the Board.

**3.13 Clothes Drying Facilities.** No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot so as to be Visible From Neighboring Property.

**3.14 Utility Service.** No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Review Committee. No provision of this Declaration shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Review Committee or constructed by Declarant, an affiliate of Declarant or an affiliate of a member of Declarant.

**3.15 Overhead Encroachments.** No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or other area from ground level to a height of eight (8) feet.

**3.16 Residential Use.** All Residential Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residential Unit, except that an Owner or other Resident of a Residential Unit may conduct a business activity within a Residential Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residential Unit; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Project; (iii) the business activity does not involve persons coming on to the Lot or the door-to-door solicitation of Owners or other Residents in the Project; and (iv) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other Residents in the Project, as may be determined from time to time in the sole discretion of the Board. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the Residents of a provider's Residential Unit and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license is required for such activity. The leasing of a Residential Unit by the Owner thereof shall not be considered a trade or business within the meaning of this Section.

**3.17 Animals.** No animal, bird, fowl, poultry, reptile or livestock may be kept on any Lot, except that no more than a reasonable number of generally recognized house or yard pets ("Permitted Pets") may be kept on a Lot if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. All Permitted Pets shall be confined to the Owner's Lot except that a dog may be permitted to leave the Owner's Lot if such dog is at all times kept on a leash not to exceed six feet (6') in length and is not permitted to enter upon any other Lot, except on Lots where Trail Easements exist. No Permitted Pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any Permitted Pet shall be maintained so as to be Visible From Neighboring Property without the prior written consent of the Architectural Review Committee. Upon the written request of any Owner, Lessee or Resident, the Board shall determine, in its sole and absolute discretion, whether, for the purposes of this Section (i) a particular Permitted Pet is a nuisance or making an unreasonable amount of noise, (ii) a particular pet is a Permitted Pet,

and (iii) the number of Permitted Pets kept on a Lot is a reasonable number. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions set forth in this Declaration. Any Owner, Resident or other person who brings or permits a pet to be on the Common Area or any Lot or street shall be responsible for immediately removing any feces deposited by said pet.

**3.18 Machinery and Equipment.** No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other Improvements or such machinery or equipment which Declarant or the Association may require for the operation and maintenance of the Project. Lawn and garden equipment may be kept on a Lot provided such equipment is housed and stored in a building approved by the Architectural Review Committee or not Visible From Neighboring Property.

**3.19 Signs.** No signs whatsoever (Including commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot without the prior written approval of the Architectural Review Committee except:

- (i) Signs required by legal proceedings.
- (ii) Residence identification signs provided the size, color, content and location of such signs have been approved in writing by the Architectural Review Committee or are consistent with provisions set forth in the Design Guidelines.
- (iii) One (1) "For Sale" sign placed by a professional residential real estate brokerage company or placed by the Owner of the Lot, provided that the Architectural Review Committee shall reserve the right to prescribe within the Design Guidelines the size, materials, color and format of such signs.

**3.20 Restriction on Further Subdivision, Property Restrictions and Rezoning.** No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner other than the Declarant and no portion less than all of any such Lot shall be conveyed or transferred by any Owner other than the Declarant. Two or more Lots shall not be combined into fewer Lots than originally shown on the Plat without the prior written approval of the Architectural Review Committee. If two or more Lots are combined into fewer Lots than originally shown on the Plat pursuant to the prior written approval of the Architectural Review Committee and the approval of any other governmental authority, the provisions of Article 5 and Article 6 of this Declaration shall apply to such Lots as originally shown on the Plat, and no diminution of voting rights or decrease in Assessments shall be applicable to the Lots so combined. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner, Lessee, or other Person other than the Declarant against any part of the Property without the provisions thereof having been first approved in writing by the Architectural Review Committee. No application for rezoning, variances or use permits pertaining to any Lot shall be filed with any governmental authority by any Person other than the Declarant unless the application has been approved by the Architectural Review Committee and the proposed use otherwise complies with this Declaration.

**3.21 Trucks, Commercial Vehicles, Campers and Boats.** No truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer, commercial vehicle or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot or Common Area so as to be Visible From Neighboring Property, except for: (i) the temporary parking of a motor home, camper, recreational vehicle or boat and boat trailer on the concrete driveway situated on a Lot for a period of not more than twenty-four (24) consecutive hours within any consecutive seven (7) day period for the purpose of loading or unloading such vehicle or equipment; (ii) temporary construction trailers or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Review Committee; (iii) boats and motor vehicles parked in garages on Lots so long as such vehicles are in good operating condition and appearance and are not under repair; or (iv) motor vehicles not exceeding seven (7) feet in height and twenty-two (22) feet in length that are not used for commercial purposes and which do not display any commercial name, phone number or message of any kind and that are parked in the garage or on the concrete driveway situated on a Lot, provided that such vehicles shall not be parked in such a manner as to block the sidewalks or impede pedestrian traffic in any way.

**3.22 Motor Vehicles.** Except for emergency vehicle repairs, no automobile or other motor vehicle shall be constructed, reconstructed or repaired upon a Lot or other property in the Project so as to be Visible From Neighboring Property, and no inoperable vehicle may be stored or parked on any such Lot or other property so as to be Visible From Neighboring Property. Parking on streets is prohibited.

**3.23 All-Terrain Vehicles.** All-terrain vehicles and motorized scooters are prohibited from operating within the Project.

**3.24 Towing of Vehicles.** The Board shall have the right to have any mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer or similar equipment or vehicle or any automobile, truck, motorcycle, motorbike, or other motor vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the owner of the vehicle or equipment. If the vehicle or equipment is owned by an Owner, any amounts payable to the Association shall be secured by the Assessment Lien, and the Association may enforce collection of said amounts in the same manner provided for in this Declaration for the collection of Assessments.

**3.25 Garages and Driveways.** Garages situated on Lots shall be used only for the parking of vehicles and shall not be used or converted for living or recreational activities without the prior written approval of the Architectural Review Committee. Garages may be used for the storage of material so long as the storage of material does not result in inadequate parking for the motor vehicles of the Residents of a Lot.

**3.26 Drainage.** No structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere

with or change the direction or flow of water in accordance with the drainage plans for the Project, or any part thereof, or for any Lot as shown on the drainage plans on file with the county or municipality in which the Project is located. No Person shall alter the grading of a Lot or alter the natural flow of water over and across a Lot without the prior written approval of the Architectural Review Committee.

3.27 **Mechanical Equipment.** No air conditioning units or appurtenant equipment may be mounted, installed or maintained on the roof of any Residential Unit or other building on a Lot so as to be Visible From Neighboring Property, and any such equipment installed on the ground shall be screened from adjacent Lots and streets.

3.28 **Basketball Goals and Backboards, Tennis Courts, Sport Courts.** No basketball hoop, goal or backboard, whether permanent or portable, tennis court or sport court shall be constructed or installed on any Lot without the prior written approval of the Architectural Review Committee.

3.29 **Violation of Law or Insurance.** No Owner shall permit anything to be done or kept in or upon a Lot which will result in the cancellation or increase in premium, or reduction in coverage, of insurance maintained by any Owner or the Association or which would be in violation of any law.

3.30 **Lights and Noise.** Any lights installed on a Lot shall comply with the Yavapai County Dark Sky ordinance. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot that in any manner will allow light to be directed or reflected unreasonably upon any other Lot. No radio, television or other speakers or amplifiers shall be installed or operated on any Lot so as to be audible from other Lots, the Common Area or streets.

3.31 **Window Coverings.** No window which would be Visible From Neighboring Property shall at any time be covered with aluminum foil, bed sheets, newspapers or any other like materials. No reflective materials shall be installed or used on any Improvement without the prior written consent of the Architectural Review Committee.

3.32 **Fire Pits.** Outdoor cooking shall be permitted only in cooking devices prescribed in the Design Guidelines.

3.33 **Fire Sprinkler System.** In accordance with the requirements of Yavapai County, each Residential Unit will be equipped with a fire sprinkler system and each Owner shall maintain the fire sprinkler system in good working condition.

3.34 **Fire/Building Repair.** In the event that any Improvement is destroyed or partially destroyed by fire, act of God or as the result of any other act or thing, the damage must be repaired and the Improvement reconstructed or razed immediately upon receipt of insurance proceeds but in no event later than twelve months after such damage. Notwithstanding the foregoing, if a dangerous condition shall exist because of such damage, it shall immediately be corrected so as to not cause harm to another Person.

3.35 **Restricted Access to Red Rock State Park.** Certain Lots abut Red Rock State Park. Vehicles and pedestrians are prohibited from entering Red Rock State Park from any Lot

in the Project except in locations where Trail Easements exist for the purpose of providing access to Red Rock State Park.

**3.36 Historic Property Preservation Restrictions.** Pursuant to the Memorandum of Agreement dated June 4, 2003 between Declarant, the Arizona State Historic Preservation Office and the Army Corps of Engineers, Declarant will be required to create an Historic Property Preservation Plan (the "HPPP") for the Residential Unit located on Lot 84 as of the date this Declaration is Recorded. Notwithstanding any provision of this Declaration, the Design Guidelines, Association Rules or any other covenant, condition or restriction affecting Lot 84 or the Project ("Restrictive Covenants"), the Residential Unit located on Lot 84 shall comply with the provisions of the HPPP even though the provisions of the HPPP may be contrary or inconsistent with such other Restrictive Covenants, provided that the Owner of Lot 84 shall comply with the Restrictive Covenants to the extent that such Restrictive Covenants are not contrary or inconsistent with the HPPP.

**3.37 Leasing of Residential Units.**

**3.37.1** Subject to the terms of this Section, an entire Residential Unit may be leased to a Lessee from time to time by an Owner provided that each of the following conditions is satisfied:

- (i) The lease or rental agreement must be in writing;
- (ii) The lease or rental agreement must be for a term not less than thirty (30) days;
- (iii) The lease or rental agreement must contain a provision that the lease or rental agreement is subject to this Declaration and other Project Documents and that any violation of any of the foregoing shall be a default under the lease or rental agreement; and
- (iv) Before commencement of the lease term or rental agreement, the Owner shall provide the Association with the names of the Lessees and each person who will reside in the Residential Unit and the address and telephone number of the Owner.

**3.37.2** Any Owner that leases or rents such Owner's Residential Unit shall keep the Association informed at all times of the Owner's address and telephone number. Any lease or rental agreement shall be subject to the Project Documents, and any breach of the Project Documents shall constitute a default under the lease or rental agreement, regardless of whether it so provides in the lease or rental agreement. If any Lessee breaches any restriction or other term contained in the Project Documents, the Owner, upon demand by the Association, immediately shall take such actions as may be necessary to correct the breach, including, if necessary, eviction of the Lessee. Notwithstanding the foregoing, the Association shall have all rights and remedies provided for under this Declaration and under the Project Documents against Lessees and Owners for violations of the Project Documents.

**3.38 Variances.** The Architectural Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Article 3 if the Architectural Review Committee determines in its discretion that (i) a restriction would create an

unreasonable hardship or burden on an Owner, Lessee or Resident or a change of circumstances since the Recordation of this Declaration has rendered such restriction obsolete, (ii) that the activity permitted under the variance will not have any substantial adverse effect on the Owners, Lessees and Residents of the Project and is consistent with the high quality of life intended for Residents of the Project, and (iii) the granting of a variance would not violate any federal state or local law, ordinance, rule or regulation. If any restriction set forth in this Article 3 is adjudged or deemed to be invalid or unenforceable as written by reason of any federal, state or local law, ordinance, rule or regulation, then a court or the Board, as applicable, may interpret, construe, rewrite or revise such restriction to the fullest extent allowed by law, so as to make such restriction valid and enforceable. Such modification shall not serve to extinguish any restriction not adjudged or deemed to be unenforceable.

#### ARTICLE 4 EASEMENTS

##### 4.1 Easement for Use of Common Area.

4.1.1 Every Owner, Lessee and Resident shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area (Including the right to use any streets which may be part of the Common Area for ingress and egress to the Owner's Lot) which right shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

(i) The right of the Association to dedicate, convey, transfer or encumber the Common Area as provided in Section 5.11 of this Declaration.

(ii) The rights and easements granted to the Declarant in this Declaration, including the rights and easements granted to the Declarant in Sections 4.3 and 4.4 of this Declaration.

(iii) The right of the Association to regulate the use of the Common Area through the Association Rules and to prohibit access to such portions of the Common Area, such as landscaped areas, not intended for use by the Owners, Lessees or Residents.

(iv) The right of the Board to permit the use of any recreational facility or amenity situated on the Common Area by persons other than Owners or Residents and their guests upon payment of such fees as may be established by the Board.

(v) The right of the Association to suspend the right of an Owner to use the Common Area (other than the right of an Owner and such Owner's family, tenants and guests to use any streets which are part of the Common Area for ingress or egress to the Owner's Lot) if such Owner is more than fifteen (15) days delinquent in the payment of Assessments or other amounts due to the Association or if the Owner has violated any other provisions of the Project Documents and has failed to cure such violation within fifteen (15) days after the Association notifies the Owner of the violation. Any suspension of an Owner's right to use the Common Area shall also extend to the Lessees and Residents of the Owner's Lot and their guests and invitees.

4.1.2 If a Lot is leased or rented by the Owner thereof, the Lessee and the members of the Lessee's family residing with such Lessee shall have the right to use the Common Area during the term of the lease, and the Owner of such Lot shall have no right to use the Common Area (except the right to use any streets which may be part of the Common Area for ingress and egress to the Owner's Lot) until the termination or expiration of such lease,

4.2 Utility Easement. There is hereby created an easement upon, across, over and under the Common Area for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Area but no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Common Area except as initially designed, approved and constructed by the Declarant or as approved by the Board.

4.3 Declarant's Use for Sales and Leasing Purposes. Declarant shall have the right and an easement to maintain sales or leasing offices, management offices, models and parking areas, for the purpose of accommodating Persons visiting such model homes and sales offices, throughout the Project and to maintain one or more advertising, identification or directional signs on the Common Area or on the Lots owned or leased by Declarant while the Declarant is selling Lots and/or constructing Improvements. Declarant reserves the right to place models, management offices, sales and leasing offices and parking lots on any Lots owned or leased by Declarant and on any portion of the Common Area in such number, of such size and in such locations as Declarant deems appropriate. Declarant also shall have the right to assign to a Builder the right and an easement to maintain sales or leasing offices, management offices, models and parking areas within the Project for the same purpose as Declarant, except that any such assignment shall be at the sole and absolute discretion of Declarant and upon terms acceptable to Declarant and shall be evidenced by a Recorded instrument. In the event of any conflict or inconsistency between this Section and any other provision of this Declaration, this Section shall control.

4.4 Declarant's Easements. Declarant shall have the right and an easement on and over the Areas of Association Responsibility to construct all Improvements the Declarant may deem necessary and to use the Areas of Association Responsibility and any Lots owned by Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures and the performance of work respecting the Project, including the use of any such areas for temporary construction roadways. The Declarant shall have the right and an easement upon, over, and through the Areas of Association Responsibility as may be reasonably necessary for the purpose of discharging its obligations or exercising the rights granted to or reserved by the Declarant by this Declaration. In the event of any conflict or inconsistency between this Section and any other provision of this Declaration, this Section shall control.

4.5 Easement in Favor of Association. The Lots (except for the interior of a Residential Unit or other buildings) are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

4.5.1 For inspection of the Lots in order to verify the performance by Owners of all items of maintenance and repair for which they are responsible;

4.5.2 For inspection, maintenance, repair and replacement of the Areas of Association Responsibility accessible only from such Lots;

4.5.3 For correction of emergency conditions in one or more Lots;

4.5.4 For the purpose of enabling the Association, the Board, the Architectural Review Committee or any other committees appointed by the Board to exercise and discharge their respective rights, powers and duties under the Project Documents; and

4.5.5 For inspection of the Lots in order to verify that the provisions of the Project Documents are being complied with by the Owners, their guests, Lessees, invitees and the other Residents of a Lot.

4.6 **Easement for Unintended Encroachments.** To the extent that any Improvement upon a Lot or Common Area encroaches on any other Lot or Common Area as a result of the original construction shifting or settling, or alteration or restoration authorized by this Declaration or any other reason other than the intentional encroachment on a Lot or Common Area by an Owner, a valid easement for the encroachment, and for the maintenance thereof, exists.

4.7 **Drainage Easements.** Drainage facilities have been or will be constructed or installed on Lots within areas shown on the Plat identified as "Drainage Easement" or in areas identified as "Drainage Easement" in such other Recorded instruments executed by the Owner of a Lot (collectively, the "Drainage Easement Areas"). Such facilities may consist of drainage swales, channels with gunnite surfaces, pipes, scuppers or other types of drainage transfer and collection improvements. The Association shall be responsible for maintaining, repairing and replacing the drainage facilities within the Drainage Easement Areas. Each Owner of a Lot encumbered by a Drainage Easement acknowledges and agrees that (i) no Improvements, except landscaping and plant materials approved by the Architectural Review Committee, shall be installed or planted within the Drainage Easement Areas, and (ii) no actions will be taken or allowed by such Owner that may obstruct or divert the flow of water within the Drainage Easement Areas.

4.8 **Slope Easements.** Easements have been granted to the Association on certain Lots as shown on the Plat and identified as "Slope Easement" or in areas identified as "Slope Easement" in such other Recorded instruments executed by the Owner of a Lot (collectively, the "Slope Easement Areas"). The Association shall be responsible for maintaining the integrity of the slope within any Slope Easement Area. Each Owner of a Lot encumbered by a Slope Easement acknowledges and agrees that (i) no Improvements, except landscaping and plant materials approved by the Architectural Review Committee, shall be installed or planted within the Slope Easement Areas, and (ii) no actions will be taken or allowed by such Owner that may damage the integrity of the slope within the Slope Easement Areas.

4.9 **Meadows Easement Areas.** Lots 2, 3, 4, 5, 6, 9, 10, 11, 16, 17, 42, 43, 44, 45, 46, 47, 48, 49, 50, 74, 75 and 76 (the "Meadows Lots"), are hereby encumbered by an easement

in favor of the Association for the purpose of irrigating and preserving the meadows ("Meadows") within the Project in accordance with the provisions of this Section. The Architectural Review Committee, in its sole discretion, shall determine the portion of each Meadows Lot to be preserved as Meadows (a "Meadows Easement Area"). Owners shall comply with the requirements of and the procedures set forth in the Design Guidelines for establishment of the Meadows Easement Area by the Association. Until an Owner has received approval from the Architectural Review Committee of plans and specifications for a Building Envelope and Residential Unit for a Meadows Lot, the Association shall irrigate and mow the Meadows Easement Area on such vacant Meadows Lot. As a condition to approval by the Architectural Review Committee of the Building Envelope and plans and specifications for a Residential Unit for a Meadows Lot, the Owner of a Meadows Lot will be required to (i) have prepared by a land surveyor registered in Arizona a legal description for the Meadows Easement Area, as approved by the Architectural Review Committee, taking into consideration all Improvements to be constructed on the Lot, and (ii) execute an easement agreement with the Association to be Recorded prior to commencement of construction on the Meadows Lot wherein (a) the Association and the Lot Owner agree that the final determination of the Meadows Easement Area is as described in the legal description approved by the Architectural Review Committee, and (b) the Association and Lot Owner agree upon such other matters as may be reasonably required by the Association to maintain the Meadows Easement Area in accordance with this Section 4.9 and Section 4.10 set forth below. The Association shall be responsible for preparing such easement agreement after approval by the Architectural Review Committee of the Building Envelope, plans and specifications for the Residential Unit and the Meadows Easement Area, except that the applicable Owner shall be responsible for the cost of obtaining the legal description for the Meadows Easement Area. The Owner of a Meadows Lot (whether prior to construction of Improvements thereon or after) shall be responsible for all other Lot maintenance in accordance with the Maintenance Standard, including the removal of trash from the Meadows Easement Area. The Association shall be responsible only for irrigating and mowing the Meadows Easement Areas within the Project.

**4.10 Irrigation Easement Areas.** The Meadows Easement Areas will be irrigated with water from the Armijo Ditch to the extent that water is available from time to time. Irrigation easements have been granted to the Association over portions of certain Lots, as shown on the Plat, and the Meadows Lots are hereby encumbered by an easement in favor of the Association (collectively, the "Irrigation Easements") for the purpose of providing access to and constructing, maintaining, repairing and replacing facilities for irrigating the Meadows Easement Areas. The areas encumbered by an Irrigation Easement on the Plat or as otherwise provided in this Section are hereinafter referred to as "Irrigation Easement Areas." Except as set forth on the Plat, the Association will not exercise its rights pursuant to this Section through Building Envelopes on Meadows Lots without the consent of the affected Lot Owner. All irrigation facilities within Irrigation Easement Areas shall be maintained by the Association as an Area of Association Responsibility. Each Owner of a Lot, a portion of which is encumbered by an Irrigation Easement, acknowledges and agrees that (i) no Improvements shall be installed within the Irrigation Easement Area except as installed by the Association or as approved by the Architectural Review Committee, and (ii) no actions will be taken or allowed by any such Owner that may damage or otherwise adversely affect any Improvements within the Irrigation Easement Areas.

**4.11 Armijo Ditch Easement.** The "Armijo Ditch Easement" has been granted to the Association over portions of certain Lots, as shown on the Plat (the "Armijo Ditch Easement Area"), for the purpose of providing access to the Armijo Ditch to enable the Association to maintain the Armijo Ditch and appurtenant facilities, including a pump station. The Armijo Ditch Easement Area shall be operated, maintained and repaired by the Association as an Area of Association Responsibility. Each Owner of a Lot encumbered by the Armijo Ditch Easement acknowledges and agrees that (i) no Improvements shall be installed within the Armijo Ditch Easement Area except as installed by the Association or as approved by the Architectural Review Committee, and (ii) no actions will be taken or allowed by any such Owner that may damage or pollute the Armijo Ditch.

**4.12 Trail Easement.** A "Trail Easement" has been granted to the Association, Lot Owners and their guests and invitees over portions of certain Lots, as shown on the Plat (the "Trail Easement Area") for the purpose of pedestrian use. The Trail Easement Area shall be maintained by the Association as an Area of Association Responsibility. Each Owner of a Lot encumbered by a Trail Easement acknowledges and agrees that (i) no Improvements shall be constructed or installed within the Trail Easement Area except as installed by the Association or as approved by the Architectural Review Committee, and (ii) no actions will be taken or allowed by any such Owner that may damage the Trail Easement Area or any adjacent property, including Oak Creek, Red Rock State Park and the Coconino National Forest.

**4.13 Easement for Access to Oak Creek.** Pursuant to Agreement dated February 21, 1956, and Recorded on March 5, 1956 in Book 70, pages 80-81, the Creek is subject to an easement in favor of the Owners and owners of residential property north of the Project for the purposes of recreation and other uses consistent with the enjoyment of residential and agricultural property bordering a stream (the "Creek Easement"). To the extent that the Creek may flow upon and across certain Lots from time to time, portions of which Lots may also be encumbered by the Trail Easement, persons other than Owners, Lessees and Residents and their guests and invitees may be entitled to use portions of such Lots for the purposes intended under the Creek Easement.

## ARTICLE 5

### THE ASSOCIATION; ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS

**5.1 Formation of Association.** The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration.

**5.2 Board of Directors and Officers.** The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Until the Transition Date, the directors of the Association shall be appointed by and may be removed by the Declarant. After the Transition Date, directors shall be elected by the Members in accordance with the Articles and Bylaws. Unless the Project Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board shall have the power to levy reasonable fines against an Owner for a violation of the Project Documents by the Owner, a Lessee of the Owner or by any Resident of the Owner's Lot, and to

impose late charges for payment of such fines if such fines remain unpaid fifteen (15) or more days after the due date, provided that the late charge shall not exceed the greater of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the unpaid fine, or such greater amount as permitted under applicable law. Notwithstanding the foregoing, to the extent applicable law from time to time (i) provides for any shorter period of time after which fines may or shall become delinquent, such shorter period of time may be established by the Board to apply in lieu of the time period set forth in this Section, and (ii) provides for an increased amount to be charged as a late charge for fines, such amount may be modified by the Board to apply in lieu of the late charge set forth in this Section.

5.3 **The Association Rules.** The Board may, from time to time, adopt, amend and repeal rules and regulations pertaining to: (i) the management, operation and use of the Areas of Association Responsibility, including any recreational facilities situated upon the Areas of Association Responsibility and the use of the Sewer System; (ii) minimum standards for any maintenance of Lots; (iii) the health, safety or welfare of the Owners, Lessees and Residents, or (iv) restrictions on the use of Lots. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail. The Association Rules shall be enforceable in the same manner and to the same extent as the covenants, conditions and restrictions set forth in this Declaration.

5.4 **Personal Liability.** No member of the Board or of any committee of the Association, no officer of the Association, and no manager or other employee of the Association shall be personally liable to any Member, or to any other Person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Association, the Board, the manager, any representative or employee of the Association, or any committee member or officer of the Association; provided, however, the limitations set forth in this Section shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

5.5 **Implied Rights.** The Association may exercise any right or privilege given to the Association expressly by the Project Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Project Documents or reasonably necessary to effectuate any such right or privilege.

5.6 **Identity of Members.** Membership in the Association shall be limited to (i) the Declarant and (ii) the Owners of Lots (including Builders) which are Assessable Property. An Owner of a Lot which is Assessable Property shall automatically, upon becoming the Owner thereof, be a Member of the Association and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to each Lot owned by the Declarant and each Lot which is Assessable Property and may not be separately assigned, transferred or conveyed.

5.7 **Classes of Members and Voting Rights.** No Members other than the Declarant shall have any voting rights until the Transition Date. After the Transition Date, the Association shall have the following two classes of voting Memberships:

(i) Class A. Class A Memberships shall be all Memberships except for the Class B Memberships held by the Declarant and each Owner shall be entitled to one vote for each Class A Membership held by such Owner.

(ii) Class B. Class B Memberships shall be all Memberships held by the Declarant. The Declarant shall be entitled to three (3) votes for each Membership held by the Declarant. The Class B Memberships shall expire when the Declarant no longer owns any property within the Project.

5.8 Voting Procedures. No change in the ownership of a Lot shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote or votes for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot is owned by more than one person or entity and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote or votes representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made at the time the vote is cast.

5.9 Transfer of Membership. The rights and obligations of any Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to said Lot to the new Owner thereof. Each Purchaser of a Lot shall notify the Association of such purchase within ten (10) days after becoming the Owner of a Lot.

5.10 Architectural Review Committee. The Association shall have an Architectural Review Committee to perform the functions of the Architectural Review Committee set forth in this Declaration. The Architectural Review Committee shall consist of such number of regular members and alternate members as may be provided for in the Bylaws. So long as the Declarant is a Member of the Association, the Declarant shall have the sole right to appoint and remove the members of the Architectural Review Committee. At such time as the Declarant no longer is a Member of the Association, the members of the Architectural Review Committee shall be appointed by the Board. The Declarant may at any time voluntarily surrender its right to appoint and remove the members of the Architectural Review Committee, and in that event the Declarant may require, for so long as the Declarant is a Member of the Association, that specified actions of the Architectural Review Committee, as described in a recorded instrument executed by the be approved by the Declarant before they become effective. The Architectural Review Committee may adopt, amend and repeal architectural guidelines, standards and procedures to be used in rendering its decisions. Such guidelines, standards and procedures may include provisions regarding: (i) architectural design, with particular regard to the harmony of the design with the surrounding structures and topography; (ii) placement of Residential Units and other buildings; (iii) landscaping design, content and conformance with the character of the Property and

permitted and prohibited plants; (iv) requirements concerning exterior color schemes, exterior finishes and materials; (v) signage; and (vi) perimeter and screen wall design and appearance. The decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to this Declaration.

**5.11 Conveyance or Encumbrance of Common Area.** Except as set forth in this Section 5.11, the Common Area shall not be mortgaged, transferred, dedicated or encumbered without the prior written consent or affirmative vote of Owners representing at least two-thirds (2/3) of the votes entitled to be cast by Members of the Association. The Board shall have the right to change the size, shape or location of the Common Area upon (i) adoption of a resolution by the Board stating that in the Board's opinion the change proposed shall not substantially adversely affect the Residents and Owners, and (ii) the approval of such resolution by Declarant as long as the Declarant owns any property within the Project. The Declarant, so long as the Declarant owns any property within the Project, and thereafter the Board, without obtaining the approval or consent of any other Owner, may grant easements over or convey portions of the Common Area:

- (i) to the State of Arizona, Yavapai County or any other governmental or quasi-governmental authority;
- (ii) to a trust or private entity for the purpose of nature conservancy;
- (iii) to any Person for the purpose of correcting areas of unintentional encroachment;
- (iv) to a domestic water service entity (including the Water Company) for the purpose of providing to the Owners and Residents domestic water service;
- (v) to a wastewater improvement entity for the purpose of providing to the Owners and Residents a centralized sewage collection and treatment system; and
- (vi) to any Person so long as such conveyance or easement shall not have a material adverse affect on the Members and Residents.

Any such conveyances or granting of easements may reserve to the Association and its Members any rights, privileges and duties determined by the Declarant or the Board, whichever is applicable, to be appropriate for the enjoyment and use of the Property.

**5.12 Suspension of Voting Rights.** If any Owner fails to pay any Assessments or other amounts due to the Association under the Project Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Project Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board of Directors shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Project Documents are corrected.

**5.13 Procedure for Change of Use of Common Area.** Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated

part of the Common Area is no longer in the best interests of the Members and Residents, and (b) the approval of such resolution by Declarant as long as the Declarant owns any property within the Project, the Board shall have the power and right to change the use of such property (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and Improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Members and Residents, as determined by the Board, and (ii) shall be consistent with any deed restrictions, zoning and other governmental regulations restricting or limiting the use of the land.

**5.14 Contracts with Others for Performance of Association's Duties.** Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors or officers of the Association or members of any committee are employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such director, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which such person is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by Declarant, its affiliated companies or any competitor thereof and may vote at the meeting to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

## ARTICLE 6 COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

**6.1 Creation of Lien and Personal Obligation of Assessments.** Each Owner, other than the Declarant (except as provided in Section 6.5 of this Declaration), by becoming the Owner of a Lot, is deemed to covenant and agree to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest and all costs, including reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

### **6.2 Annual Assessments.**

**6.2.1** In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, including the establishment of replacement and maintenance reserves, the Board, for each Assessment Period, shall assess against each Lot which is Assessable Property an Annual Assessment, which shall be allocated to each Lot in

accordance with Section 6.3 below. The total amount to be assessed against the Lots as an Annual Assessment shall be the amount which is reasonably estimated by the Board to produce income to the Association equal to the total budgeted Common Expenses taking into account other sources of funds available to the Association.

6.2.2 The Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give such notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will, become inadequate to meet all Common Expenses for any reason, including nonpayment of Assessments by Members, it may increase the Annual Assessment, to the extent permitted by law, for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Board. Notwithstanding any provision in the Declaration, Bylaws or Association Rules, the Board shall not impose an Annual Assessment in any Assessment Period in excess of that amount permitted by law; however, to the extent that the law shall permit any increase in the Annual Assessment which requires the approval of the majority of Members, such increase shall be implemented only upon approval of the majority of Members.

6.3 Rate of Assessment. The amount of the Annual Assessment for each Lot owned by Class A Members shall be the amount obtained by dividing the total budget of the Association contemplated upon completion of the Project by the total number of Lots in the Project.

6.4 Obligation of Declarant for Deficiencies. Until the Transition Date, Declarant shall pay and contribute to the Association, within thirty (30) days after the end of each fiscal year of the Association, or at such other times as may be requested by the Board with reasonable notice, such funds as may be necessary, when added to the Annual Assessments then collected by the Association, to pay all Common Expenses of the Association as they become due. Notwithstanding the foregoing sentence, Declarant shall not be obligated to pay to the Association pursuant to this Section any funds for the establishment of replacement and maintenance reserves. In the event that more than one Declarant owns Lots, the payment of any deficiency shall be divided between each Declarant on a prorata basis according to the number of Lots owned by each Declarant as of the date the request for such deficiency payment is made by the Board.

6.5 Water Company Assessments.

6.5.1 In addition to any Water Company Operating Assessment as described in Subsection 6.5.2, the Association, as long as the Association owns one hundred percent (100%) of the stock in the Water Company, shall assess against each Lot that is Assessable Property and for which no Residential Unit has been constructed and no connection to the Water System has been established (a "Vacant Lot") a "Vacant Lot Water Company Assessment" for the purpose of providing operating and capital funds to the Water Company until such connection has been established to such Lot and a Lot Owner is paying all fees and charges of the Water Company to receive water service. The total amount to be assessed against each Vacant Lot as a Vacant Lot Water Company Assessment shall be the amount that is reasonably estimated from time to time by the Board to produce the necessary funds for the Water Company

to operate, maintain, repair and replace the Water System in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities (taking into account other sources of funds available to the Water Company) divided by the number of Vacant Lots in the Project. Vacant Lot Water Company Assessments shall be collected on a monthly or quarterly basis or such other basis as may be selected by the Board. The Vacant Lot Water Company Assessment for a Lot shall cease on the first day of the month following a water connection and establishment of water service to a Lot. All Vacant Lot Water Company Assessments collected by the Association shall be paid to the Water Company for use by the Water Company as set forth in this Section.

6.5.2 In addition to the fees and charges payable by the Owners to the Association pursuant to an Vacant Lot Water Company Assessment or to the Water Company after a water connection is established, the Association, as long as the Association owns one hundred percent (100%) of the stock in the Water Company, may (but shall not be obligated to) assess against each Lot which is Assessable Property a "Water Company Operating Assessment" for the purpose of providing additional operating and capital funds to the Water Company for defraying, in whole or in part, the cost of operating the Water System and the cost of any upgrade, construction, reconstruction, repair or replacement of the Water System. The total amount to be assessed against each Lot as a Water Company Operating Assessment shall be the amount that is reasonably estimated by the Board to produce the necessary funds for the Water Company to operate, maintain, repair and replace the Water System in accordance with all laws, rules and regulations promulgated by the applicable governmental authorities (taking into account other sources of funds available to the Water Company) divided by the number of Lots owned by Class A Members. All Water Company Operating Assessments collected by the Association shall be paid to the Water Company for use by the Water Company as set forth in this Section.

6.6 **Special Assessments.** The Association may levy against each Lot owned by a Class A Member a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of an Improvement upon an Area of Association Responsibility, including fixtures and personal property related thereto, provided that any Special Assessment is approved by Members having more than two-thirds (2/3) of the votes in each Class of Membership entitled to be cast by Members present in person or by proxy at a meeting duly called for such purpose.

6.7 **Assessment Period.** The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period, and the obligation of the Owners to pay Assessments, shall commence upon the conveyance of the first Lot to a Purchaser and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period.

6.8 **Commencement Date of Assessment Obligation.** Each Lot shall be subject to assessment upon the conveyance thereof to a Person other than Declarant.

6.9 **Rules Regarding Billing and Collection Procedures.** Annual Assessments shall be collected on a monthly or quarterly basis or such other basis as may be selected by the Board. Special Assessments and Water Company Assessments may be collected as specified by the

Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed until the Member has been given not less than thirty (30) days written notice prior to such foreclosure that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period but successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

**6.10 Effect of Nonpayment of Assessments; Remedies of the Association.**

**6.10.1** Any Assessment or any installment of an Assessment not paid within fifteen (15) days after the Assessment or the installment of the Assessment first became due (or such longer period of time as required by applicable law) shall be deemed delinquent and shall bear interest from the date on which such Assessment or installment of the Assessment became due at the rate of twelve percent (12%) per annum. In addition, the Board may establish a late fee, not to exceed the greater of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the unpaid Assessment or installment thereof (but in no event an amount greater than permitted under applicable law), to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within fifteen (15) days after such payment was due. Notwithstanding the foregoing, to the extent applicable law from time to time provides for any shorter period of time after which Assessments or any other amounts payable hereunder may or shall become delinquent, such shorter period of time may be established by the Board to apply in lieu of the time period set forth in this Section, and to the extent applicable law from time to time provides for any greater amount of late fee or other amount to be charged to any Owner deemed delinquent in the payment of any Assessment, or any installment of an Assessment, such greater amount may be established by the Board to apply in lieu of the late fee set forth in this Section.

**6.10.2** The Association shall have a lien on each Lot for: (i) all Assessments levied against the Lot; (ii) all interest, lien fees, late charges and other fees and charges assessed against the Lot or payable by the Owner of the Lot; (iii) all monetary penalties levied against the Owner of the Lot; (iv) all attorney fees, court costs, title report fees, costs and fees charged by any collection agency either to the Association or to an Owner and any other fees or costs incurred by the Association in attempting to collect Assessments or other amounts due to the Association by the Owner of a Lot; (v) any amounts payable to the Association pursuant to Section 7.4 or 7.5 of this Declaration; and (vi) any other amounts payable to the Association pursuant to the Project Documents. The Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Association may, at its option, record a Notice of Lien setting forth the name of the delinquent owner as shown in the records of the Association, the legal description or street address of the Lot against which the Notice of Lien is recorded and the amount claimed to be past due as of the date of the Recording of the Notice, including interest, lien recording fees and reasonable attorneys' fees. Before recording any Notice of Lien against a Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent Assessments and all other amounts due to the Association by such Owner. The

demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand, but any number of defaults may be included within the single demand. If the delinquency is not paid within ten (10) days after delivery of the demand, the Association may proceed with Recording a Notice of Lien against the Lot. If the Association records a Notice of Lien, the Association may charge the Owner of the Lot against which the Notice of Lien is Recorded a lien fee in an amount to be set from time to time by the Board.

6.10.3 The Assessment Lien shall have priority over all liens or claims except for: (i) liens and encumbrances Recorded before the Recordation of this Declaration; (ii) tax liens for real property taxes; (iii) assessments in favor of any municipal or other governmental body; and (iv) the lien of any First Mortgage on the Lot, or as otherwise provided from time to time under applicable law. Any First Mortgagee or any other Person acquiring title or coming into possession of a Lot through foreclosure of the First Mortgage, purchase at a foreclosure sale or trustee's sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure shall acquire title free and clear of any claims for unpaid Assessments and charges against the Lot which became payable prior to the acquisition of such Lot by the First Mortgagee or other Person. Any Assessments and charges against the Lot which accrue prior to such sale or transfer shall remain the obligation of the defaulting Owner of the Lot.

6.10.4 The Association shall not be obligated to release the Assessment Lien as to any portion of Assessments past due until all such delinquent Assessments, interest, lien fees, monetary penalties, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Lot have been paid in full. In no event shall such release of past due Assessments release the lien of this Declaration as to all other Assessments to become due hereunder.

6.10.5 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law including: (i) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien securing the delinquent Assessments and (ii) bringing an action to foreclose the Assessment Lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

6.11 Evidence of Payment of Assessments. Upon receipt of a written request from a lienholder, Member or Person designated by a Member, to the extent required by law, the Association shall issue, or cause to be issued, within the time period required by applicable law, a statement setting forth the amount of any unpaid Assessment or other fee or charge against the Lot. The Association may impose a reasonable charge for the issuance of such statements, which charge shall be payable at the time the request for any such statement is made. Any such statement, when duly issued as herein provided, shall be conclusive and binding on the Association with respect to any matters therein stated as against any bona fide Purchaser of, or lender on, the Lot in question.

**6.12 Purposes for which Association's Funds May Be Used.** The Association shall use all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) solely for the purpose of (i) discharging and performing the Association's duties and obligations under the Project Documents; (ii) exercising the rights and powers granted to the Association by the Project Documents, and (iii) the common good and benefit of the Project and the Owners, Lessees and Residents, by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners, Lessees and Residents. Notwithstanding any other provision of this Declaration to the contrary, so long as there is a Class B Membership in the Association, funds of the Association may not be used for the initial construction of Improvements on the Common Area.

**6.13 Surplus Funds.** The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

**6.14 Working Capital Fund.** To ensure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each Purchaser of a Lot from the Declarant shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to one-sixth (1/6th) of the then current Annual Assessment attributable to the Lot. Funds paid to the Association pursuant to this Section may be used by the Association for payment of operating expenses or any other purpose permitted under the Project Documents. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

**6.15 Reserve Fund.** To ensure that the Association shall have adequate funds reserved for repair and replacement of the Improvements within the Common Areas, each Purchaser of a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to one-sixth (1/6th) of the then current Annual Assessment attributable to the Lot. Funds paid to the Association pursuant to this Section shall be deposited in the Reserve Account established pursuant to Section 6.16. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

**6.16 Reserves.** Each budget adopted by the Board shall include reasonable amounts as determined by the Board to be collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Area. All amounts collected as reserves shall be deposited by the Board in a separate bank account (the "Reserve Account") to be held for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital

account of the Association by the Members. The Board shall not expend funds designated as reserve funds for any purpose other than those purposes for which they were collected. Withdrawal of funds from the Association's reserve account shall require the signatures of either (a) two (2) members of the Board, or (b) one (1) member of the Board and an officer of the Association who is not also a member of the Board. The Board shall obtain an initial reserve study and then provide updates thereto at least once every five years. The reserve study shall at a minimum include (i) identification of the major components of the Common Area which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years, (ii) identification of the probable remaining useful life of the identified major components as of the date of the study, (iii) an estimate of the cost of repair, replacement, restoration or maintenance of the identified major components during and at the end of their useful life, and (iv) an estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain the identified major components during and at the end of their useful life, after subtracting total reserve funds as of the date of the study. Provided that the Board acts in good faith in determining the amount to be collected as reserves, the Declarant Parties shall not be liable to the Association or any Member if the amount collected as reserves proves to be inadequate to pay for all required periodic maintenance, repair and replacement which was intended to be funded from reserves.

**6.17 Transfer Fee.** Each Purchaser of a Lot shall pay to the Association, or to its managing agent, if directed to do so by the Board, immediately upon becoming the Owner of the Lot, a transfer fee in such amount as is established from time to time by the Board.

## ARTICLE 7 MAINTENANCE

### 7.1 Areas of Association Responsibility.

**7.1.1** The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Areas of Association Responsibility, and all Improvements located thereon, including the Sewer System as set forth below in Subsections 7.1.2 through 7.1.5, except for any part of the Areas of Association Responsibility which any governmental entity is maintaining or is obligated to maintain. The Board shall be the sole judge as to the appropriate maintenance, repair and replacement of all Areas of Association Responsibility, but all Areas of Association Responsibility, and the Improvements located thereon, shall be maintained in good condition and repair at all times. No Owner, Resident or other Person shall construct or install any Improvements on the Common Area or alter, modify or remove any Improvements situated on the Common Area without the approval of the Board. No Owner, Resident or other Person shall remove, add to or modify any plants, trees, granite or other Improvements in the part of their Lot which constitutes an Area of Association Responsibility without the prior written approval of the Board. No Owner, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair and replacement of the Areas of Association Responsibility, and the Improvements located thereon. The Association shall be responsible for the control, maintenance and payment of ad valorem taxes and liability insurance on the Common Area.

7.1.2 The Association shall be responsible for the operation, maintenance, repair and replacement of the Sewer System in compliance with all applicable federal, state and local laws, ordinances and regulations. The Association shall file all reports regarding the operation and maintenance of the Sewer Facilities as may be required by federal, state or local laws, ordinances or regulations. The Association will advise any utility company or other entity to which the Association gives permission to make additional improvements to the Project that the services which are available under Arizona law to locate and mark underground utility lines and facilities within dedicated public rights-of-way are not available to locate the Sewer Facilities, and, therefore, a private person or entity will need to be employed for such purpose. Sewer lines and appurtenant facilities which serve only one Lot and which are located within the boundary of a Lot shall be maintained, repaired and replaced by the Owner of the Lot served.

7.1.3 The Association shall contract with qualified persons or companies to manage, operate and maintain the Sewer System. Pursuant to Section 7.2 of this Declaration, it shall be the duty of the Board to inspect or cause to be inspected all components of the Sewer System on an annual basis or a more frequent basis if deemed necessary by the Board. Pursuant to the provisions of Section 4.5 of this Declaration, each Owner, Lessee and Resident shall cooperate with the Board or its designated contractors and representatives and provide access at reasonable times, including those occasioned by emergency conditions, to all such facilities located within the boundaries of a Lot. Any permanent or temporary obstruction to reasonable access to any such facility shall promptly be removed by the Owner, Lessee or Resident at the written or verbal request of the Association and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Association representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater into the Sewer System. Adequate identification shall be provided by the Association for all inspectors and other authorized personnel and such persons shall identify themselves when entering any Lot for inspection purposes or inspecting the work of any contractor.

7.1.4 If the Arizona Corporation Commission attempts to exercise its jurisdiction over the Association to declare or adjudicate the Association as a public service corporation, then and in that event, the Association may, at its option, take whatever action is necessary, including the sale and disposition of all sewer related facilities and assets, to preclude the Arizona Corporation Commission's regulation of the Association.

7.1.5 If the Board determines, in its reasonable discretion, that it is in the best interest of the Owners, Lessees and Residents that the Association not provide wastewater service to the Owners, Lessees and Residents, and that any such services can better be provided by another entity, then and in that event of termination of such services by the Association, the Board shall discontinue the charges authorized pursuant to Article 6 of this Declaration with respect to the discontinued portion of the operation and maintenance of the Sewer System and any obligations of Owners, Lessees and Residents created hereunder for the benefit of the Association as to the operation or maintenance of the Sewer system are expressly assigned to the entity that will provide wastewater service.

7.2 Duty to Inspect. It shall be the duty of the Board to have the Areas of Association Responsibility inspected at least once each year.

7.2.1 Purpose of Inspection. The purpose of the inspection shall be to (i) determine whether the Areas of Association Responsibility are being maintained adequately in accordance with the standards for comparable projects in the Oak Creek-Sedona, Arizona area; (ii) identify the condition of the Areas of Association Responsibility, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement or repair; and (iii) recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future.

7.2.2 Scope of Inspection. The Areas of Association Responsibility and Improvements thereon, including the exterior and structural integrity of all structures, gates, walls, bridges, walkways, the Project Water Features, the Sewer System, irrigation systems, landscaping and drainage devices, shall be inspected.

7.2.3 Experts and Consultants. The Board may employ such experts and consultants as are necessary to perform the inspection and make the report required by this Section.

7.2.4 Report to Owners. The Board shall cause to be prepared a report of the results of the inspection of the Areas of Association Responsibility required by this Section. The report shall be furnished to Owners. The report shall include at least the following:

- (i) A description of the condition of the Areas of Association Responsibility, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;
- (ii) A description of all maintenance, repair and replacement planned for the ensuing fiscal year and included in the budget;
- (iii) If any maintenance, repair or replacement is to be deferred, the reason for such deferral;
- (iv) A summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;
- (v) A report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for the preceding year; and
- (vi) Such other matters as the Board deems appropriate.

### 7.3 Lots.

7.3.1 Subject to the restrictions set forth in Section 3.6, each Owner of a Lot upon which construction of a Residential Unit has begun or is complete shall be responsible for maintaining, repairing or replacing his Lot and the Residential Unit and all other buildings, landscaping or other Improvements situated thereon (including (i) any landscaping installed within the street right-of-way contiguous to a Lot, (ii) any utility lines and appurtenant facilities not maintained by the service provider and (iii) any water and sewer lines and appurtenant facilities located within the boundaries of a Lot and within the street right-of-way contiguous to

the Lot (except for water and sewer trunk lines and appurtenant facilities serving more than one Lot), except for any portion of the Lot which is an Area of Association Responsibility. All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair in accordance with the Maintenance Standard. All grass, hedges, shrubs, vines and plants of any type within a Building Envelope shall be irrigated (to the extent necessary to produce healthy plant material), mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass within a Building Envelope which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Review Committee. No yard equipment, wood piles or storage areas may be maintained so as to be Visible From Neighboring Property or streets.

7.3.2 Except for any portion of a Lot that has been designated as an Area of Association Responsibility, all Lots upon which no Residential Units, buildings or other structures, landscaping or Improvements have been constructed by a Lot Owner and upon which no such construction has commenced shall be maintained by the Lot Owner in a natural manner and in accordance with the Maintenance Standard and any other applicable provisions set forth in this Declaration.

7.4 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of an Area of Association Responsibility, or any Improvement situated thereon, is caused through the willful or negligent act of any Owner, his family, Lessees, guests or invitees, the cost of such maintenance or repairs shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

7.5 Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to not comply with the Maintenance Standard, or as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event the Owner of any Lot is failing to perform any of his obligations under the Project Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

7.6 Maintenance of Fences.

7.6.1 Fences located on a Lot shall be maintained, repaired and replaced by the Owner of the Lot in strict accordance with the Maintenance Standard and with the architectural standards prescribed by the Design Guidelines.

7.6.2 Any fence which is placed on the boundary line between a Lot and an Area of Association Responsibility shall be maintained, repaired and replaced by the Owner of the Lot, except that the Association shall be responsible for the repair and maintenance of the side of the fence which faces the Area of Association Responsibility. If any such fence or portion thereof is wrought iron, the Association shall be responsible for the repair and maintenance of the entire wrought iron surface, but each Owner shall pay to the Association one-half the cost of such repair and maintenance for the portion of the fence which faces such Owner's Lot. In the event any such fence encroaches upon the Area of Association Responsibility or a Lot, an easement for such encroachment shall exist in favor of the Association or the Owner of the Lot, as the case may be.

7.7 Common Driveways. Certain Lots are subject to an "Ingress/Egress and Public Utilities Easement" in locations as shown on the Plat or in another instrument Recorded by Declarant or the Association (the "Ingress/Egress and PUE Areas"), for the purpose of providing ingress and egress between an abutting Lot and the street and also for the placement of utilities. Except as otherwise may be provided in another instrument Recorded by Declarant or the Association:

7.7.1 The prior written consent of the Architectural Review Committee shall be required for the installation of Improvements within the areas of a Lot encumbered by an Ingress/Egress and Public Utilities Easement.

7.7.2 Any portion of a driveway that is (i) constructed within an Ingress/Egress and PUE Easement Area and (ii) used by an adjoining Lot Owner for ingress and egress to such adjoining Owner's Lot shall be deemed for the purposes of this Section a common driveway;

7.7.3 The Owners of Lots served by a common driveway each shall have the right to use the common driveway; provided, however, that the use by one Owner shall not interfere with the use and enjoyment of the driveway by the other Owner;

7.7.4 The Owners of Lots served by a common driveway shall each have the right to perform any necessary maintenance and repair on or replacement of the common driveway and the cost of the maintenance, repair or replacement shall be shared equally by such Owners;

7.7.5 If a common driveway is damaged or destroyed through the act of an Owner, his agents, employees or contractors, it shall be the obligation of such Owner to rebuild and repair the common driveway without cost to the other Owner;

7.7.6 If a common driveway is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, Lessees, licensees, guests or family (Including ordinary wear and tear and deterioration from lapse of time), then the Owners served by the common driveway, at their joint and equal expense, shall repair or replace the driveway;

7.7.7 The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title;

7.7.8 In addition to meeting the other requirements of this Declaration and of any other building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild a common driveway shall first obtain the written consent of any Owner being served by the common driveway.

7.8 **Installation of Landscaping.** Except as set forth below, within ninety (90) days after the later of (i) the issuance of a certificate of occupancy for a Residential Unit, or (ii) conveyance of a Lot from the Declarant to an Owner, each Owner shall install trees, plants or other landscaping Improvements (together with any sprinkler system or drip irrigation system sufficient to adequately water the trees, plants or other landscaping Improvements) on that part of the Lot which is located between the paved area of any street(s) adjacent to the Lot and the exterior walls of the Residential Unit situated on the Lot, except for (a) any portion of such Lot which is an Area of Association Responsibility, and (b) any portion of such Lot which is outside the Building Envelope. Notwithstanding anything contained herein to the contrary, a Builder shall be obligated to install all landscaping on the Lot as set forth in (a) and (b) above prior to an Owner or Resident occupying such Residential Unit. Each Owner taking title to a Lot conveyed by a Builder understands and agrees that landscaping must be completed prior to occupancy of the Residential Unit, not within ninety (90) days thereafter. All landscaping installed by a Builder, an Owner or such Owner's contractors must be approved by the Architectural Review Committee prior to installation.

**ARTICLE 8  
INSURANCE**

8.1 **Scope of Coverage.** Commencing not later than the time of the first conveyance of a Lot to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

8.1.1 Commercial general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000 per occurrence with a \$2,000,000 aggregate. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Areas of Association Responsibility and all other portions of the Project which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

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

8.1.3 Worker's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

8.1.4 Directors' and officer' liability insurance in an amount not less than \$1,000,000 covering the directors and officers of the Association against claims arising out of or in connection with the administration of the Association;

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

8.1.6 The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (i) that there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their household; (ii) no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy; (iii) that the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deeds of trust; (iv) a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners; (v) statement of the name of the insured as the Association; and (vi) for policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

8.2 Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue a certificate or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates of insurance have been issued.

8.3 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to Section 8.1 of this Declaration shall be included in the budget of the Association and shall be paid by the Association.

8.4 Payment of Insurance Proceeds. With respect to any loss to any Common Area covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 8.5 of this Declaration, the proceeds shall be disbursed for the repair or restoration of the damage to the Area of Association Responsibility.

8.5 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Areas of Association Responsibility which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (ii) Owners representing at least eighty percent (80%) of the total authorized votes in the Association vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If all of the Areas of Association Responsibility are not repaired or replaced, insurance proceeds attributable to the damaged Areas of Association Responsibility shall be used

to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either (a) be retained by the Association as an additional capital reserve, or (b) be used for payment of operating expenses of the Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the votes in the Association.

**8.6 Insurance Obtained by Owners.** The issuance of insurance policies to the Association pursuant to this Article shall not prevent an Owner from obtaining insurance for his own benefit and at his own expense covering his Lot, his personal property and providing personal liability coverage. If any insurer of the Common Areas of the Association shall require that any Owner(s) obtain and carry its own property and liability insurance coverage for such Owner's Lot, Residential Unit and personal property, including insurance covering environmental claims resulting from an Owner's discharge of any unauthorized materials into the Sewer System or Water System or the failure of an Owner to properly maintain the sewer lines for which such Lot Owner is responsible, then such Owner(s) shall comply with said requirements.

## ARTICLE 9 GENERAL PROVISIONS

**9.1 Enforcement.** The Association or any Owner shall have the right to enforce the Project Documents in any manner provided for in the Project Documents or by law or in equity, including an action to obtain an injunction to compel removal of any Improvements constructed in violation of this Declaration or to otherwise compel compliance with the Project Documents. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Project Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Project Documents in the future. If any lawsuit is filed by the Association or any Owner to enforce the provisions of the Project Documents or in any other manner arising out of the Project Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorney fees incurred by the prevailing party in the action. In addition to any other rights or remedies available to the Association pursuant to the Project Documents or at law or in equity, the Board shall have the power to levy reasonable monetary penalties against an Owner for a violation of the Project Documents by the Owner, a Lessee of the Owner or by any Resident of the Owner's Lot, provided the Owner is given notice and an opportunity to be heard.

**9.2 Termination.** This Declaration may be terminated at any time if such termination is approved by the affirmative vote or written consent, or any combination thereof, of Owners representing ninety percent (90%) or more of the votes in each class of Membership and by the holders of First Mortgages, the Owners of which have seventy-five percent (75%) or more of the votes in the Association. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

### 9.3 Amendments.

9.3.1 Except as provided in Subsection 9.15.8, and except for amendments made pursuant to Subsections 9.3.2 or 9.3.4 of this Declaration, the Declaration may only be amended by the written approval or the affirmative vote, or any combination thereof, of Owners representing not less than seventy-five percent (75%) of the votes in the Association.

9.3.2 The Declarant, so long as the Declarant owns any Lot, and thereafter, the Board, may amend this Declaration, without obtaining the approval or consent of any Owner or First Mortgagee, in order to conform this Declaration to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project or the Project Documents is required by law or requested by the Declarant or the Board.

9.3.3 So long as the Declarant is a Member of the Association, any amendment to this Declaration must be approved in writing by the Declarant.

9.3.4 The Declarant, so long as the Declarant is a Member of the Association, and thereafter, the Board, may amend this Declaration without the consent of any other Owner to correct any error or inconsistency in the Declaration.

9.3.5 At any time after the Transition Date, any amendment approved pursuant to Subsection 9.3.1 of this Declaration or by the Board pursuant to Subsection 9.3.2 or 9.3.4 of this Declaration shall be signed by the President or Vice President of the Association and shall be Recorded, and any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarant prior to the Transition Date or pursuant to Subsection 9.3.2 or 9.3.4 of this Declaration shall be signed by the Declarant and Recorded. Unless a later effective date is provided for in the amendment, any amendment to this Declaration shall be effective upon the Recording of the amendment.

9.4 Rights of First Mortgagees. Any First Mortgagee will, upon written request, be entitled to: (i) inspect the books and records of the Association during normal business hours; (ii) receive within ninety (90) days following the end of any fiscal year of the Association, a financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party; and (iii) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings.

9.5 Interpretation. Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, Association Rules or Design Guidelines, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall

control. In the event of any conflict between the Bylaws and the Association Rules or Design Guidelines, the Bylaws shall control.

9.6 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

9.7 Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the rule against perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be (i) those which would be used in determining the validity of the challenged interest, plus (ii) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

9.8 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

9.9 Notice of Violation. The Association shall have the right to record against a Lot a written notice of a violation with respect to any violation of the Project Documents by the Owner, Lessee or Resident of the Lot. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (i) the name of the Owner, Lessee or Resident violating, or responsible for the violation of, the Project Documents; (ii) the legal description of the Lot against which the notice is being Recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner, Lessee or Resident to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner, Lessee and Resident, and any subsequent purchaser of the Lot, that there is such a violation. If, after the recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance with shall state the legal description of the Lot against which the notice of violation was Recorded, and the recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or that the violation did not exist. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Lot or constitute a waiver of any right of the Association to enforce the Project Documents.

9.10 Laws, Ordinances and Regulations.

9.10.1 The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other persons to obtain the approval of the Board or the Architectural Review Committee with respect to certain actions are independent of the obligation of the Owners and other persons to comply with all applicable laws, ordinances and regulations,

and compliance with this Declaration shall not relieve an Owner or any other person from the obligation to also comply with all applicable laws, ordinances and regulations.

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

9.11 References to this Declaration in Deeds. Deeds to and instruments affecting any Lot or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assignees.

9.12 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

9.13 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent of context thereof.

9.14 No Absolute Liability. No provision of the Project Documents shall be interpreted or construed as imposing on Owners absolute liability for damage to the Common Area. Owners shall only be responsible for damage to the Common Area caused by the Owners' negligence or intentional acts.

9.15 Dispute Notification and Resolution Procedure. All actions or claims (i) by the Association against any one or more of the Declarant Parties, (ii) by any Owner(s) against any one or more of the Declarant Parties, or (iii) by both the Association and any Owner(s) against any one or more of the Declarant Parties, relating to or arising out of the Project, including the Declaration or any other Project Documents, the use or condition of the Project or the design or construction of or any condition on or affecting the Project, including construction defects, surveys, soils conditions, grading, specifications, installation of Improvements (including Residential Units) or disputes which allege negligence or other tortious conduct, fraud, misrepresentation, breach of contract or breach of implied or express warranties as to the condition of the Project or any Improvements (collectively, "Dispute(s)") shall be subject to the provisions of this Section 9.15. Declarant and each Owner acknowledge that the provisions set forth in this Section 9.15 shall be binding upon current and future Owners of the Project and upon the Association, whether acting for itself or on behalf of any Owner(s). Nothing in this Declaration is intended to limit, expand or otherwise modify the terms of any limited warranty provided by Declarant to an Owner pursuant to a purchase agreement.

9.15.1 Notice. Any Person (Including the Association) with a Dispute claim shall notify the Declarant in writing of the claim, which writing shall describe the nature of the claim and any proposed remedy (the "Claim Notice").

9.15.2 Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the Claim Notice, which period shall not exceed sixty (60) days, Declarant and the claimant shall meet at a mutually acceptable place within the Project to discuss the claim. At such meeting or at such other mutually agreeable time, Declarant and the Declarant's representatives shall have full access to the property that is the subject of the claim and shall have the right to conduct inspections, testing and/or destructive or invasive testing in a manner deemed appropriate by Declarant (provided Declarant shall repair or replace any property damaged or destroyed during such inspection or testing), which rights shall continue until such time as the Dispute is resolved as provided in this Subsection 9.15.2. The parties shall negotiate in good faith in an attempt to resolve the claim. If the Declarant elects to take any corrective action, Declarant and Declarant's representatives and agents shall be provided full access to the Project and the property which is the subject of the claim to take and complete corrective action.

9.15.3 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in Subsection 9.15.2 shall be construed to impose any obligation on Declarant to inspect, test, repair or replace any item of the Project for which Declarant is not otherwise obligated under applicable law or any limited warranty provided by Declarant to an Owner in connection with the sale of any Lot and/or the Improvements constructed thereon. The right of Declarant to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form executed and Recorded by Declarant.

9.15.4 Mediation. If the parties to the Dispute cannot resolve the claim pursuant to the procedures described in Subsection 9.15.2 above, the matter shall be submitted to mediation pursuant to the mediation procedures adopted by the American Arbitration Association (except as such procedures are modified by the provisions of this Subsection 9.15.4) or any successor thereto or to any other entity offering mediation services that is acceptable to the parties. No person shall serve as a mediator in any dispute in which the person has any financial or personal interest in the result of the mediation, except by the written consent of all parties. Prior to accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process. No litigation or other action shall be commenced against Declarant or any Declarant Party without complying with the procedures described in this Subsection 9.15.4.

(i) Position Memoranda; Pre-Mediation Conference. Within ten (10) days of the selection of the mediator, each party shall submit a brief memorandum setting forth its position with regard to the issues that need to be resolved. The mediator shall have the right to schedule a pre-mediation conference and all parties shall attend unless otherwise agreed. The mediation shall be commenced within ten (10) days following the submittal of the memoranda and shall be concluded within fifteen (15) days from the commencement of the mediation unless the parties mutually agree to extend the mediation period. The mediation shall be held in the county in which the Project is located or such other place as is mutually acceptable by the parties.

(ii) Conduct of Mediation. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of the Dispute. The mediator is authorized to conduct joint and separate meetings with the parties and to make oral and written recommendations for settlement. Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties agree and assume the expenses of obtaining such advice. The mediator does not have the authority to impose a settlement on the parties.

(iii) Exclusion Agreement. Any admissions, offers of compromise or settlement negotiations or communications at the mediation shall be excluded in any subsequent dispute resolution forum.

(iv) Parties Permitted at Sessions. Persons other than the parties, the representatives and the mediator may attend mediation sessions only with the permission of both parties and the consent of the mediator. Notwithstanding the foregoing, applicable subcontractors and material suppliers designated by Declarant may attend mediation sessions and may be made parties to the mediation. Confidential information disclosed to a mediator by the parties or by witnesses in the course of the mediation shall be confidential. There shall be no stenographic record of the mediation process.

(v) Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including the fees and costs charged by the mediator and the expenses of any witnesses or the cost of any proof or expert advice produced at the direct request of the mediator, shall be borne equally by the parties unless they agree otherwise. Each party to the mediation shall bear its own attorneys' fees and costs in connection with such mediation.

9.15.5 Arbitration. Should mediation pursuant to Subsection 9.15.4 above not be successful in resolving any Dispute, such claim or dispute shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association as modified or as otherwise provided in this Subsection 9.15.5. The parties shall cooperate in good faith to attempt to cause all necessary and appropriate parties to be included in the arbitration proceeding. Subcontractors, material suppliers and other parties whose participation is reasonably necessary to afford complete relief in arbitration or who are involved in common questions of law or fact shall be included as parties in the arbitration. Subject to the limitations imposed in this Subsection 9.15.5, the arbitrator shall have the authority to try all issues, whether of fact or law.

(i) Place. The proceedings shall be heard in the county in which the Project is located.

(ii) Arbitrator. A single arbitrator shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association with experience in relevant real estate matters or construction. The arbitrator shall not have any relationship to the parties or interest in the Project. The parties to the Dispute shall meet to select the arbitrator within ten (10) days after service of the initial complaint on all defendants named therein.

(iii) Commencement and Timing of Proceeding. The arbitrator shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

(iv) Pre-hearing Conferences. The arbitrator may require one or more pre-hearing conferences.

(v) Discovery. The parties shall be entitled only to limited discovery, consisting of the exchange between the parties of only the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute, including destructive or invasive testing; and (vi) trial briefs. The parties shall also be entitled to conduct further tests and inspections as provided in Subsection 9.15.2 above. Any other discovery shall be permitted by the arbitrator upon a showing of good cause or based on the mutual agreement of the parties. The arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(vi) Motions. The arbitrator shall have the power to hear and dispose of motions, including motions to dismiss, motions for judgment on the pleadings and summary judgment motions, in the same manner as a trial court judge, except the arbitrator shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(vii) Arbitration Award. The arbitrator's award may be enforced as provided for in the Uniform Arbitration Act, A.R.S. § 12-1501, et seq., or such similar law governing enforcement of awards in a trial court as is applicable in the jurisdiction in which the arbitration is held, or as applicable, pursuant to the Federal Arbitration Act (Title 9 of the United States Code).

#### 9.15.6 WAIVERS.

**NOTICE: BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY PORTION OF THE PROPERTY, EACH PERSON, FOR HIMSELF, HIS HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, TRANSFEREES AND ASSIGNS, AGREES TO HAVE ANY DISPUTE RESOLVED ACCORDING TO THE PROVISIONS OF THIS SECTION 9.15 AND WAIVES THE RIGHT TO PURSUE ANY DISPUTE IN ANY MANNER OTHER THAN AS PROVIDED IN THIS SECTION 9.15. THE ASSOCIATION, EACH OWNER AND DECLARANT ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 9.15, THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY. THE ASSOCIATION, EACH OWNER AND DECLARANT FURTHER WAIVE THEIR RESPECTIVE RIGHTS TO AN AWARD OF PUNITIVE AND CONSEQUENTIAL DAMAGES RELATING TO A DISPUTE. BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY PORTION OF THE PROJECT, EACH OWNER HAS VOLUNTARILY ACKNOWLEDGED THAT HE IS GIVING UP ANY**

**RIGHTS HE MAY POSSESS TO PUNITIVE AND CONSEQUENTIAL DAMAGES OR THE RIGHT TO A TRIAL BEFORE A JURY RELATING TO A DISPUTE.**

9.15.7 Statutes of Limitation. Nothing in this Section 9.15 shall be considered to toll, stay, reduce or extend any applicable statute of limitations.

9.15.8 Required Consent of Declarant to Modify. Neither this Section 9.15 nor Section 9.16 below may be amended except in accordance with Subsection 9.3.1 of this Declaration and with the express written consent of the Declarant.

**9.16 Required Consent of Owners for Legal Action.** Any action or claim instituted by the Association (which action or claim shall be subject to the terms of Section 9.15) against any one or more of the Declarant Parties, relating to or arising out of the Project, including the Declaration or any other Project Documents, the use or condition of the Project or the design or construction of or any condition on or affecting the Project, including construction defects, surveys, soils conditions, grading, specifications, installation of Improvements (including Residential Units) or disputes which allege negligence or other tortious conduct, fraud, misrepresentation, breach of contract or breach of implied or express warranties as to the condition of the Project or any Improvements, shall have first been approved by Owners representing seventy-five percent (75%) of the votes in the Association who are voting in person or by proxy at a meeting duly called for such purpose.

**9.16.1 Notice of Owners.**

(i) Prior to obtaining the consent of the Owners in accordance with Section 9.16, the Association must provide written notice to all Owners which notice shall (at a minimum) include (1) a description of the nature of any action or claim (the "Claim"), (2) a description of the attempts of Declarant to correct such Claim and the opportunities provided to Declarant to correct such Claim, (3) a certification from an engineer licensed in the State of Arizona that such Claim is valid along with a description of the scope of work necessary to cure such Claim and a resume of such engineer, (4) the estimated cost to repair such Claim, (5) the name and professional background of the attorney proposed to be retained by the Association to pursue the Claim against Declarant and a description of the relationship between such attorney and member(s) of the Board (if any), (6) a description of the fee arrangement between such attorney and the Association, (7) the estimated attorneys' fees and expert fees and costs necessary to pursue the Claim against Declarant and the source of the funds which will be used to pay such fees and expenses, (8) the estimated time necessary to conclude the action against Declarant, and (9) an affirmative statement from the Board that the action is in the best interest of the Association and its Members.

(ii) In the event the Association recovers any funds from Declarant (or any other person or entity) to repair a Claim, any excess funds remaining after repair of such Claim shall be paid into the Association's reserve fund.

**9.16.2 Notification to Prospective Purchasers.** In the event that the Association commences any action or claim, all Owners must notify prospective purchasers of such action or

claim and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Subsection 9.16.1.

**9.17 Limitation on Declarant's Liability.** Notwithstanding anything to the contrary in this Declaration, each Owner, by accepting any interest in any portion of the Property and becoming an Owner, acknowledges and agrees that neither Declarant (Including any assignee of the interest of Declarant hereunder) nor any affiliate, partner, officer, director or shareholder of Declarant (or any partner of shareholder in any such assignee) shall have any personal liability to the Association, or any Owner, Member or any other Person, arising under, in connection with, or resulting from (Including resulting from action or failure to act with respect to) this Declaration or the Association except, in the case of Declarant (or its assignee), to the extent of its interest in the Property and, in the event of a judgment, no execution or other action shall be sought or brought thereon against any other assets or be a lien upon such other assets of the judgment debtor.

DECLARANT:

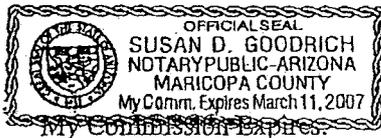
CACHET-WESTERN II, LLC, an Arizona limited liability company

By: STEP, Inc., an Arizona corporation, its Managing Member

By: *Matthew H. Cody*  
Matthew H. Cody, President

STATE OF ARIZONA        )  
  ) ss.  
County of Maricopa        )

Acknowledged before me this 20<sup>th</sup> day of June, 2002, by Matthew H. Cody, the President of STEP, Inc., an Arizona corporation, Managing Member of CACHET-WESTERN II, LLC, an Arizona limited liability company, on behalf of the company.



*Susan D. Goodrich*  
Notary Public

3/11/07

**EXHIBIT A**  
**PROPERTY**

Lots 1 through 84, inclusive, and Tracts A through G, inclusive, of CROSS CREEK RANCH, according to the plat recorded in Book 42 of Maps and Plats, pages 8-14, Official Records of Yavapai County Recorder, Yavapai County, Arizona.

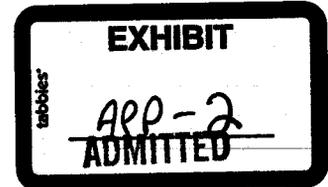
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FENNEMORE CRAIG  
Patrick J. Black (No. 017141)  
Sarah A. Kubiak (No. 025014)  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012  
Telephone: (602) 916-5000  
Facsimile: (602) 916-5600  
Email: pblack@fclaw.com  
Email: skubiak@fclaw.com



Attorneys for Cross Creek Ranch Water Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF CROSS CREEK RANCH WATER COMPANY'S APPLICATION FOR APPROVAL OF ASSIGNMENT OF ASSETS VIA DISSOLUTION TO THE CROSS CREEK RANCH COMMUNITY ASSOCIATION, PURSUANT TO ARIZONA REVISED STATUTES 40-285, AND DELETION OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY

DOCKET NO: W-04131A-08-\_\_\_\_\_

**APPLICATION FOR APPROVAL OF ASSIGNMENT AND TRANSFER OF WATER UTILITY ASSETS TO CROSS CREEK RANCH COMMUNITY ASSOCIATION, PURSUANT TO A.R.S. § 40-285(A), AND FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY**

In conformance with A.R.S. § 40-285(A), Cross Creek Ranch Water Company (the "Water Company") hereby submits this Application for Approval of the Transfer of Water Utility Assets pursuant to A.R.S. § 10-1402, to its sole shareholder, the Cross Creek Ranch Community Association (the "CCRHOA"), and for the cancellation of the Water Company's Certificate of Convenience and Necessity ("CC&N") ("Application"). This Application is being filed concurrently with the CCRHOA's Application for Adjudication Not a Public Service Corporation. Approval of these two applications by the Arizona Corporation Commission ("Commission") will terminate the Water Company's public service function, and authorize the CCRHOA to provide its members with domestic water service directly.

1       **I. Summary of Transaction.**

2           The Water Company proposes to transfer its assets to the CCRHOA pursuant to  
3       A.R.S. § 10-1402, which is a dissolution statute that allows a corporation to, among other  
4       things, transfer all its assets to its shareholders. On June 26, 2008, the Water Company's  
5       Board of Directors issued a Joint Consent to Resolutions (without a meeting)  
6       recommending that: (1) the corporation be liquidated and dissolved pursuant to a plan of  
7       liquidation, upon approval by the Commission; (2) the corporation be dissolved on the  
8       effective date of its Articles of Dissolution, after being filed with the Commission by a  
9       corporate officer; (3) an officer of the corporation file necessary documents required by  
10      Internal Revenue Code of 1986, as amended, related to Treasury Regulations and Arizona  
11      law; (4) the Water Company surrender all franchises and privileges – in particular its  
12      Certificate of Convenience and Necessity – in accordance with the laws of the State of  
13      Arizona; (5) upon ascertaining that all liabilities of the Water Company have been  
14      satisfied, to distribute the remaining assets to the sole shareholder, CCRHOA; and (6) an  
15      officer of the Water Company do all things necessary to effectuate the liquidation and  
16      dissolution in accordance with the resolution ("Resolution"). A copy of the Resolution is  
17      attached hereto as Exhibit 1. Copies of the proposed Articles of Dissolution, Assignment  
18      of Assets and Tax Clearance application are attached hereto as Exhibit 2.

19           As set forth in the Resolution, the Water Company's liquidation and dissolution  
20      plan will be subject to Commission approval pursuant to A.R.S. § 40-285(A). Upon the  
21      Commission's approval of the dissolution plan and Assignment of Assets in conjunction  
22      with the CCRHOA's application for an adjudication that it is not a public service  
23      corporation, the water system assets will be transferred to the CCHROA so that it can  
24      provide water utility service directly to its members.

25       **II. The Parties.**

26           The Water Company is a public service corporation providing water service to

1 approximately 14 customers in Yavapai County, pursuant to a CC&N granted by the  
2 Commission in Decision No. 65978 (June 17, 2003). However, because the Water  
3 Company has under 15 interconnected customers at this time, the water system does not  
4 have a Public Water System designation, and is not subject to the rules and regulations of  
5 the Arizona Department of Environmental Quality ("ADEQ"). Nonetheless, the Water  
6 Company's operator, Burnett Enterprises, Inc., has performed monthly coliform tests to  
7 ensure water quality. During the initial operating phase of the water system, chlorination  
8 treatment was necessary on one occasion. Attached hereto as Exhibit 3 are Drinking  
9 Water Microbial Analysis Reports conducted by ADEQ showing the one failed test, and  
10 subsequent remedial action. In addition to these reports, testing of water quality showed  
11 that the arsenic content is .008 mcl, which is below the maximum allowance of .01 mcl.

12 A copy of the Water Company's 2007 Annual Report is attached hereto as  
13 Exhibit 4. Burnett Enterprises' ADEQ operator number is 02794. In addition, the  
14 following operator numbers were subcontracted to pull samples: 19970, 19971, and  
15 19972.

16 Burnett Enterprises, Inc.  
17 P.O. Box 3890  
18 Sedona, AZ 86340  
19 Phone: (928) 203-9320  
20 Fax: (928) 203-9321

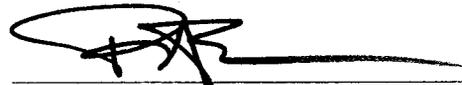
21 The CCRHOA is an Arizona non-profit corporation incorporated on August 13,  
22 2002. The CCRHOA provides wastewater service to its members in accordance with all  
23 ADEQ rules and regulations. The Commission determined in Decision No. 65978 that  
24 because the wastewater system would be operated as a non-profit corporation, it was not  
25 subject to Commission jurisdiction. Decision No. 65978 at ¶13 (June 17, 2003). As the  
26 sole shareholder of the Water Company, the CCRHOA effectively provides water utility  
service to its members through management of the Water Company.



- 1 water utility assets to its sole shareholder, the CCRHOA, through corporate dissolution;  
2 B. Extinguish the CC&N currently held by the Water Company; and  
3 C. Any other relief that the Commission determines will serve the public  
4 interest.

5 RESPECTFULLY SUBMITTED this \_\_\_\_ day of September 2008.

6 FENNEMORE CRAIG, P.C.

7  
8 By:   
9 Patrick J. Black  
10 Sarah A. Kubiak  
11 3003 North Central Avenue, Suite 2600  
12 Phoenix, Arizona 85012  
13 Attorneys for Cross Creek Ranch  
14 Water Company, Inc.

13 ORIGINAL and thirteen (13) copies  
14 of the foregoing were **hand-delivered**  
15 this 8th day of September 2008 to:

16 Docket Control  
17 Arizona Corporation Commission  
18 1200 W. Washington St.  
19 Phoenix, AZ 85007

19 Copy of the foregoing **hand delivered**  
20 this 8th day of September 2008 to:

21 Lyn Farmer  
22 Chief Administrative Law Judge  
23 Arizona Corporation Commission  
24 1200 W. Washington Street  
25 Phoenix, AZ 85007  
26

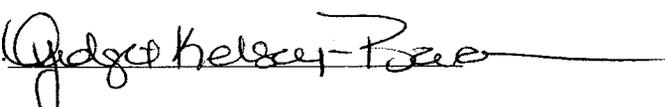
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Janice Alward  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Steven Olea  
Assistant Director, Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Copy of the foregoing **mailed**  
this 8th day of September 2008 to:

Reginald Lopez  
Consumer Services Division  
Arizona Corporation Commission  
400 West Congress, Ste. 218  
Tucson, AZ 85701-1347

By: 

PHX/DSISGARD/2075731.6/23936.001

Cross Creek Ranch Water Company's  
Application For Approval Of Assignment And Transfer Of Water Utility Assets  
To Cross Creek Ranch Community Association

# **Exhibit 1**

**June 26, 2008 Joint Consent to Resolutions**

**JOINT CONSENT TO RESOLUTIONS OF  
THE DIRECTORS AND SHAREHOLDER OF  
CROSS CREEK RANCH WATER COMPANY**

Pursuant to A.R.S. §§ 10-704 and 10-821, the undersigned, being all of the directors and the sole shareholder of the Company, hereby authorize, approve and consent to the following resolutions without a meeting:

RESOLVED, that the directors of the Company recommend to the shareholder of the Company that the Company be liquidated and dissolved pursuant to the plan of liquidation embodied in these resolutions, upon application to and approval by the Arizona Corporation Commission pursuant to A.R.S. § 40-285(A);

FURTHER RESOLVED, that the Company be dissolved and that its corporate rights, franchises and privileges be surrendered and canceled in accordance with the laws of the State of Arizona;

FURTHER RESOLVED, that the Company shall be dissolved on the effective date of its Articles of Dissolution, and that after that date the Company shall not perform business activities other than those required for the winding up of its affairs, preserving the value of its assets, satisfying any liabilities of the Company and distributing its assets in accordance with the plan of liquidation as embodied in these resolutions;

FURTHER RESOLVED, that an officer of the Company is hereby authorized and directed to execute, file with the Arizona Corporation Commission and publish, in accordance with Arizona law, Articles of Dissolution pursuant to A.R.S. § 10-1403;

FURTHER RESOLVED, that an officer of the Company is hereby authorized and directed to file the necessary documents required by the Internal Revenue Code of 1986, as amended, related Treasury Regulations and Arizona law;

FURTHER RESOLVED, that an officer of the Company is hereby authorized and directed to pay all fees and to do or cause to be done all acts as such officer deems necessary or proper to carry out the liquidation and dissolution of the Company;

FURTHER RESOLVED, that, upon ascertaining that all liabilities of the Company have been satisfied, the remaining assets of the Company shall be distributed to the shareholder in exchange for its shares in the Company;

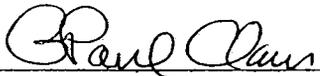
FURTHER RESOLVED, that as a result of the shareholder of the Company having surrendered its share certificate representing all of the issued and outstanding shares of the Company as described in the foregoing resolution, the liquidation of the Company shall be deemed completed; and

FURTHER RESOLVED, that an officer of the Company is hereby authorized and directed to take whatever steps or execute whatever documents are deemed to be necessary or appropriate, including the filing of an application with the Commission pursuant to A.R.S. § 40-285, to effect the dissolution and liquidation of the Company in accordance with the foregoing resolutions.

DATED effective as of June 26, 2008.

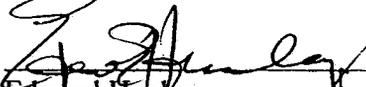
SHAREHOLDER:

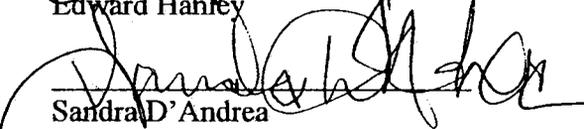
Cross Creek Ranch Community Association,  
an Arizona non-profit corporation

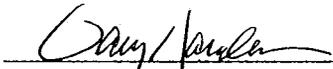
By:   
Print Name: G. Paul Claus  
Title: President

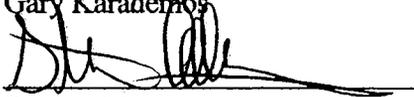
DIRECTORS:

  
G. Paul Claus

  
Edward Hanley

  
Sandra D'Andrea

  
Gary Karademos

  
Steven Adams

Cross Creek Ranch Water Company's  
Application For Approval Of Assignment And Transfer Of Water Utility Assets  
To Cross Creek Ranch Community Association

# **Exhibit 2**

**Proposed Articles of Dissolution,  
Assignment of Assets and Tax Clearance Application**

**ARTICLES OF DISSOLUTION  
OF  
CROSS CREEK RANCH WATER COMPANY**

Pursuant to A.R.S. § 10-1403, the undersigned hereby certifies as follows:

1. The name of the corporation affected by this instrument is Cross Creek Ranch Water Company.
2. Dissolution of the corporation was authorized on \_\_\_\_\_, 2008.
3. The number of votes entitled to be cast by the shareholders on the proposal to dissolve was \_\_\_\_\_. The \_\_\_\_\_ votes were cast in favor of the dissolution.

Dated effective as of \_\_\_\_\_, 2008.

Cross Creek Ranch Water Company,  
an Arizona corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNMENT OF ASSETS**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Cross Creek Ranch Water Company, an Arizona corporation (the "Corporation"), hereby transfers, assigns and conveys to its sole shareholder, Cross Creek Ranch Community Association, all of its right, title and interest in and to all of its assets.

DATED effective as of \_\_\_\_\_, 2008.

Cross Creek Ranch Water Company,  
an Arizona corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Corporate Dissolution or Liquidation**  
 (Required under section 6043(a) of the Internal Revenue Code)

OMB No. 1545-0041

<b>Please type or print</b>	Name of corporation			Employer identification number	
	Number, street, and room or suite no. (If a P.O. box number, see instructions.)			Check type of return	
	City or town, state, and ZIP code			<input type="checkbox"/> 1120 <input type="checkbox"/> 1120-L <input type="checkbox"/> 1120-IC-DISC <input type="checkbox"/> 1120S <input type="checkbox"/> Other ▶	
1	Date incorporated	2	Place incorporated	3	Type of liquidation
					<input type="checkbox"/> Complete <input type="checkbox"/> Partial
5	Service Center where corporation filed its immediately preceding tax return	6	Last month, day, and year of immediately preceding tax year	7a	Last month, day, and year of final tax year
				7b	Was corporation's final tax return filed as part of a consolidated income tax return? If "Yes," complete 7c, 7d, and 7e.
					<input type="checkbox"/> Yes <input type="checkbox"/> No
7c	Name of common parent			7d	Employer identification number of common parent
				7e	Service Center where consolidated return was filed
					Common                      Preferred
8	Total number of shares outstanding at time of adoption of plan of liquidation. . . . .				
9	Date(s) of any amendments to plan of dissolution . . . . .				
10	Section of the Code under which the corporation is to be dissolved or liquidated . . . . .				
11	If this form concerns an amendment or supplement to a resolution or plan, enter the date the previous Form 966 was filed. . . . .				

**Attach a certified copy of the resolution or plan and all amendments or supplements not previously filed.**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer	Title	Date
----------------------	-------	------

**Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Who Must File**

A corporation (or a farmer's cooperative) must file Form 966 if it adopts a resolution or plan to dissolve the corporation or liquidate any of its stock.

Exempt organizations and qualified subchapter S subsidiaries should not file Form 966. Exempt organizations should see the instructions for Form 990, Return of Organization Exempt from Income Tax or Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation. Subchapter S subsidiaries should see Form 8869, Qualified Subchapter S Subsidiary Election.

**Caution:** Do not file Form 966 for a deemed liquidation (such as a section 338 election or an election to be treated as a disregarded entity under Regulations section 301.7701-3).

**When To File**

File Form 966 within 30 days after the resolution or plan is adopted to dissolve the corporation or liquidate any of its stock. If the resolution or plan is amended or supplemented after Form 966 is filed, file another Form 966 within 30 days after the amendment or supplement is adopted. The additional form will be sufficient if the date the earlier form was filed is entered on line 11 and a certified copy of the amendment or supplement

attached. Include all information required by Form 966 that was not given in the earlier form.

**Where To File**

File Form 966 with the Internal Revenue Service Center at the address where the corporation (or cooperative) files its income tax return.

**Distribution of Property**

A corporation must recognize gain or loss on the distribution of its assets in the complete liquidation of its stock. For purposes of determining gain or loss, the distributed assets are valued at fair market value. Exceptions to this rule apply to a liquidation of a subsidiary and to a distribution that is made according to a plan of reorganization.

**Foreign Corporations**

A corporation that files a U.S. tax return must file Form 966 if required under section 6043(a). Foreign corporations that are not required to file Form 1120F or any other U.S. tax return are generally not required to file Form 966.

U.S. shareholders of foreign corporations may be required to report information regarding a corporate dissolution or liquidation. See Form 5471 and its instructions for more information.

**Address**

Include the suite, room, or other unit number after the street address. If mail is not delivered to the street address and the corporation has a P.O. box, enter the box number instead of the street address.

**Line 5**

If the immediately preceding tax return was filed electronically, enter "efile" on line 5.

**Line 7e**

If the consolidated return was filed electronically, enter "efile" on line 7e.

**Line 10**

Identify the code section under which the corporation is to be dissolved or liquidated. For example, enter "section 331" for a complete or partial liquidation of a corporation or enter "section 332" for a complete liquidation of a subsidiary corporation that meets the requirements of section 332(b).

**Signature**

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

**Paperwork Reduction Act Notice**

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested by a form or its instructions that is subject to the Paperwork Work Reduction Act unless the form displays a valid OMB control number. Books and records relating to a form or its instructions must be retained as long as their content may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 5 hr., 1 min.
- Learning about the law or the form** . . . . . 30 min.
- Preparing and sending the form to the IRS** . . . . . 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax form to this office. Instead, see Where To File on page 1.

**ARIZONA FORM**

**285**

Effective July 3, 2003

**General Disclosure/Representation Authorization Form**  
ARIZONA DEPARTMENT OF REVENUE

1. TAXPAYER INFORMATION - Please print or type		Enter only those that apply
TAXPAYER NAME(S)		FEDERAL EMPLOYER IDENTIFICATION NUMBER
PRESENT ADDRESS - NUMBER AND STREET, RURAL ROUTE, APARTMENT/SUITE NO.		SOCIAL SECURITY NUMBER(S)
CITY, TOWN OR POST OFFICE	STATE ZIP CODE	ARIZONA WITHHOLDING NUMBER
DAYTIME TELEPHONE NUMBER (with area code)		ARIZONA TRANSACTION PRIVILEGE TAX LICENSE NUMBER

2. APPOINTEE INFORMATION		Provide one of the following identification numbers
NAME		STATE AND STATE BAR NUMBER
PRESENT ADDRESS - NUMBER AND STREET, RURAL ROUTE, APARTMENT/SUITE NO.		STATE AND CERTIFIED PUBLIC ACCOUNTANT NUMBER
CITY, TOWN OR POST OFFICE	STATE ZIP CODE	INTERNAL REVENUE SERVICE ENROLLED AGENT NUMBER
DAYTIME TELEPHONE NUMBER (with area code)		SOCIAL SECURITY OR OTHER ID NO. (Provide number and type)

3. **TAX MATTERS.** The appointee is authorized to receive confidential information for the tax matters listed below. By signing this form, I authorize the Department to release confidential information of the taxpayer(s) named above to the appointee named above for the tax type and tax year(s)/period(s) specified below. To grant additional powers, please see section 4. To grant a Power of Attorney, please skip section 4 and go to section 5.

TAX TYPE	YEAR(S) OR PERIOD(S)	TYPE OF RETURN/OWNERSHIP		
<input type="checkbox"/> Income Tax		<input type="checkbox"/> Individual Joint Return	<input type="checkbox"/> Individual Single Return	<input type="checkbox"/> Corporation
		<input type="checkbox"/> Partnership	<input type="checkbox"/> Fiduciary-Trust	<input type="checkbox"/> Fiduciary-Estate
<input type="checkbox"/> Transaction Privilege and Use Tax		<input type="checkbox"/> Individual/Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation
		<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Trust
<input type="checkbox"/> Withholding Tax				
<input type="checkbox"/> Other (specify tax type):		Specify type of return(s)/ownership:		

4. **ADDITIONAL AUTHORIZATION.** Items 4a through 4h allow the taxpayer(s) to grant additional authorization to the appointee named above. Please check the boxes accordingly. An additional authorization must be in accordance with Arizona Supreme Court Rule 31. See instructions.

- 4a  Appointee shall have the power to sign a statute of limitations waiver on Taxpayer's behalf.
- 4b  Appointee shall have the power to execute a protest of a deficiency assessment or a denied refund claim or to execute an agreement on Taxpayer's behalf.
- 4c  Appointee shall have the power to request a formal hearing on Taxpayer's behalf.
- 4d  Appointee shall have the power to represent the taxpayer in any administrative tax proceeding.
- 4e  Appointee shall have the power to execute a closing agreement on Taxpayer's behalf.
- 4f  Appointee shall have the power to represent the taxpayer in any collection matter including an Offer-In-Compromise.
- 4g  Appointee shall have the authority to delegate to others any or all authority granted to appointee by this document.
- 4h  Other (please specify):

5.  **POWER OF ATTORNEY.** By checking the box on line 5, the taxpayer grants the above-named appointee a Power of Attorney to perform any and all acts that the taxpayer can perform with regard to the above-mentioned tax matters and tax year(s) or period(s). This Power of Attorney includes, but is not limited to, the powers listed in items 4a through 4h. The use of a Power of Attorney must be in accordance with Arizona Supreme Court Rule 31. Please specify any limitation to the Power of Attorney:

6.  **REVOCAION OF EARLIER AUTHORIZATION(S).** This authorization does not revoke any earlier authorizations or Powers of Attorney on file with the Arizona Department of Revenue unless the revocation box to the left is checked. The revocation will be effective as to all earlier authorizations and Powers of Attorney on file with the Department of Revenue except those specified (please specify):

7. **CORPORATIONS HAVING CONTROLLED SUBSIDIARIES.** A.R.S. §42-2003(A)(1) provides that confidential information relating to a corporate taxpayer may be disclosed to a designee of the taxpayer who is authorized in writing by the taxpayer. A principal corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary. A principal corporate officer of a parent corporation that desires to designate a person to receive confidential information regarding the corporation's controlled subsidiaries must either attach a list containing the names of each controlled subsidiary that the parent company wants included in the disclosure authorization (a federal Form 851 may be used for this purpose) or taxpayer may complete the following to include all controlled subsidiaries in the disclosure authorization. In addition, there is space provided to exclude specific controlled subsidiaries from the disclosure authorization.

Please check one of the following:

Include all controlled subsidiaries. A controlled subsidiary, for purposes of A.R.S. §42-2003, is defined as more than 50% ownership or control.

Include all controlled subsidiaries except the subsidiaries named below. The following controlled subsidiaries are specifically excluded:

	NAME	FEDERAL I.D. NO.	TAX YEARS IF <u>NOT</u> ALL YEARS
7a	_____	_____	_____
7b	_____	_____	_____
7c	_____	_____	_____
7d	_____	_____	_____
7e	_____	_____	_____
7f	_____	_____	_____

8. **SIGNATURE OF OR FOR TAXPAYER.** I hereby certify that the Arizona Department of Revenue is authorized to release any and all confidential information concerning the above-mentioned taxpayer. By signing this form, I certify that I have the authority, within the meaning of A.R.S. §42-2003(A), to execute this authorization form on behalf of the above-mentioned corporation(s), limited liability company(ies), trust(s), estate(s), partnership(s), and/or individual(s). I understand that to knowingly prepare or present a document which is fraudulent or false is a Class 5 felony pursuant to A.R.S. §42-1127(B)(2).

▶ _____ SIGNATURE	_____ DATE	▶ _____ SIGNATURE	_____ DATE
_____ PRINT NAME		_____ PRINT NAME	
_____ TITLE		_____ TITLE	

9. **DECLARATION OF APPOINTEE.** Complete if Appointee has been given authority under any Section 4a through h or Section 5 or is otherwise authorized to practice law as defined in Rule 31(a) of the Arizona Rules of the Supreme Court.

Under penalties of perjury, I declare that I am one of the following:

- a A full-time officer, partner, member or manager of a limited liability company, or employee if the individual qualifies under Rule 31(d)13 of the Arizona Rules of the Supreme Court.
- b Attorney - an active member of the State Bar of Arizona.
- c Certified Public Accountant - duly qualified to practice as a Certified Public Accountant in Arizona.
- d Federally Authorized Tax Practitioner within the meaning of A.R.S. § 42-2069(D)(1). If appointee is engaged in practice with a federally authorized tax practitioner, provide the practitioner's name and CAF number below:

\_\_\_\_\_  
PRACTITIONER'S NAME

\_\_\_\_\_  
CAF NUMBER

e Other - This may be any individual, providing the total amount in dispute, including tax, penalties, and interest is less than \$5,000.00.

If this Declaration of Appointee is not signed and dated, the representation authorization will be returned.

DESIGNATION <i>Enter a letter (a, b, c d or e).</i>	JURISDICTION (State)	SIGNATURE	DATE



Arizona Department of Revenue • Special Operations Section

PO Box 29070 • Phoenix, AZ 85038

Telephone: (602) 716-6234

TAX CLEARANCE APPLICATION

1. Applicant Information:

Form fields for Applicant Information: APPLICANT NAME, DAYTIME PHONE NO., STREET ADDRESS, CITY, STATE, ZIP CODE

2. Tax Clearance Purpose: Check only one box.

CERTIFICATE OF COMPLIANCE FOR DISSOLUTION OR WITHDRAWAL:

- Checkboxes for Dissolution of Corporation and Withdrawal from Arizona

LETTER OF GOOD STANDING:

- Checkboxes for Sale of Business, Personal, Residency, Other, Gaming, Healthy Forest Certification, Motion Picture Production Incentive

3. Application Type: Check only one box and provide tax identification number(s).

Form fields for Application Type: Corporation, S Corporation, Partnership, Tax Exempt Organization, Limited Liability Company, Limited Liability Partnership, Estate, Trust, Individual, with associated ID number fields

4. Signature

Form fields for Signature: PRINT NAME, PRINT SPECIFIC TITLE, SIGNATURE, DATE

5. Mail application to: Arizona Department of Revenue, Special Operations Section, PO Box 29070, Phoenix, AZ, 85038

Do not fax the application. Faxed applications will not be processed.

Be sure to sign the application. Unsigned applications will not be processed.

If your application cannot be approved, you must clear all deficiencies and resubmit an application.

POWER OF ATTORNEY: If this application is submitted by anyone other than a corporate officer, general partner, or individual (sole proprietor), Arizona Form 285, General Disclosure/Representation Authorization Form, is required. Visit our web site at http://www.azdor.gov and click on the Forms link to obtain Form 285.

## Tax Clearance Application

## GENERAL INSTRUCTIONS

### PURPOSE OF FORM

To apply for *Certificate of Compliance* or *Letter of Good Standing*.

### SPECIFIC INSTRUCTIONS

#### Section 1 - Applicant Information

Enter the applicant's name, as licensed, name of the entity for which the certificate will be issued. The application will be denied if the name does not match the Taxpayer Identification Number or the Federal Employer Identification Number entered.

Enter the applicant's daytime telephone number, current street address, city, state and zip code.

#### Section 2 - Tax Clearance Purpose

Check the box for the type of certificate requested:

A *Certificate of Compliance for Dissolution or Withdrawal* is specifically for dissolution of a corporation or is for an entity wishing to withdraw from Arizona.

A *Letter of Good Standing* request is for the sale of a business, personal reason, residency, gaming, healthy forest or motion picture credit, or other reason.

#### Section 3 - Application Type

Check only one box for the type of entity making the request.

Enter the Federal Employer Identification Number or the Taxpayer Identification Number.

Enter the Arizona Transaction Privilege License Number. If the business does not have one, leave blank.

Enter the Arizona Withholding Tax License Number. If the business does not have one, leave blank.

**Estates or Trusts:** Enter the Taxpayer Identification Number or Federal Employer Identification Number.

**Individuals:** Enter your Social Security Number.

#### Section 4 - Signature

This area is for the signature of the individual taxpayer, the corporate officer, partner or member of the business requesting the certificate.

Print the name of the taxpayer. Print the title of the taxpayer, owner, partner, president, vice president, etc. **Sign and date the application.** The signature must be legible.

**Unsigned applications will not be processed.**

If the application is signed by anyone other than the taxpayer, the application cannot be processed and is considered invalid unless the application is accompanied

by an *Arizona Form 285, General Disclosure/Representation Authorization Form* (power of attorney). *Arizona Form 285* is available on the Arizona Department of Revenue web site, [www.azdor.gov](http://www.azdor.gov).

- 1) In your web browser, enter the web site address,
- 2) select "Forms",
- 3) select "Power of Attorney",
- 4) select "285".

#### Section 5 - Important Information

**The department does not accept faxed applications.**

**Mail** the completed and signed application to the:

Arizona Department of Revenue  
Special Operations Section  
PO Box 29070  
Phoenix, AZ 85038

**or deliver** the application to:

1600 West Monroe  
First Floor Collections Reception Area  
Phoenix, AZ 85007

**Denied Applications:** If your application is denied, a written notice of denial will be sent to you. If any application is denied, you must submit a new application.

**Processing:** Arizona does not have an expedited process for Tax Clearance Applications. An application for a *Letter of Good Standing* takes 15 business days to process. An application for dissolution or withdrawal takes 30 business days to process.

**Status:** The department does not process status requests. Inquire by telephone *only* if you have not received any information for more than 15 or 30 days.

**Confidentiality:** The department does not release information to anyone other than the taxpayer or a representative as evidenced by a valid power of attorney on file with the department.

**Compliance:** You must be in full compliance with any and all Arizona tax filing and tax payment requirements in order to receive a certificate.

**Dissolution and Withdrawal:** You must have canceled all required licenses with the department in order to receive a certificate. You must have filed a final corporate income tax return in order to receive a certificate.

**Other Information:**

If your business files a consolidated return, a *Letter of Assumption* must be submitted with your application.

If your business is tax exempt, you must submit with your application a *Letter of Determination* from the Internal Revenue Service.

Cross Creek Ranch Water Company's  
Application For Approval Of Assignment And Transfer Of Water Utility Assets  
To Cross Creek Ranch Community Association

# **Exhibit 3**

**Drinking Water Microbial Analysis Reports**

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**

SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
PUBLIC WATER SYSTEM INFORMATION  
TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.	SYSTEM NAME <i>Cross Creek Ranch</i>	
SAMPLE DATE <i>07.16.04</i>	SAMPLE TIME (24 HR. CLOCK) <i>09:05</i>	MAILING ADDRESS
OWNER / CONTACT PERSON NAME <i>LACRET HOMES 254356182</i>		
OWNER / CONTACT PERSON FAX NO.	OWNER / CONTACT PERSON TELEPHONE NO.	

SAMPLE TYPE <b>COMPLIANCE MONITORING</b>
SAMPLE COLLECTION POINT / IDENTIFICATION <b>ZONE</b>

SAMPLE COLLECTION POINT / IDENTIFICATION  
*Service - End of Russet Ridge #1*

USE IF INITIAL SAMPLE WAS POSITIVE	
ORIGINAL VIOLATING SPECIMEN NO.	
REPEAT, ORIGINAL LOCATION	01
REPEAT, OTHER LOCATION	01
REPEAT, DOWNSTREAM LOCATION	01
REPEAT, UPSTREAM LOCATION	01
400 mL REPEAT (SINGLE TAP ONLY)	01
300 mL REPEAT (SINGLE TAP ONLY)	01

**MICROBIOLOGICAL ANALYSIS**  
TO BE FILLED OUT BY LABORATORY PERSONNEL

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
309 <u>311</u>	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	<i>7-16-04 1504</i>	<i>7-18-04 1308</i>	<i>0</i>

ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
303 309 311	PRESENT / 1 OR MORE COLIFORM	E. COLI OR FECAL COLIFORM	3013			

SPECIMEN NO.  
*43417*

**LABORATORY INFORMATION**  
TO BE FILLED OUT BY LABORATORY PERSONNEL

LAB ID. NO. <b>AZ0420</b>	LABORATORY NAME <b>Nortest Analytical</b> 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-8708
------------------------------	--

COMMENTS

AUTHORIZED SIGNATURE  
*SP*

DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED

*200*

COOL - COLD - AMBIENT

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
**DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**

SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
 PUBLIC WATER SYSTEM INFORMATION  
 TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
 RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.		SYSTEM NAME	
		Cross Creek Ranch	
SAMPLE DATE	SAMPLE TIME (24 HR. CLOCK)	MAILING ADDRESS	
07.16.04	0915		
OWNER / CONTACT PERSON NAME			
CACHET HOMER 254356182			
OWNER / CONTACT PERSON FAX NO.		OWNER / CONTACT PERSON TELEPHONE NO.	
SAMPLE TYPE		USE IF INITIAL SAMPLE WAS POSITIVE	
COMPLIANCE MONITORING		ORIGINAL VIOLATING SPECIMEN NO.	
SAMPLE COLLECTION POINT / IDENTIFICATION		REPEAT, ORIGINAL LOCATION	
ZONE		REPEAT, OTHER LOCATION	
		REPEAT, DOWNSTREAM LOCATION	
		REPEAT, UPSTREAM LOCATION	
SAMPLE COLLECTION POINT / IDENTIFICATION		400 mL REPEAT (SINGLE TAP ONLY)	
LOT 47 RAVENS CASH #2		300 mL REPEAT (SINGLE TAP ONLY)	

**MICROBIOLOGICAL ANALYSIS**  
 TO BE FILLED OUT BY LABORATORY PERSONNEL

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
308 311	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	7-16-04 1504	7-18-04 1308	0
ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE						
ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
303 309 311	PRESENT / 1 OR MORE COLIFORM	E. COLI OR FECAL COLIFORM	3013			

SPECIMEN NO.  
43416

**LABORATORY INFORMATION**  
 TO BE FILLED OUT BY LABORATORY PERSONNEL

LAB ID. NO.	LABORATORY NAME
AZ0420	Nortest Analytical 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-870
COMMENTS	
AUTHORIZED SIGNATURE	
SP	
DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED	

19°C  
 COOL - COLD - AMBIENT

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**  
SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
PUBLIC WATER SYSTEM INFORMATION  
TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.	SYSTEM NAME <i>Cross Creek Ranch</i>	
SAMPLE DATE <i>07/16/04</i>	SAMPLE TIME (24 HR. CLOCK) <i>0:20</i>	MAILING ADDRESS
OWNER / CONTACT PERSON NAME <i>CACHET HOMES 254356182</i>		
OWNER / CONTACT PERSON FAX NO.	OWNER / CONTACT PERSON TELEPHONE NO.	
SAMPLE TYPE COMPLIANCE MONITORING		
SAMPLE COLLECTION POINT / IDENTIFICATION ZONE		
SAMPLE COLLECTION POINT / IDENTIFICATION <i>Lot 55 Service Harvest Lane #3</i>		
USE IF INITIAL SAMPLE WAS POSITIVE		
ORIGINAL VIOLATING SPECIMEN NO.		
REPEAT, ORIGINAL LOCATION		
REPEAT, OTHER LOCATION		
REPEAT, DOWNSTREAM LOCATION		
REPEAT, UPSTREAM LOCATION		
400 mL REPEAT (SINGLE TAP ONLY)		
300 mL REPEAT (SINGLE TAP ONLY)		

**MICROBIOLOGICAL ANALYSIS**  
TO BE FILLED OUT BY LABORATORY PERSONNEL

*1448*

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
309 <i>(311)</i>	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	<i>7-16-04 1504</i>	<i>7-19-04 1314</i>	<i>1</i>

ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
303 309 311	PRESENT / 1 OR MORE COLIFORM	E. COLI OR FECAL COLIFORM	3013			<i>0</i>

SPECIMEN NO.  
*43419*

**LABORATORY INFORMATION**  
TO BE FILLED OUT BY LABORATORY PERSONNEL

LAB ID. NO. <b>AZ0420</b>	LABORATORY NAME <b>Nortest Analytical</b> 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-8708
COMMENTS	

AUTHORIZED SIGNATURE  
*SP*

DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED

**FAILED**

*19°C*  
COOL - COLD - AMBIENT

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
**DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**  
 SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
 PUBLIC WATER SYSTEM INFORMATION  
 TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
 RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.	SYSTEM NAME	
	Capps Creek Ranch	
SAMPLE DATE	SAMPLE TIME (24 HR. CLOCK)	MAILING ADDRESS
07.20.04	10:00	
OWNER / CONTACT PERSON NAME		
CACHET Homes 254356182		
OWNER / CONTACT PERSON FAX NO.	OWNER / CONTACT PERSON TELEPHONE NO.	

SAMPLE TYPE
COMPLIANCE MONITORING
SAMPLE COLLECTION POINT / IDENTIFICATION
ZONE

USE IF INITIAL SAMPLE WAS POSITIVE
ORIGINAL VIOLATING SPECIMEN NO.
REPEAT, ORIGINAL LOCATION
REPEAT, OTHER LOCATION
REPEAT, DOWNSTREAM LOCATION
REPEAT, UPSTREAM LOCATION
400 mL REPEAT (SINGLE TAP ONLY)
300 mL REPEAT (SINGLE TAP ONLY)

SAMPLE COLLECTION POINT / IDENTIFICATION
Lot 56 HARVEST LANG (Retest)

RECEIVED DATE / TIME
7/20/04 / 1610

**MICROBIOLOGICAL ANALYSIS**  
 TO BE FILLED OUT BY LABORATORY PERSONNEL

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
309	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	7-20-04 1626	7-21-04 1635	0
311						

**ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE**

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
309	PRESENT / 1 OR MORE COLIFORM	E COLI OR FECAL COLIFORM	3013			
311						

SPECIMEN NO.
43462

**LABORATORY INFORMATION**  
 TO BE FILLED OUT BY LABORATORY PERSONNEL

LAB ID. NO.	LABORATORY NAME
AZ0420	Nortest Analytical 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-2312

COMMENTS

AUTHORIZED SIGNATURE
SP

DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED

**RE-TEST PASSED**

TEMP = 28.0 °C
COOL - COLD - AMBIENT

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**

SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
PUBLIC WATER SYSTEM INFORMATION  
TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.	SYSTEM NAME <i>Cross Creek Ranch</i>	
SAMPLE DATE <i>07.16.04</i>	SAMPLE TIME (24 HR. CLOCK) <i>07:25</i>	MAILING ADDRESS
OWNER / CONTACT PERSON NAME <i>CACKET HOMES 254356182</i>		
OWNER / CONTACT PERSON FAX NO.	OWNER / CONTACT PERSON TELEPHONE NO.	

SAMPLE TYPE <b>COMPLIANCE MONITORING</b>
SAMPLE COLLECTION POINT / IDENTIFICATION ZONE

<b>USE IF INITIAL SAMPLE WAS POSITIVE</b>	
ORIGINAL VIOLATING SPECIMEN NO.	
REPEAT, ORIGINAL LOCATION	
REPEAT, OTHER LOCATION	
REPEAT, DOWNSTREAM LOCATION	
REPEAT, UPSTREAM LOCATION	
400 mL REPEAT (SINGLE TAP ONLY)	
300 mL REPEAT (SINGLE TAP ONLY)	

SAMPLE COLLECTION POINT / IDENTIFICATION  
*Lot 28 Spruce - STARGAZER #4*

**MICROBIOLOGICAL ANALYSIS  
TO BE FILLED OUT BY LABORATORY PERSONNEL**

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
<i>1448</i> 309 (31)	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	<i>7-16-04 1304</i>	<i>7-18-04 1308</i>	<i>0</i>

ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
303	PRESENT / 1 OR MORE COLIFORM	E. COLI OR FECAL COLIFORM	3013			
309						
311						

SPECIMEN NO.  
*4341S*

**LABORATORY INFORMATION  
TO BE FILLED OUT BY LABORATORY PERSONNEL**

LAB ID. NO. <b>AZ0420</b>	LABORATORY NAME <b>Nortest Analytical 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-8708</b>
------------------------------	--

COMMENTS

AUTHORIZED SIGNATURE  
*SP*

DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED

*23°C*  
COOL - COLD - AMBIENT

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**

SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
PUBLIC WATER SYSTEM INFORMATION  
TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.	SYSTEM NAME <i>Cross Creek Ranch</i>	
SAMPLE DATE <i>07.16.04</i>	SAMPLE TIME (24 HR. CLOCK) <i>09:35</i>	MAILING ADDRESS
OWNER / CONTACT PERSON NAME <i>CASSET Homes 2543561822</i>		
OWNER / CONTACT PERSON FAX NO.	OWNER / CONTACT PERSON TELEPHONE NO.	

SAMPLE TYPE  
**COMPLIANCE MONITORING**

SAMPLE COLLECTION POINT / IDENTIFICATION  
ZONE

USE IF INITIAL SAMPLE WAS POSITIVE

ORIGINAL VIOLATING SPECIMEN NO.

REPEAT, ORIGINAL LOCATION

REPEAT, OTHER LOCATION

REPEAT, DOWNSTREAM LOCATION

REPEAT, UPSTREAM LOCATION

400 mL REPEAT (SINGLE TAP ONLY)

300 mL REPEAT (SINGLE TAP ONLY)

SAMPLE COLLECTION POINT / IDENTIFICATION  
*lot 66 Amber Cliffs #5*

**MICROBIOLOGICAL ANALYSIS  
TO BE FILLED OUT BY LABORATORY PERSONNEL**

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
<i>1448</i> 308 (311)	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	<i>7-16-04 1504</i>	<i>7-18-04 1308</i>	<i>0</i>

ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
303	PRESENT / 1 OR MORE COLIFORM	E. COLI OR FECAL COLIFORM	3013			
309						
311						

SPECIMEN NO.  
*43418*

**LABORATORY INFORMATION  
TO BE FILLED OUT BY LABORATORY PERSONNEL**

LAB. ID. NO. <b>AZ0420</b>	LABORATORY NAME <b>Nortest Analytical 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-8708</b>
-------------------------------	--

COMMENTS

AUTHORIZED SIGNATURE  
*SP*

DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED

*23°C*

COOL - COLD - AMBIENT

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
**DRINKING WATER MICROBIOLOGICAL ANALYSIS REPORT**

SAMPLES TO BE TAKEN IN DISTRIBUTION SYSTEM ONLY  
 PUBLIC WATER SYSTEM INFORMATION  
 TO BE FILLED OUT BY SYSTEM PERSONNEL

AUTHORIZED SIGNATURE  
 RELEASE REPORT TO ADEQ

**SYSTEM INFORMATION**

SYSTEM ID. NO.	SYSTEM NAME <i>Croes Creek Ranch</i>	
SAMPLE DATE <i>07.16.04</i>	SAMPLE TIME (24 HR. CLOCK) <i>09:40</i>	MAILING ADDRESS
OWNER / CONTACT PERSON NAME <i>CACHET HOMES 254354182</i>		
OWNER / CONTACT PERSON FAX NO.	OWNER / CONTACT PERSON TELEPHONE NO.	

SAMPLE TYPE  
 COMPLIANCE MONITORING

SAMPLE COLLECTION POINT / IDENTIFICATION  
 ZONE

USE IF INITIAL SAMPLE WAS POSITIVE

ORIGINAL VIOLATING SPECIMEN NO.

REPEAT, ORIGINAL LOCATION
REPEAT, OTHER LOCATION
REPEAT, DOWNSTREAM LOCATION
REPEAT, UPSTREAM LOCATION
400 ML REPEAT (SINGLE TAP ONLY)
300 ML REPEAT (SINGLE TAP ONLY)

SAMPLE COLLECTION POINT / IDENTIFICATION  
*Lot #1 Angles way #6*

**MICROBIOLOGICAL ANALYSIS**  
 TO BE FILLED OUT BY LABORATORY PERSONNEL

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
309	PRESENT / 1 OR MORE COLIFORM	TOTAL COLIFORM	3000	<i>7-16-04</i>	<i>7-18-04</i>	0
311				<i>1308</i>	<i>1308</i>	

ONLY REPORT FECAL RESULT IF TOTAL COLIFORM RESULT IS POSITIVE

ANALYSIS METHOD	MCL VALUE	CONTAMINANT NAME	CONTAMINANT CODE	TEST START DATE / TIME	ANALYSIS RUN DATE / TIME	RESULT
309	PRESENT / 1 OR MORE COLIFORM	E. COLI OR FECAL COLIFORM	3013			
309						
311						

SPECIMEN NO.  
*43414*

**LABORATORY INFORMATION**  
 TO BE FILLED OUT BY LABORATORY PERSONNEL

LAB ID. NO. *AZ0420* LABORATORY NAME  
**Nortest Analytical** 2400 East Huntington Drive • Flagstaff, AZ 86004 • (928) 774-8708

COMMENTS

AUTHORIZED SIGNATURE  
*SP*

DATE PUBLIC WATER SYSTEM NOTIFIED / PERSON NOTIFIED

*24°C*  
 COOL - COLD - AMBIENT

# LEGEND

Technical Services of Arizona, Inc.

17531 North 29th Avenue • Phoenix, AZ • 85023  
(602) 324-6100 • F (602) 324-6101 • ADHS# AZ0004

4837 East 5th St., Ste 103 • Tucson, AZ • 85711  
(520) 327-1234 • F (520) 327-0616 • ADHS# AZ0004

Nortest Analytical  
2400 E. Huntington Dr.  
Flagstaff, AZ 86004

Received: 6/22/04  
Reported: 7/19/04  
Invoice No: 019564

Attn: Georgia Howeth

Project Name: Caechat House (540325)

ARIZONA DEPARTMENT OF  
 ENVIRONMENTAL QUALITY  
 AIR/HEALTH REGIONAL OFFICE  
 04 AUG -5 PM 1:56

PARAMETER	METHOD	RESULTS	UNITS	PQL	DATE ANALYZED
Matrix:	Drinking Water				
Sample No:	0408-08821-001				
Sample ID:	Well (540325)				
				Time Sampled: 8:30	
				Date Sampled: 6/22/2004	
Antimony	EPA 200.8	<0.004	mg/L	0.004	6/30/04
Arsenic	EPA 200.9	0.008	mg/L	0.002	7/02/04
Barium	EPA 200.7	0.20	mg/L	0.01	6/29/04
Beryllium	EPA 200.7	<0.002	mg/L	0.002	6/29/04
Calcium	EPA 200.7	56.	mg/L	1.	6/29/04
Cadmium	EPA 200.9	<0.0002	mg/L	0.0002	6/28/04
Chromium	EPA 200.7	<0.005	mg/L	0.005	6/29/04
Copper	EPA 200.7	0.01	mg/L	0.01	6/29/04
Hardness, Calcium	SM 2340B	140	mg/L	2.5	6/29/04
Hardness, Total (Ca & Mg)	SM 2340B	284.	mg/L	7.	6/29/04
Lead	EPA 200.9	0.006	mg/L	0.005	6/28/04
Langlier Index	CALCULATION	-0.137		-5	6/29/04
Magnesium	EPA 200.7	35.	mg/L	1.	6/29/04
Mercury	EPA 245.1	<0.0002	mg/L	0.0002	6/28/04
Nickel	EPA 200.7	<0.02	mg/L	0.02	6/29/04
Selenium	EPA 200.9	<0.005	mg/L	0.005	6/28/04
Sodium	EPA 200.7	11.	mg/L	2.	6/29/04
Thallium	EPA 200.9	<0.001	mg/L	0.001	7/01/04
Total Alkalinity (as CaCO3)	SM 2320B	280.	mg/L	10.	6/25/04
Asbestos	EPA 100.1	0.8	MFL	0.8	6/29/04
Cyanide, Total	SM4500 CNE	<0.01	mg/L	0.01	6/25/04
Fluoride	SM 4500-FC	0.2	mg/L	0.1	6/24/04
Nitrogen as Nitrite	SM4500NO2B	<0.1	mg/L	0.1	6/22/04
Nitrate plus Nitrite	SM 4500-NO3.F	0.7	mg/L	0.1	6/24/04
Nitrogen as Nitrate	CALC.	0.7	mg/L		6/22/04
Sulfate	EPA 300.0	13.8	mg/L	5.0	7/13/04
Total Dissolved Solids	SM 2540C	316.	mg/L		6/25/04
pH	EPA 160.1	7.4	Std Unit		6/23/04
Temperature	EPA 170.1	11.6	Degrees C		6/23/04
Coliform	SM 9223B	0	P/A		6/22/04
Gross Alpha	EPA 600/00-02	2.2 +/- 0.7	pCi/L		6/28/04
Chloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04

# LEGEND

Technical Services of Arizona, Inc.

17831 North 29th Avenue • Phoenix, AZ • 85023  
(602) 324-8100 • F (502) 324-8101 • ADW34 AZ0004

4837 East 5th St., Ste 103 • Tucson, AZ • 85711  
(520) 327-1234 • F (520) 327-8518 • ADW68 AZ0004

PARAMETER	METHOD	RESULTS	UNITS	PQL	DATE ANALYZED
Matrix:	Drinking Water				
Sample No:	0408-06821-001				Time Sampled: 8:30
Sample ID:	Well (540325)				Date Sampled: 6/22/2004
Vinyl Chloride	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Bromomethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Chloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,1-Dichloroethylene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Dichloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
MTBE	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
trans 1,2-Dichloroethylene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,1-Dichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
cis 1,2-Dichloroethylene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
2,2-Dichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Chloroform	EPA 524.2	0.0033	mg/L	0.0005	6/23/04
1,1,1-Trichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,1-Dichloropropene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Carbontetrachloride	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,2-Dichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Benzene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Trichloroethylene (TCE)	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,2-Dichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Dibromomethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Bromodichloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
cis 1,3-Dichloropropene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Toluene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
trans-1,3-Dichloropropene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,1,2-Trichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,3-Dichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Tetrachloroethylene (PCE)	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Dibromochloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Chlorobenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,1,1,2-Tetrachloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Ethylbenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Styrene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Bromoform	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,1,2,2-Tetrachloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,2,3-Trichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Bromobenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
2-Chlorotoluene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
4-Chlorotoluene (para)	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,3-Dichlorobenzene (meta)	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,4-Dichlorobenzene (para)	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
1,2-Dichlorobenzene (ortho)	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04

# LEGEND

Technical Services of Arizona, Inc.

17631 North 26th Avenue • Phoenix, AZ • 85023  
(602) 334-6100 • F (602) 334-6101 • ADHS# AZ0004

4837 East 6th St., Ste 103 • Tucson, AZ • 85711  
(520) 327-1224 • F (520) 327-0518 • ADHS# AZ0004

PARAMETER	METHOD	RESULTS	UNITS	PQL	DATE ANALYZED
Matrix:	Drinking Water				
Sample No:	0406-06821-001				
Sample ID:	Well (540325)				
				Time Sampled: B:30	
				Date Sampled: 6/22/2004	
1,2,4-Trichlorobenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/23/04
Xylenes, Total	EPA 524.2	<0.0015	mg/L	0.0015	6/23/04
Total Trihalomethanes	EPA 524.2	0.0033	mg/L	0.0005	6/23/04
Surrogate:	EPA 524.2				6/23/04
***Pentafluorobenzene	EPA 524.2	100	% Recovery		6/23/04
***4-Bromofluorobenzene	EPA 524.2	93	% Recovery		6/23/04
***1,2-dichlorobenzene-d4	EPA 524.2	88	% Recovery		6/23/04
1,2-Dibromoethane (EDB)	EPA 504.1	<0.00001	mg/L	0.00001	6/30/04
1,2-Dibromo-3-Chloropropane	EPA 504.1	<0.00002	mg/L	0.00002	6/30/04
PCB 1016	EPA 505	<0.00008	mg/L	0.00008	6/29/04
PCB 1221	EPA 505	<0.02	mg/L	0.02	6/29/04
PCB 1232	EPA 505	<0.0005	mg/L	0.0005	6/29/04
PCB 1242	EPA 505	<0.0003	mg/L	0.0003	6/29/04
PCB 1248	EPA 505	<0.0001	mg/L	0.0001	6/29/04
PCB 1254	EPA 505	<0.0001	mg/L	0.0001	6/29/04
PCB 1260	EPA 505	<0.0002	mg/L	0.0002	6/29/04
Chlordane	EPA 505	<0.0002	mg/L	0.0002	6/29/04
Toxaphene	EPA 505	<0.001	mg/L	0.001	6/29/04
Extraction	EPA 505				6/29/04
2,4-D	EPA 515.3	<0.0001	mg/L	0.0001	7/02/04
Dalapon	EPA 515.3	<0.001	mg/L	0.001	7/02/04
Dicamba	EPA 515.3	<0.0001	mg/L	0.0001	7/02/04
Dinoseb	EPA 515.3	<0.0002	mg/L	0.0002	7/02/04
Pentachlorophenol	EPA 515.3	<0.00004	mg/L	0.00004	7/02/04
Picloram	EPA 515.3	<0.0001	mg/L	0.0001	7/02/04
2,4,5-TP (Silvex)	EPA 515.3	<0.0002	mg/L	0.0002	7/02/04
Extraction	EPA 515.3				7/01/04
Alachlor	EPA 525.2	<0.0002	mg/L	0.0002	6/26/04
Aldrin	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Atrazine	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Benzo (a) pyrene	EPA 525.2	<0.00002	mg/L	0.00002	6/26/04
Butachlor	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Dieldrin	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Bis(2-ethylhexyl)adipate	EPA 525.2	<0.0008	mg/L	0.0008	6/26/04
Bis(2-ethylhexyl)phthalate	EPA 525.2	0.013	mg/L	0.0008	7/03/04
Endrin	EPA 525.2	<0.00001	mg/L	0.00001	6/26/04
Heptachlor	EPA 525.2	<0.00004	mg/L	0.00004	6/26/04
Heptachlor Epoxide	EPA 525.2	<0.00002	mg/L	0.00002	6/26/04
Hexachlorobenzene	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Hexachlorocyclopentadiene	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04

# LEGEND

Technical Services of Arizona, Inc.

17631 North 25th Avenue • Phoenix, AZ • 85023  
(602) 324-6100 • F (602) 324-6101 • ADHS AZ0004

4837 East 5th St., Ste 103 • Tucson, AZ • 85711  
(520) 327-1234 • F (520) 327-0516 • ADHS AZ0004

PARAMETER	METHOD	RESULTS	UNITS	PQL	DATE ANALYZED
Matrix: Drinking Water					
Sample No: 0406-08821-001			Time Sampled: 8:30		
Sample ID: Well (540325)			Date Sampled: 6/22/2004		
Lindane (HCH-gamma)	EPA 525.2	<0.00002	mg/L	0.00002	6/26/04
Methoxychlor	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Metolachlor	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Metribuzin	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Propachlor	EPA 525.2	<0.0001	mg/L	0.0001	6/26/04
Simazine	EPA 525.2	<0.00007	mg/L	0.00007	6/26/04
Extraction	EPA 525.2				6/25/04
Aldicarb	EPA 531.1	<0.0005	mg/L	0.0005	7/01/04
Aldicarb Sulfone	EPA 531.1	<0.0008	mg/L	0.0008	7/01/04
Aldicarb Sulfoxide	EPA 531.1	<0.0005	mg/L	0.0005	7/01/04
Carbaryl	EPA 531.1	<0.0005	mg/L	0.0005	7/01/04
Carbofuran	EPA 531.1	<0.0009	mg/L	0.0009	7/01/04
3-Hydroxycarbofuran	EPA 531.1	<0.0005	mg/L	0.0005	7/01/04
Methomyl	EPA 531.1	<0.0005	mg/L	0.0005	7/01/04
Oxamyl (Vydate)	EPA 531.1	<0.002	mg/L	0.002	7/01/04
Endothal	EPA 548.1	<0.009	mg/L	0.009	6/25/04
Extraction	EPA 548.1				6/24/04
Glyphosate	EPA 547	<0.006	mg/L	0.006	6/29/04
Diquat	EPA 549.2	<0.0004	mg/L	0.0004	6/28/04
Extraction	EPA 549.2				6/24/04
Dioxin	EPA 1613B	<5.0 x 10(-9)	mg/L		7/02/04
Metals Digestion for ICP	EPA 200.7				6/24/04

Asbestos analyzed by Fiberquant, Phoenix, AZ; #AZ0904.

Dioxin performed by Pace Analytical Services, Minneapolis, MN; #AZ0014.

EPA 504,505,515,525,531,548 & 549 analyzed by Environmental Health Labs, South Bend, IN;

ADHS No. AZ#0432.

Radiochemistry performed by Radiation Safety Engineering, Chandler, AZ; #AZ0482.

Matrix: DI Water  
Sample No: 0406-08821-002  
Sample ID: Travel Blank

Time Sampled: 9:30  
Date Sampled: 6/22/2004

Chloromethane	EPA 524.2	0.0006	mg/L	0.0005	6/24/04
Vinyl Chloride	EPA 524.2	<0.0006	mg/L	0.0005	6/24/04
Bromomethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Chloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1-Dichloroethylene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Dichloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04

# LEGEND

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(520) 327-1234 • F (520) 327-0918 • ADHS# AZ0004

PARAMETER	METHOD	RESULTS	UNITS	PQL	DATE ANALYZED
Matrix:	DI Water				
Sample No:	0406-06821-002				Time Sampled: 8:30
Sample ID:	Travel Blank				Date Sampled: 6/22/2004
MTBE	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
trans 1,2-Dichloroethylene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1-Dichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
cis 1,2-Dichloroethylene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
2,2-Dichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Chloroform	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1,1-Trichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1-Dichloropropene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Carbontetrachloride	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,2-Dichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Benzene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Trichloroethylene (TCE)	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,2-Dichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Dibromomethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Bromodichloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
cis 1,3-Dichloropropene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Toluene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
trans-1,3-Dichloropropene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1,2-Trichloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,3-Dichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Tetrachloroethylene (PCE)	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Dibromochloromethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Chlorobenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1,1,2-Tetrachloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Ethylbenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Styrene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Bromoform	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,1,2,2-Tetrachloroethane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,2,3-Trichloropropane	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Bromobenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
2-Chlorotoluene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
4-Chlorotoluene (para)	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,3-Dichlorobenzene (meta)	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,4-Dichlorobenzene (para)	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,2-Dichlorobenzene (ortho)	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
1,2,4-Trichlorobenzene	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Xylenes, Total	EPA 524.2	<0.0015	mg/L	0.0015	6/24/04
Total Trihalomethanes	EPA 524.2	<0.0005	mg/L	0.0005	6/24/04
Surrogate:	EPA 524.2				6/24/04
***Pentafluorobenzene	EPA 524.2	100	% Recovery		6/24/04

Cross Creek Ranch Water Company's  
Application For Approval Of Assignment And Transfer Of Water Utility Assets  
To Cross Creek Ranch Community Association

# **Exhibit 4**

**2007 Annual Report**

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

C

W-04131A  
Cross Creek Ranch Water Company  
c/o HOAMCO  
6586 Hwy 179, Ste., C-1  
Sedona, AZ 86351

**RECEIVED**

APR 02 2008

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2007
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FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

4-3-08

SCANNED

**COMPANY INFORMATION**

Company Name (Business Name) <u>Cross Creek Ranch Water Company</u>			
Mailing Address <u>c/o HOAMCO 6586 Hwy 179 Ste C1</u>			
<u>Sedona</u> (City)	<u>AZ</u> (State)	<u>86351</u> (Zip)	
<u>928-282-4479</u> Telephone No. (Include Area Code)	<u>928-203-0050</u> Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>pault@hoameco.com</u>			
Local Office Mailing Address <u>Same as Above</u>			
<u></u> (City)	<u></u> (State)	<u></u> (Zip)	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>pault@hoameco.com</u>			

**MANAGEMENT INFORMATION**

Management Contact: <u>Steve Burnett</u>		<u>Manager</u>	
<u></u> (Name)	<u></u> (Title)		
<u>PO BOX 3890</u> (Street)	<u>Sedona</u> (City)	<u>AZ</u> (State)	<u>86340</u> (Zip)
<u>928-203-9320</u> Telephone No. (Include Area Code)	<u>928-203-9321</u> Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>steveburnett@esedona.net</u>			
On Site Manager: <u>Same as Above</u>			
<u></u> (Name)	<u></u> (Title)		
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u></u>			

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Hoamco / Justin Scott  
 (Name)

531 Madison Ave Prescott AZ 86301  
 (Street) (City) (State) (Zip)

928-776-4479 928-776-0050 \_\_\_\_\_  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: NONE  
 (Name)

\_\_\_\_\_  
 (Street) (City) (State) (Zip)

\_\_\_\_\_  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address \_\_\_\_\_

Please mark this box if the above address(es) have changed or are updated since the last filing.

**OWNERSHIP INFORMATION**

Check the following box that applies to your company:

Sole Proprietor (S)                       C Corporation (C) (Other than Association/Co-op)

Partnership (P)                               Subchapter S Corporation (Z)

Bankruptcy (B)                                 Association/Co-op (A)

Receivership (R)                               Limited Liability Company

Other (Describe) \_\_\_\_\_

**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

APACHE                       COCHISE                       COCONINO

GILA                               GRAHAM                       GREENLEE

LA PAZ                               MARICOPA                       MOHAVE

NAVAJO                               PIMA                               PINAL

SANTA CRUZ                       YAVAPAI                       YUMA

STATEWIDE

COMPANY NAME Cross Creek Ranch Water Company

UTILITY PLANT IN SERVICE

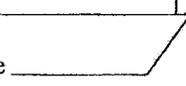
Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	97,311.00	19,464	77,847
307	Wells and Springs	148,484.00	29,696	118,788
311	Pumping Equipment	135,709.00	26,143	109,566
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	133,096.00	26,620	106,476
331	Transmission and Distribution Mains	516,438.00	103,288	413,150
333	Services	106,366.00	21,272	85,094
334	Meters and Meter Installations	2,228.00	227	2,001
335	Hydrants	82,790.00	16,560	66,230
336	Backflow Prevention Devices	22,160.00	4,432	17,728
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	7,512.00	1,504	6,008
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>1,252,094.00</b>	<b>249,206</b>	<b>1,002,888</b>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Cross Creek Ranch Water Company

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	97,311.00	5%	4866
307	Wells and Springs	148,484.00	5%	7424
311	Pumping Equipment	135,709.00	5%	6785
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	133,096.00	5%	6655
331	Transmission and Distribution Mains	516,438.00	5%	25822
333	Services	106,366.00	5%	5318
334	Meters and Meter Installations	2228.00	5%	111
335	Hydrants	82,790.00	5%	4140
336	Backflow Prevention Devices	22,160.00	5%	1108
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	7512.00	5%	376
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>1252,094.00</b>		<b>62,605</b>

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403. 

COMPANY NAME

Cross Creek Ranch Water Company

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 1100.00	\$ 1862.00
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	5055.00	—
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 6155.00	\$ 1862.00
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1252,095.00	\$ 1252,095.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	< 186,601.00 >	< 249,206.00 >
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 1,065,494.00	\$ 1,002,889.00
	<b>TOTAL ASSETS</b>	\$ 1,071,649.00	\$ 1,004,751.00

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME

Cross Creek Ranch Water Company

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 920.00	\$ —
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	800.00	920.00
236	Accrued Taxes	710.00	
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 2430.00	\$ 920.00
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 6535.00	\$ 8515.00
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	1241,872.00	1241,872.00
272	Less: Amortization of Contributions	< 193,074.00 >	< 248,376.00 >
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 1,048,798.00	\$ 993,496.00
	<b>TOTAL LIABILITIES</b>	\$ 1,057,763.00	\$ 1,002,931.00
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value	19,500.00	31,000.00
215	Retained Earnings	< 5,614.00 >	< 29,180.00 >
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 13,886.00	\$ 1,820.00
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1,071,649.00	\$ 1,004,751.00

COMPANY NAME Cross Creek Ranch Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 12,870.00	\$ 15,292.00
460	Unmetered Water Revenue	7408.00	/
474	Other Water Revenues	2186.00	/
	<b>TOTAL REVENUES</b>	\$ 22,464.00	\$ 15,292.00
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	12,209.00	14,856.00
618	Chemicals		
620	Repairs and Maintenance	3349.00	627.00
621	Office Supplies and Expense		
630	Outside Services	11,919.00	12,100.00
635	Water Testing	262.00	315.00
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		2470.00
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	14.00	145.00
675	Miscellaneous Expense	132.00	12.00
403	Depreciation Expense	287.00	409.00
408	Taxes Other Than Income		
408.11	Property Taxes	526.00	188.00
409	Income Tax		390.00
	<b>TOTAL OPERATING EXPENSES</b>	\$ 28,698.00	\$
	<b>OPERATING INCOME/(LOSS)</b>	\$ <6234.00>	\$ 31,512.00
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<133.00>	
427	Interest Expense	<100.00>	
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ <233.00>	\$
	<b>NET INCOME/(LOSS)</b>	\$ <6467.00>	\$ <16,220.00>

COMPANY NAME Cross Creek Ranch Water Company

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ <u>8515.00</u>
Meter Deposits Refunded During the Test Year	\$ <u>-0-</u>

COMPANY NAME	<i>Cross Creek Ranch Water Company</i>
Name of System:	ADEQ Public Water System Number:

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<i>17436</i>	<i>UNKNOWN</i>					

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
<i>10HP</i>	<i>2</i>	<i>27</i>	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>250,000</i>	<i>1</i>		<i>1</i>

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b>	Cross Creek Ranch Water Company
<b>Name of System:</b>	ADEQ Public Water System Number:

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	u	
5	n	
6	K	
8	n	
10		0
12	G	w
	u	n
	a	
	n	
	i	
	T	
		4

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	16
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

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STRUCTURES:

PUMP & CONTROL BUILDING

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OTHER:

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME: <u>Cross Creek Ranch Water Company</u>
Name of System: _____ ADEQ Public Water System Number: _____

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007**

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	14	53652	53652	53652
FEBRUARY	14	36190	36190	36190
MARCH	14	50810	50810	50810
APRIL	14	121922	121922	121922
MAY	14	74080	74080	74080
JUNE	14	71499	71499	71499
JULY	14	227326	227326	227326
AUGUST	15	226336	226336	226336
SEPTEMBER	16	230434	230434	230434
OCTOBER	16	193276	193276	193276
NOVEMBER	16	167252	167252	167252
DECEMBER	16	67033	67033	67033
TOTALS →		1519,810	1519,810	1519,810

What is the level of arsenic for each well on your system? unknown mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? \_\_\_\_\_ GPM for \_\_\_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes                       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
 Yes                       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
 Yes                       No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME Cross Creek Ranch Water Company YEAR ENDING 12/31/2007

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 188.20

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**RECEIVED**

VERIFICATION

STATE OF AZ  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>G PAUL CLAUS, PRESIDENT</u>
COMPANY NAME <u>Cross Creek Ranch Water Company</u>

APR 2 2007  
AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

*G Paul Claus*

SIGNATURE OF OWNER OR OFFICIAL

928-282-4479

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 31 DAY OF March

COUNTY NAME <u>YAVAPAI</u>		
MONTH <u>March</u>	DAY <u>31</u>	YEAR <u>2008</u>

(SEAL)



OFFICIAL SEAL  
ANGELA SCIARPELLETTI  
Notary Public State of Arizona  
YAVAPAI COUNTY  
My Comm Expires Apr 4, 2011

*Angela Sciarpelletti*

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES APR 4 2011

COMPANY NAME Cross Creek Ranch Water Company YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>15,292</u>
Estimated or Actual Federal Tax Liability	<u>&lt; 16,220 &gt;</u>
State Taxable Income Reported	<u>&lt; 16,220 &gt;</u>
Estimated or Actual State Tax Liability	<u>45</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>          </u>
Amount of Gross-Up Tax Collected	<u>          </u>
Total Grossed-Up Contributions/Advances	<u>          </u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

03/27/08  
DATE

G. Paul Claus  
PRINTED NAME

PRESIDENT  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**  
APR 02 2008

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>G PAUL CLAUSS, PRESIDENT</u>
COMPANY NAME <u>Cross Creek Ranch Water Company</u>

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>15,292.00</u>

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ \_\_\_\_\_  
IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

*G Paul Clau*

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

(SEAL)	DAY OF	MONTH	YEAR
	<u>1</u>	<u>March</u>	<u>2008</u>



ANGELA SCIARPETTI  
Notary Public State of Arizona  
YAVAPAI COUNTY  
My Comm. Expires Apr 4, 2011

*Angela Sciarpetti*

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 4 APR 11

VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only

**RECEIVED**

APR 02 2008

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>Yavapai</i>		
NAME (OWNER OR OFFICIAL) <i>G. PAUL CLAUS</i>	TITLE <i>PRESIDENT</i>	
COMPANY NAME <i>Cross Creek Ranch Water Company</i>		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ <u>15,292.00</u>
--

THE AMOUNT IN BOX AT LEFT INCLUDES \$ \_\_\_\_\_ IN SALES TAXES BILLED, OR COLLECTED)

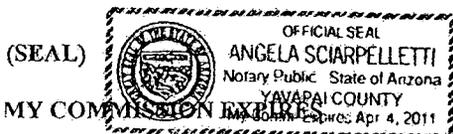
\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

*Paul Claus*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER \_\_\_\_\_

SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS 31 DAY OF

NOTARY PUBLIC NAME <i>Angela Sciarpelletti</i>	
COUNTY NAME <i>YAVAPAI</i>	
MONTH <i>March</i>	.2008



X *Angela Sciarpelletti*  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

*April 4, 2011*

Conform

**FENNEMORE CRAIG, P.C.**  
RECEIVED  
3099 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012-2913  
(602) 916-5000



Patrick J. Black  
Direct Phone: (602) 916-5400  
Direct Fax: (602) 916-5600  
pblack@fcflaw.com

2008 DEC -5 P 4: 42

AZ CORP COMMISSION  
DOCKET CONTROL

**Law Offices**  
Phoenix (602) 916-5000  
Tucson (520) 879-6800  
Nogales (520) 281-3480  
Las Vegas (702) 692-8000  
Denver (303) 291-3200

December 5, 2008

By Hand Delivery

Blessing N. Chukwu  
Executive Consultant III  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007-2927

Re: Cross Creek Ranch Community Association – Application for  
Adjudication Not a Public Service Corporation, Docket Nos. W-20619A-  
08-0470: **Response to Letter of Insufficiency**

Dear Ms. Chukwu:

I am in receipt of your letter of insufficiency dated November 28, 2008, concerning the above-referenced matter. Pursuant to our discussions this week, I am enclosing revised drafts of the Cross Creek Ranch Community Association's ("CCRCA") Bylaws and Conditions, Covenants & Restrictions ("CC&Rs") that comply with your requested modifications. As you are aware, the authority sought by CCRCA in this proceeding, if approved, will grant my client the right to provide domestic water service directly to its members. However, until such approval is granted by the Commission, any modified provisions in the Bylaws and CC&Rs concerning the provision of domestic water service to CCRCA members will have no force and effect. Therefore, recording these documents prior to such Commission approval would not be appropriate as a matter of law.

Enclosed herein as **Attachment No. 1** is a proposed draft First Amendment to the CCRCA's Bylaws. In accordance with your November 28, 2008 letter, the First Amendment mirrors the language currently found in Paragraphs 7 and 8 of the First Amendment to the Declaration.

Enclosed herein as **Attachment No. 2** is a draft Second Amendment to the CC&Rs. Section 1.29 of the Declaration will be amended, upon requisite approvals, by adding the following sentence:

## FENNEMORE CRAIG, P.C.

Blessing N. Chukwu

December 5, 2008

Page 2

“Membership in the Association shall be limited to 84 Members, actual or potential. The Association shall only provide domestic water services to the 84 Members, actual or potential, also known as water customers.”

I trust that with these proposed draft changes to the relevant documents, the above-referenced application will meet Staff's sufficiency requirements. If you have any further questions or concerns, please do not hesitate to contact me at your earliest convenience. Thank you for your time and consideration in this matter.

Sincerely,



Patrick J. Black

cc: Docket Control  
Paul Frieder  
Ed Hanley

2140686.1 / 23936.001

# **ATTACHMENT**

---

**NO. 1**

DRAFT

**FIRST AMENDMENT  
TO  
THE BYLAWS  
OF  
CROSS CREEK RANCH COMMUNITY ASSOCIATION**

The Bylaws of CROSS CREEK RANCH COMMUNITY ASSOCIATION., an Arizona nonprofit corporation, adopted August 13, 2002 (the "Bylaws"), are hereby amended as follows:

1. Article 1, General Provisions of the Bylaws are hereby amended by providing:

"1.9 Membership. Membership in the Association shall be limited to 84 Members, actual or potential. The Association shall only provide domestic water services to the 84 Members, actual or potential, also known as water customers ("Water Customers")."

2. The Bylaws are hereby amended by adding the following as Article 7:

**ARTICLE 7, WATER CUSTOMERS**

7.1 Domestic Water Services Limitations. The Association shall provide domestic water services pursuant to the terms and conditions of the Declaration, which is expressly limited the 84 Water Customers, actual or potential. Therefore, in accordance with Section 3.20 of the Declaration as amended, no Lot shall be further subdivided or separated into smaller lots or parcels by any Owner and no portion less than all of any such Lot shall be conveyed or transferred by any Owner. No additional real property lying outside of the existing boundary for Cross Creek Ranch as originally shown on the Plat shall ever be annexed into Cross Creek Ranch. Two or more Lots shall not be combined into fewer Lots than originally shown on the Plat. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner, Lessee, or other Person other than the Board on behalf of the Association against any part of the property without the provisions thereof having been first approved in writing by the Architectural Review Committee. No application for rezoning, variances or use permits pertaining to any Lot shall be filed with any governmental authority by any Person other than by the Board of the Association with the prior written approval of the Architectural review Committee and the proposed use otherwise complies with the Declaration.

7.2 Water Customer Votes. In accordance with Section 5.7 of the Declaration as amended, each Water Customer, as an Owner of one or more Lots in Cross Creek Ranch, shall only be entitled to one (1) vote per Owner regardless of the number of Lots owned in Cross Creek Ranch on any vote concerning the operation, maintenance, replacement and repair of the Water System or any Water System Operating Assessment or any Vacant Lot Water Assessment or similar Water System related issue (a "Water System Vote").

DRAFT

3. Except as modified by this First Amendment, all terms and provisions of the Bylaws shall remain in full force and effect.

CERTIFICATE OF ADOPTION

The undersigned, being the duly elected, qualified and acting Secretary of Cross Creek Ranch Community Association., an Arizona nonprofit corporation, hereby certifies that the foregoing First Amendment to Bylaws was duly adopted pursuant to action by the Board of Directors at a meeting on \_\_\_\_\_, 2009.

By: \_\_\_\_\_  
\_\_\_\_\_, Secretary

# **ATTACHMENT**

**NO. 2**

DRAFT

pWHEN RECORDED, RETURN TO:

FENNEMORE CRAIG, P.C.  
Attn: Joseph Chandler, Esq.  
3003 North Central Avenue  
Suite 2600  
Phoenix, AZ 85012-2913

---

SECOND AMENDMENT

TO

DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS

FOR

CROSS CREEK RANCH

IN

SEDONA, ARIZONA

---

2140591

**DRAFT**

THIS SECOND AMENDMENT ("Amendment") to Declaration of Covenants, Conditions and Restrictions for Cross Creek Ranch is made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ (the "Effective Date") by the Board of Directors of the Cross Creek Ranch Community Association, an Arizona non-profit corporation.

**RECITALS**

A. Cross Creek Ranch is subdivision located in Sedona, Arizona ("Cross Creek Ranch"), the boundaries of which are shown on the Plat recorded in Book 48 of Maps and Plats, Pages 8 – 14, Official Records of Yavapai County Recorder, Yavapai County, Arizona (the "Plat").

B. Cross Creek Ranch is governed by that certain Declaration of Covenants, Conditions and Restrictions for Cross Creek Ranch dated June 19, 2003 and recorded on July 1, 2003 as Instrument No. 3599928 in Book 4047, Page 427, Official Records of Yavapai County Recorder, Yavapai County, Arizona, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Cross Creek Ranch dated May 15, 2008 and recorded on \_\_\_\_\_ as Instrument No. \_\_\_\_\_ in the Official Records of Yavapai County Recorder, Yavapai County, Arizona (as so amended, the "Declaration").

C. Cross Creek Ranch Community Association is an Arizona nonprofit corporation (the "Association") organized to administer and enforce the Project Documents, including the Declaration.

D. At a duly noticed and called \_\_\_\_\_, \_\_\_\_\_ Special Meeting of the Association, the requisite majority of the Members of the Association voted to authorize the Board of Directors to amend the Declaration to, among other things, clarify that Membership in the Association, and number of domestic water customers, is limited to 84 Members, actual or potential as of the Effective Date of this Second Amendment.

**AMENDMENT**

NOW, THEREFORE, in consideration of the foregoing Recitals, and the other terms and conditions set forth in this Second Amendment, the Board of Directors of the Association with the requisite majority authorization of the Members of the Association hereby amend the Declaration as of the Effective Date as follows:

1. Defined Terms and Recitals. The foregoing Recitals are incorporated herein by this reference. Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such term in the Declaration.

2. Limitation of Membership. Section 1.29 of the Declaration is hereby amended by adding the following sentence:

"Membership in the Association shall be limited to 84 Members, actual or potential. The Association shall only provide domestic water

**DRAFT**

services to the 84 Members, actual or potential, also known as water customers.”

3. Miscellaneous. Except as amended by this Amendment, the Declaration remains in full force and effect. To the extent that the Declaration and this Amendment conflict, this Amendment shall govern and control. This Amendment shall be governed by and construed in accordance with the laws of the State of Arizona.

DATED as of the Effective Date.

**THE CROSS CREEK RANCH  
COMMUNITY ASSOCIATION, an  
Arizona nonprofit corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: President

Witnessed and Attested:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: Secretary

STATE OF ARIZONA )

) ss.

COUNTY OF YAVAPAI )

The foregoing instrument was executed before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ the President of the Cross Creek Ranch Community Association, an Arizona nonprofit corporation, on behalf of said nonprofit corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



# FENNEMORE CRAIG, P.C. – PHOENIX

## Court Filings and Service of Process

(Do not use this form for deliveries.)

RECEIVED

<b>Date:</b> 12/05/08	<b>File Number:</b> 23936.001	<b>Case Number:</b> 4: 423736-001
<b>Attorney:</b> PBLACK	<b>Secretary:</b> Gidget Kelsey-Bacon	<b>Legal Assistant:</b>
<b>Attorney Phone:</b> 602-916-5400	<b>Secretary Phone:</b> 602-916-5110	<b>Legal Assistant Phone:</b>
<b>Attorney Email:</b> pblack@fclaw.com	<b>Secretary Email:</b> gkbacon@fclaw.com	<b>Legal Assistant Email:</b>
<b>Plaintiff/Petitioner:</b>	<b>Defendant/Respondent:</b>	<b>County:</b>

- Superior/Civil \_\_\_\_\_
- Superior/Probate \_\_\_\_\_
- Superior/Family \_\_\_\_\_
- Superior/Tax \_\_\_\_\_
- District Court Phx. \_\_\_\_\_
- District Court Tuc. \_\_\_\_\_
- Bankruptcy Phx. \_\_\_\_\_
- Bankruptcy Tuc. \_\_\_\_\_
- Court of Appeals \_\_\_\_\_
- Supreme Court \_\_\_\_\_
- Justice\*\* \_\_\_\_\_
- City\*\* \_\_\_\_\_
- Secretary of State \_\_\_\_\_
- Industrial Commission  X
- Corporation Comm. \_\_\_\_\_
- Recorder \_\_\_\_\_
- Other \_\_\_\_\_

**Documents:**

Cross Creek Ranch Community Association - Response to Insufficiency Letter

**Filing Instructions:**

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# FENNEMORE CRAIG, P.C. – PHOENIX

## Court Filings and Service of Process

(Do not use this form for deliveries.)

<b>Date:</b> 12/05/08	<b>File Number:</b> 23936.001	<b>Case Number:</b> 23936.001
<b>Attorney:</b> PBLACK	<b>Secretary:</b> Gidget Kelsey-Bacon	<b>Legal Assistant:</b>
<b>Attorney Phone:</b> 602-916-5400	<b>Secretary Phone:</b> 602-916-5110	<b>Legal Assistant Phone:</b>
<b>Attorney Email:</b> pblack@fclaw.com	<b>Secretary Email:</b> gkbacon@fclaw.com	<b>Legal Assistant Email:</b>
<b>Plaintiff/Petitioner:</b>	<b>Defendant/Respondent:</b>	<b>County:</b>

- Superior/Civil \_\_\_\_\_
- Superior/Probate \_\_\_\_\_
- Superior/Family \_\_\_\_\_
- Superior/Tax \_\_\_\_\_
- District Court Phx. \_\_\_\_\_
- District Court Tuc. \_\_\_\_\_
- Bankruptcy Phx. \_\_\_\_\_
- Bankruptcy Tuc. \_\_\_\_\_
- Court of Appeals \_\_\_\_\_
- Supreme Court \_\_\_\_\_
- Justice\*\* \_\_\_\_\_
- City\*\* \_\_\_\_\_
- Secretary of State \_\_\_\_\_
- Industrial Commission
- Corporation Comm. \_\_\_\_\_
- Recorder \_\_\_\_\_
- Other \_\_\_\_\_

**Documents:**

Cross Creek Ranch Community Association - Response to Insufficiency Letter

**Filing Instructions:**

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**FENNEMORE CRAIG, P.C. – PHOENIX**  
**Court Filings and Service of Process**

(Do not use this form for deliveries.)

<b>Date:</b> 12/05/08	<b>File Number:</b> 23936.001	<b>Case Number:</b> 23936.001
<b>Attorney:</b> PBLACK	<b>Secretary:</b> Gidget Kelsey-Bacon	<b>Legal Assistant:</b>
<b>Attorney Phone:</b> 602-916-5400	<b>Secretary Phone:</b> 602-916-5110	<b>Legal Assistant Phone:</b>
<b>Attorney Email:</b> pblack@fclaw.com	<b>Secretary Email:</b> gkbacon@fclaw.com	<b>Legal Assistant Email:</b>
<b>Plaintiff/Petitioner:</b>	<b>Defendant/Respondent:</b>	<b>County:</b>
Superior/Civil _____ Superior/Probate _____ Superior/Family _____ Superior/Tax _____ District Court Phx. _____ District Court Tuc. _____ Bankruptcy Phx. _____ Bankruptcy Tuc. _____ Court of Appeals _____ Supreme Court _____ Justice** _____ City** _____ Secretary of State _____ Industrial Commission <u>  X  </u> Corporation Comm. _____ Recorder _____ Other _____		<b>Documents:</b>  Cross Creek Ranch Community Association - Response to Insufficiency Letter  <b>Filing Instructions:</b>  Please hand deliver blue envelope File copy with the Corporation Commission Return conform copy to me

**Process Service Instructions:**

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**FILE COPY**  
**MEMORANDUM**

**EXHIBIT**  
S-1  
ALL-STATE LEGAL

TO: Docket Control  
FROM: Ernest G. Johnson  
*Sar* Director  
Utilities Division

RECEIVED  
FEB 11 2009

2009 FEB 11 P 12:09

AZ CORP COMMISSION  
DOCKET CONTROL

LEGAL DIV.  
AZ CORP COMMISSION

Date: February 11, 2009

RE: STAFF REPORT FOR CROSS CREEK RANCH COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT CORPORATION, - APPLICATION FOR ADJUDICATION NOT A PUBLIC SERVICE CORPORATION (DOCKET NO. W-20619A-08-0470)

AND

CROSS CREEK RANCH WATER COMPANY - APPLICATION FOR APPROVAL OF ASSIGNMENT AND TRANSFER OF ASSETS TO CROSS CREEK RANCH COMMUNITY ASSOCIATION AND FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NOS. AND W-04131A-08-0471 AND W-20619A-08-0471)

Attached is the Staff Report for Cross Creek Ranch Community Association's application for Adjudication Not a Public Service Corporation and Cross Creek Ranch Water Company's application for approval of assignment and transfer of its Assets to Cross Creek Ranch Community Association and for cancellation of its Certificate of Convenience and Necessity for water service. Staff is recommending approval with conditions.

EGJ:BNC:red

Originator: Blessing Chukwu

Service List for: Cross Creek Ranch Community Association and Cross Creek Ranch Water Company

Docket Nos. W-20619A-08-0470, W-04131A-08-0471 and W-20619A-08-0471

Mr. Patrick J. Black  
Fennemore Craig  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Ms. Janice Alward  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

CROSS CREEK RANCH COMMUNITY ASSOCIATION  
AN ARIZONA NON-PROFIT CORPORATION  
APPLICATION FOR ADJUDICATION NOT A PUBLIC SERVICE CORPORATION  
(DOCKET NO. W-20619A-08-0470)

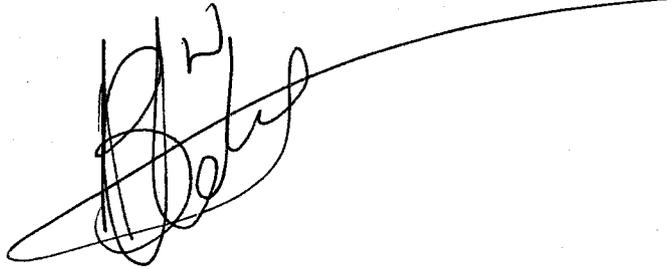
AND

CROSS CREEK RANCH WATER COMPANY  
APPLICATION FOR APPROVAL OF ASSIGNMENT AND TRANSFER OF ASSETS TO  
CROSS CREEK RANCH COMMUNITY ASSOCIATION  
AND FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND  
NECESSITY  
(DOCKET NOS. W-04131A-08-0471 AND W-20619A-08-0471)

FEBRUARY 11, 2009

## STAFF ACKNOWLEDGMENT

The Staff Report for Cross Creek Ranch Community Association and Cross Creek Ranch Water Company (Docket Nos. W-20619A-08-0470, W-04131A-08-0471 and W-20619A-08-0471) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the applications. Del Smith was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to read 'Blessing Chukwu', with a long horizontal line extending to the right.

Blessing Chukwu  
Executive Consultant

A handwritten signature in black ink, appearing to read 'Del Smith', with a long horizontal line extending to the right.

Del Smith  
Engineer Supervisor

**EXECUTIVE SUMMARY**  
**CROSS CREEK RANCH COMMUNITY ASSOCIATION**  
**AND CROSS CREEK RANCH WATER COMPANY**  
**DOCKET NOS. W-20619A-08-0470, W-04131A-08-0471 AND W-20619A-08-0471**

On October 8, 2008, Cross Creek Ranch Community Association ("CCRCA", "Association" or "Transferee") an Arizona Non-Profit Corporation filed an application with the Arizona Corporation Commission ("ACC" or "Commission"), in Docket No. W-20619A-08-0470, for Adjudication Not a Public Service Corporation. On the same date, Cross Creek Ranch Water Company ("CCRWC" or "Water Company" or "Transferor") filed an application with the Commission in Docket Nos. W-04131A-08-0471 and W-20619A-08-0471, for Approval of Assignment and Transfer of its Assets to Cross Creek Ranch Community Association and for cancellation of its Certificate of Convenience and Necessity ("CC&N") for water service in Yavapai County, Arizona.

Cross Creek Ranch Water Company is authorized by the Commission to provide water utility services to certain portions of Yavapai County, Arizona. The Water Company was formed to provide water service to Cross Creek Ranch ("Cross Creek") Subdivision, a 210 acre parcel with 84-lots, in Yavapai County, Arizona. Currently, the Water Company serves 14 residential customers and four irrigation or non-residential customers. The Water Company is requesting for Commission's Approval for Assignment and Transfer of its Assets to CCRCA (an Arizona Non-Profit Corporation) and Cancellation of its CC&N.

Cross Creek Ranch Community Association is an Arizona Non-Profit Corporation that was established in August 13, 2002, for the purpose of representing homeowners who reside in Cross Creek Ranch Subdivision. The Association is the sole shareholder of the Water Company and has the same officers as the Water Company. The Association is requesting a determination that it is not a public service corporation.

Based on Staff's review and analysis of the applications, Staff believes the existing system has adequate production and storage capacity and that the proposed transfer would enable CCRCA to benefit from opportunities to receive grants, subsidized loans, tax benefits, and lower costs for professional services. If the proposed transfer of the Water Company to CCRCA is approved, the provision of both water and wastewater services in the transfer area will be under one entity which should provide economies of scale and other system benefits.

The criteria to determine that a water provider is not a public service corporation within the meaning of Article XV; Section 2 of the Arizona Constitution was reviewed by the Arizona Supreme Court in Natural Gas Service v. Serv-U Cooperative, Inc. The court provided an eight point review criteria for the Commission to review. Subsequently the Commission issued a policy directive for the evaluation of applications for adjudication not a public service corporation on May 7, 1987, in Decision No. 55568 which consisted of a seven (7) review criteria.

CCRCA filed documents that comply with two (2) of the Commission's seven (7) criteria for adjudication. As such, Staff recommends that CCRCA file documentation to comply with the remaining criteria within 180 days of any decision in this matter as noted in the Recommendation Section of this report. The Association is a non-profit corporation with a resolution from the Members/Owners of the Association to request adjudication.

Staff recommends the Commission approve CCRWC's application for approval of assignment and transfer of its assets to CCRCA; and CCRCA's application for adjudication not a public service company subject to compliance with the following conditions:

1. That CCRWC file with Docket Control, as a compliance item in this docket, the appropriate Arizona Department of Water Resources ("ADWR") documentation, that shows the well is owned by CCRCA, within 180 days of the effective date of the decision in this case.
2. That CCRWC be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of CCRWC's water system and assets to CCRCA, within 180 days of the effective date of a decision in this matter.
3. That CCRCA be required to file with Docket Control, as a compliance item in this docket, within 180 days of any decision in this matter, a copy of the revised Bylaws which mirror the wording in Section 3.7 and Section 5.7 of the First Amendment to the Covenants, Conditions and Restrictions ("CC&R") that every customer is a member/owner with equal voting rights and that each member is or will be a customer.
4. That CCRCA be required to file with Docket Control, as a compliance item in this docket, within 180 days of any decision in this matter, a copy of the revised Bylaws which mirror the required criteria found in Section 3.2 of the First Amendment to the CC&R that the service area involved encompasses a fixed territory.
5. That CCRCA be required to file with Docket Control, as a compliance item in this docket, a copy of its First Amendment to its CC&R recorded with Yavapai County, which complies with Directives No. 3, 4, 5, 6, and 7, within 180 days of the effective date of a decision in this matter.

Staff further recommends that the Commission's Decision granting the approval of assignment and transfer of CCRWC's assets to CCRCA; and adjudication not a public service company to CCRCA be considered null and void after due process should CCRWC and CCRCA fail to meet the conditions listed above within the times specified.

Staff also recommends that within 45 days of completion of the requirements listed above, that CCRWC be required to file a motion in this docket requesting that the Commission cancel its CC&N for water service within portions of Yavapai County, Arizona. Staff further

recommends that within 30 days after CCRWC files its motion, and upon Staff's verification that the Water Company has satisfied the requirements listed above, that Staff prepare and docket a Recommended Order cancelling the CC&N for Commission approval.

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## **INTRODUCTION**

On October 8, 2008, Cross Creek Ranch Community Association ("CCRCA", "Association" or "Transferee") an Arizona Non-Profit Corporation filed an application with the Arizona Corporation Commission ("ACC" or "Commission"), in Docket No. W-20619A-08-0470, for Adjudication Not a Public Service Corporation.

On the same date, Cross Creek Ranch Water Company ("CCRWC" or "Water Company" or "Transferor") filed an application with the Commission in Docket Nos. W-04131A-08-0471 and W-20619A-08-0471, for Approval of Assignment and Transfer of its Assets to Cross Creek Ranch Community Association and for cancellation of its Certificate of Convenience and Necessity ("CC&N") for water service in Yavapai County, Arizona.

On December 17, 2008, the Administrative Law Judge issued a Procedural Order, which consolidated Docket Nos. W-20619A-08-0470, W-04131A-08-0471, and W-20619A-08-0471 for purposes of hearing.

On December 24, 2008, Utilities Division Staff ("Staff") filed a Sufficiency Letter indicating that the applications had met the sufficiency requirements of the A.A.C.

## **BACKGROUND**

CCRWC is an Arizona Corporation, in good standing with the Commission's Corporation Division. CCRWC is authorized to provide water utility services to certain portions of Yavapai County, Arizona, pursuant to the Commission's Decision No. 65978, issued on June 17, 2003, in Docket No. W-04131A-02-0615. According to ACC's records, the Company was formed to provide water service to Cross Creek Ranch ("Cross Creek") subdivision, a 210 acre parcel with 84-lots, in Yavapai County, Arizona. Cross Creek is located approximately two miles southwest of Sedona, Arizona and adjacent to Oak Creek, Red Rock State Park and U.S. Forest Service land. The Water Company provides water utility service to 14 residential customers and four irrigation or non-residential customers.

CCRCA is an Arizona Non-Profit Corporation, in good standing with the Commission's Corporation Division. The Association, established on August 13, 2002, was formed for the purpose of representing homeowners who reside in Cross Creek Ranch Subdivision. The Association is the sole shareholder of the Water Company and has the same officers as the Water Company. Mr. Paul Claus is the President, Mr. Ed Hanley is the Vice President, and Ms. Sandra D'Andrea is the Secretary.

## **THE WATER SYSTEM**

CCRWC's water system consists of a well having a production capacity of 1,000 gallons per minute ("GPM"), a 250,000 gallon storage tank, a small pressure tank, booster pumps, 27 fire

hydrants and a distribution system serving 16 one-inch metered connections.<sup>1</sup> The average annual growth rate since 2004 has been modest with 2 to 3 connections added annually.<sup>2</sup> Staff concludes that this system has adequate production and storage capacity.

According to well records filed with the Arizona Department of Water Resources ("ADWR") the well serving the Water Company (ADWR Well Registration Number 55-200896) is owned by Cachet Western II LLC, the owner and developer of the Cross Creek Ranch subdivision. Staff recommends that the Water Company file the appropriate documents with ADWR transferring ownership of the well to CCRCA. Staff further recommends that the Water Company file ADWR documentation with Docket Control, as a compliance item in this docket, that shows the well is owned by CCRCA. This documentation shall be filed within 180 days after the effective date of the decision in this case.

CCRCA provides wastewater service to its members/customers in Cross Creek Ranch Subdivision.<sup>3</sup>

## THE TRANSACTION

CCRWC is certificated to provide water service in a portion of Yavapai County, Arizona.

The Water Company filed an Application with the Commission for Approval of Assignment and Transfer of its Assets to CCRCA (an Arizona Non-Profit Corporation) and Cancellation of its CC&N. CCRCA filed a concurrent Application with the Commission for Adjudication Not a Public Service Corporation.<sup>4</sup> As the sole shareholder of the Water Company, the Association has effectively provided water service to its members/customers through management of the Water Company. The Association is seeking these changes because the operation and management of a for profit water company exposes it and its members to certain fees, taxes and operational expenses that is counter to the purpose of a non-profit organization like the Association.<sup>5</sup> The Association will continue to provide service to all Water Company customers.

The proposed transfer should enable CCRCA to benefit from opportunities to receive grants, subsidized loans, tax benefits, and lower costs for professional services. If the proposed transfer of the Water Company's assets to CCRCA is approved, the provision of both water and

---

<sup>1</sup> Per 2007 Annual Report data included with application.

<sup>2</sup> Historical growth rate based on number of connections added during the years 2004 thru 2007 per Commission annual report data. The Water Company provided supplemental information to Staff which listed 14 residential meters (11 are currently serving water, three meters serve homes that are under construction) and four meters that are irrigation or non-residential meters. As of January 22, 2009, a total of 18 metered connections had been installed.

<sup>3</sup> The CCRCA wastewater system is operated as a non-profit corporation and therefore is not subject to Commission jurisdiction. (See Decision No. 65978, Page 2, Paragraph 13)

<sup>4</sup> The Administrative Law Judge issued a Procedural Order on December 17, 2008, which consolidated these Dockets for purposes of hearing. Staff issued its sufficiency letters on December 24, 2008.

<sup>5</sup> See CCRCA adjudication application at Page 2, Line 24.

wastewater services in the transfer area will be under one entity which should provide economies of scale and other system benefits.

According to the application, there are no refunds due on Main Extension Agreements; all customer security deposits (a total of \$960.00) and all refunds that are due on meter and service line installations (a total of \$8,580.00) will be refunded by the Water Company upon Commission approval of the transfer to the Association.

The assets that CCRWC would be transferring consist of booster pumps, storage and pressure tanks, main and distribution pipe, fire hydrants, meters and a building which houses the pumps and emergency generator.<sup>6</sup>

Staff does not believe that the proposed assignment and transfer of assets from CCRWC to CCRCA will have an adverse effect on service quality or operation of the water system. Key management and certified operator personnel will not change as a result of the transfer.

Staff recommends that CCRWC be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of CCRWC's water system and assets to CCRCA, within 180 days of the effective date of a decision in this matter.

#### **THE REQUESTED ADJUDICATION**

As stated above, CCRCA filed a concurrent Application with the Commission for Adjudication Not a Public Service Corporation.<sup>7</sup>

The criteria to determine that a water provider is not a public service corporation within the meaning of Article XV; Section 2 of the Arizona Constitution, was reviewed by the Arizona Supreme Court in Natural Gas Service v. Serv-U Cooperative, Inc. The Court provided an eight review criteria for the Commission to review.

1. What the corporation actually does.
2. Whether the service is dedicated to public use.
3. That the articles of incorporation evidence authorization and purposes.
4. Whether the corporation is dealing with the service of a commodity in which the public has been generally held to have an interest.
5. Whether the corporation is monopolizing or intending to monopolize a territory with a public service commodity.

---

<sup>6</sup> Water Company response dated October 29, 2008, to Staff Letter of Insufficiency.

<sup>7</sup> The Administrative Law Judge issued a Procedural Order on December 17, 2008, which consolidated these Dockets for purposes of hearing. Staff issued its sufficiency letters on December 24, 2008.

6. Whether the corporation is accepting of substantially all requests for service.
7. That service is under contract and reserving the right to discriminate is not always controlling.
8. Whether the corporation will have actual or potential competition with other corporations whose business is clothed with the public interest.

The Commission issued a directive for the evaluation of applications for adjudication not a public service corporation on May 7, 1987, in Decision No. 55568. Staff was directed to ensure that all such applications complied with the following seven criteria.

1. Adjudication applications must be submitted by non-profit homeowners associations.
2. The application for adjudication not a public service corporation is a bonafide request by a majority of the membership of the association through a petition signed by 51 percent or more of the then existing members.
3. That all such associations making such application have complete ownership of the system and necessary assets.
4. That every customer is a member/owner with equal voting rights and that each member is or will be a customer.
5. That the service area involved encompasses a fixed territory, which is not within the service area of a municipal utility or public service corporation; or if in such territory, that municipal utility or public service corporation is unable to serve.
6. That there is a prohibition against further sub-division evidenced by deed restrictions, zoning, water restrictions or other enforceable governmental regulations.
7. That the membership is restricted to a fixed number of customers, actual or potential.

#### **COMPLIANCE TO DIRECTIVE 1 AND 2**

CCRCA incorporated as a non-profit corporation on August 13, 2002, thus complies with Directive 1.

At a Special Meeting of the CCRCA held on May 15, 2008, a majority of the members of the Association voted to authorize the Board of Directors to amend the Declaration of Covenants, Conditions and Restrictions ("CC&R") to, among other things, dissolve the Water

Company and to assume all duties and obligations of the Water Company to provide water services to the Lots in Cross Creek Ranch as the effective date of the First Amendment to the CC&R. Approximately 87 percent of the members voted in favor of the proposal. (See Exhibit 5 and 6 of the Application for adjudication not a public service corporation.) The First Amendment will become effective once recorded with Yavapai County, and upon Commission approval of the application. As a result of the Special Meeting, the Board of Directors was given the authority to file the instant applications. Therefore, the application complies with Directive 2.

### **NON-COMPLIANCE TO DIRECTIVE 3**

Paragraph 4 (Section 2.2) of the First Amendment to the CC&R for the Association states: "On and after the Effective Date, the Water System shall be owned and operated by the Association in accordance to the laws, rules and regulations promulgated by the applicable governmental authorities. The Association shall contract with qualified persons or companies to manage, operate, and maintain the Water System for the benefit of the Association. The cost of owning, maintaining and operating the Water System shall be paid for by the Association through Water Operating Assessments as set forth in Section 6.5 of the Declaration." Therefore, Staff recommends that CCRWC be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of CCRWC's water system and assets to CCRCA, within 180 days of the effective date of a decision in this matter.

### **NON-COMPLIANCE TO DIRECTIVE 4**

Paragraphs 6 (Section 3.7) and 8 (Section 5.7) of the First Amendment to the CC&R indicates that each lot owner must be a customer of the CCRCA and that each lot owner have one vote on all matters related to water service, regardless of the number of lots owned. This is consistent with the required criteria that every customer is a member/owner with equal voting rights and that each member is or will be an owner. Notwithstanding, Staff was unable to locate this information in the Bylaws, which exactly mirrors the wording in Section 3.7 and Section 5.7 of the First Amendment to the CC&R. In response to Staff's November 28, 2008 Insufficiency Letter, the Association proposed to amend its Bylaws to include the required language, upon Commission approval of this application. Staff therefore recommends the Association be required to amend its Bylaws to make the aforementioned inclusion to the Bylaws which mirror the required criteria. Staff further recommends that the changes be filed with Docket Control, as a compliance item in this docket, with the required inclusion, within 180 days of any decision in this matter.

### **NON-COMPLIANCE TO DIRECTIVE 5**

Paragraph 7 (Section 3.2) of the First Amendment to the CC&R is in compliance with this directive that states that "the service area involved encompasses a fixed territory which is not within the service area of a municipal utility or public service corporation". The CCRCA's Bylaws does not contain the same information. Staff has determined that the service area is not

within the service area of a municipal utility or public service corporation. Therefore, Staff recommends that CCRCA file with Docket Control, as a compliance item in this docket, a revised Bylaws which includes the required criteria that "the service area involved encompasses a fixed territory" within 180 days of any decision in this matter.

#### **NON-COMPLIANCE TO DIRECTIVE 6**

The Association intends to prohibit further subdivision of the existing lots as evidenced by Paragraph 7 (Section 3.2) of the First Amendment to the CC&R. This meets the requirement to this directive. However, the First Amendment has not yet been recorded with Yavapai County. CCRCA intends to record the First Amendment to its CC&R with Yavapai County upon Commission approval of the application. Therefore, Staff recommends that CCRCA be required to file with Docket Control, as a compliance item in this docket, a copy of its First Amendment to its CC&R recorded with Yavapai County, within 180 days of the effective date of a decision in this matter.

#### **NON-COMPLIANCE TO DIRECTIVE 7**

According to CCRCA's December 5, 2008 Response to Letter of Insufficiency "Section 1.29 of the Declaration will be amended, upon requisite approvals, by adding the following sentence: "Membership in the Association shall be limited to 84 Members, actual or potential. The Association shall only provide domestic water services to the 84 Members, actual or potential, also known as water customers." The Association also proposes to add the same language to Article 1.9 of its Bylaws. Therefore, Staff recommends that CCRCA be required to file with Docket Control, as a compliance item in this docket, a copy of its First Amendment to its CC&R recorded with Yavapai County, within 180 days of the effective date of a decision in this matter.

#### **ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE**

CCRWC's water system is considered a semi-public water system. As such, the water system is not regulated by ADEQ.<sup>8</sup> A public water system regulated by ADEQ is a system for the distribution of water to the public for human consumption which serves 15 or more service connections or which serves an average of at least 25 persons per day for at least 60 days a year.

#### **ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE**

The Water Company is not within an Active Management Area ("AMA"). ADWR has determined that Water Company is currently in compliance with departmental requirements governing water providers and/or community water systems.<sup>9</sup>

<sup>8</sup> Cross Creek Ranch Water Company (Public Water System Identification No.13-256) will be listed as "inactive" in the ADEQ database until it meets the required parameters defined in 40 CFR 141.2.

<sup>9</sup> Per ADWR Water Provider Compliance Status Report dated September 15, 2008.

## ACC COMPLIANCE

A check of the Utilities Division Compliance Database showed no delinquent compliance items for the Water Company<sup>10</sup>.

## RECOMMENDATIONS

Staff recommends the Commission approve CCRWC's application for approval of assignment and transfer of its assets to CCRCA; and CCRCA's application for adjudication not a public service company subject to compliance with the following conditions:

1. That CCRWC file with Docket Control, as a compliance item in this docket, the appropriate Arizona Department of Water Resources ("ADWR") documentation, that shows the well is owned by CCRCA, within 180 days of the effective date of the decision in this case.
2. That CCRWC be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of CCRWC's water system and assets to CCRCA, within 180 days of the effective date of a decision in this matter.
3. That CCRCA be required to file with Docket Control, as a compliance item in this docket, within 180 days of any decision in this matter, a copy of the revised Bylaws which mirror the wording in Section 3.7 and Section 5.7 of the First Amendment to the Covenants, Conditions and Restrictions ("CC&R") that every customer is a member/owner with equal voting rights and that each member is or will be a customer.
4. That CCRCA be required to file with Docket Control, as a compliance item in this docket, within 180 days of any decision in this matter, a copy of the revised Bylaws which mirror the required criteria found in Section 3.2 of the First Amendment to the CC&R that the service area involved encompasses a fixed territory.
5. That CCRCA be required to file with Docket Control, as a compliance item in this docket, a copy of its First Amendment to its CC&R recorded with Yavapai County, which complies with Directives No. 3, 4, 5, 6, and 7, within 180 days of the effective date of a decision in this matter.

Staff further recommends that the Commission's Decision granting the approval of assignment and transfer of CCRWC's assets to CCRCA; and adjudication not a public service

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<sup>10</sup> Per compliance status check dated September 23, 2008.

company to CCRCA be considered null and void after due process should CCRWC and CCRCA fail to meet the conditions listed above within the times specified.

Staff also recommends that with 45 days of completion of the requirements listed above, that CCRWC be required to file a motion in this docket requesting that the Commission cancel its CC&N for water service within portions of Yavapai County, Arizona. Staff further recommends that within 30 days after CCRWC files its motion, and upon Staff's verification that the Water Company has satisfied the requirements listed above, that Staff prepare and docket a Recommended Order cancelling the CC&N for Commission approval.

**MEMORANDUM**

DATE: January 26, 2009

TO: Blessing Chukwu  
Executive Consultant III

FROM: Del Smith   
Engineering Supervisor

RE: IN THE MATTER OF THE APPLICATION OF CROSS CREEK RANCH  
COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT CORPORATION,  
FOR AN ADJUDICATION NOT A PUBLIC SERVICE CORPORATION (Docket  
NO. W-20619A-08-0470)

IN THE MATTER OF THE APPLICATION OF CROSS CREEK RANCH WATER  
COMPANY FOR THE TRANSFER OF SALE OF ITS ASSETS TO CROSS  
CREEK RANCH COMMUNITY ASSOCIATION AND CANCELLATION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY (Docket Nos. W-04131A-  
08-0471 and W-20619A-08-0471)

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**Introduction**

Cross Creek Ranch Water Company ("Water Company") has applied to the Arizona Corporation Commission ("Commission") for Approval of the Transfer of its Assets and Cancellation of its Certificate of Convenience and Necessity ("CC&N"). The Company proposes to transfer its assets to Cross Creek Ranch Community Association ("CCRCA") an Arizona non-profit corporation. CCRCA has filed a concurrent application with the Commission for Adjudication Not a Public Service Corporation.<sup>1</sup> As the sole shareholder of the Water Company, CCRCA has effectively provided water service to its members through management of the Water Company. CCRCA is seeking these changes because the operation and management of a for profit water company exposes CCRCA and its members to certain fees, taxes and operational expenses that is counter to the purpose of a non-profit organization like CCRCA.<sup>2</sup> CCRCA will continue service to all Water Company customers.

The Water Company provides water utility service to its customers pursuant to a CC&N granted by the Commission in Decision No. 65978 (dated June 17, 2003). The Water Company was formed to provide water service to Cross Creek Ranch, a 210 acre parcel developed as an 84-lot subdivision located approximately two miles southwest of Sedona in Yavapai County, Arizona.

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<sup>1</sup> The Administrative Law Judge issued a Procedural Order on December 17, 2008, which consolidated these Dockets for purposes of hearing. Staff issued its sufficiency letters on December 24, 2008.

<sup>2</sup> See CCRCA adjudication application at Page 2, Line 24.

CCRCA provides wastewater service to its members in the Cross Creek Ranch Subdivision.<sup>3</sup> The Water Company assets that would be transferred consist of booster pumps, storage and pressure tanks, main and distribution pipe, fire hydrants, meters and a building which houses the pumps and emergency generator.<sup>4</sup>

### **Water Company System**

The Water Company system consists of a well having a production capacity of 1,000 gallons per minute ("GPM"), a 250,000 gallon storage tank, a small pressure tank, booster pumps, 27 fire hydrants and a distribution system serving 16 one-inch metered connections.<sup>5</sup> The average annual growth rate since 2004 has been modest with 2 to 3 connections added annually.<sup>6</sup> Staff concludes that this system has adequate production and storage capacity.

According to well records filed with the Arizona Department of Water Resources ("ADWR") the well serving the Water Company (ADWR Well Registration Number 55-200896) is owned by Cachet Western II LLC, the owner and developer of the Cross Creek Ranch subdivision. Staff recommends that the Company file the appropriate documents with ADWR transferring ownership of the well to CCRCA. Staff further recommends that the Company file ADWR documentation with Docket Control, as a compliance item in this docket, that shows the well is owned by CCRCA. This documentation shall be filed within 180 days after the effective date of the decision in this case.

The proposed sale should enable CCRCA to benefit from opportunities to receive grants, subsidized loans, tax benefits, and lower costs for professional services. If the proposed transfer of the Water Company to CCRCA is approved the provision of both water and wastewater services in the transfer area will be under one entity which should provide economies of scale and other system benefits.

Staff understands that the proposed transfer will not have an adverse effect on service quality or operation of the Company. Key management and certified operator personnel will not change as a result of the transfer.

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<sup>3</sup> According to the application, the Commission determined in Decision No. 65978 that because the wastewater system would be operated as a non-profit corporation it was not subject to Commission jurisdiction.

<sup>4</sup> Water Company response dated October 29, 2008, to Staff Letter of Insufficiency.

<sup>5</sup> Per 2007 Annual Report data included with application.

<sup>6</sup> Historical growth rate based on number of connections added during the years 2004 thru 2007 per Commission annual report data. The Water Company provided supplemental information to Staff which listed 14 residential meters (11 are currently serving water, three meters serve homes that are under construction) and four meters that are irrigation or non-residential meters. As of January 22, 2009, a total of 18 metered connections had been installed.

### **Arizona Department of Environmental Quality (“ADEQ”) Compliance**

The Water Company system is not regulated by ADEQ because it is considered a semipublic water system.<sup>7</sup> A public water system regulated by ADEQ is a system for the distribution of water to the public for human consumption which serves 15 or more service connections or which serves an average of at least 25 persons per day for at least 60 days a year.

### **Arizona Department of Water Resources (“ADWR”) Compliance**

The Water Company service area is not located within any Active Management Area (“AMA”). ADWR has determined that Water Company is currently in compliance with departmental requirements governing water providers and/or community water systems.<sup>8</sup>

### **Commission Compliance**

A check of the Utilities Division Compliance Database showed no delinquent compliance items for the Water Company<sup>9</sup>.

### **Summary**

### **Conclusions**

1. Staff concludes that this system has adequate production and storage capacity.
2. Staff concludes that the proposed transfer will not have an adverse effect on service quality or operation of the Company. Key management and certified operator personnel will not change as a result of the transfer.
3. The Water Company system is not regulated by ADEQ because it is considered a semipublic water system.
4. The Water Company service area is not located within any AMA. ADWR has determined that Water Company is currently in compliance with departmental requirements governing water providers and/or community water systems.
5. A check of the Utilities Division Compliance Database showed no delinquent compliance items for the Company.

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<sup>7</sup> Cross Creek Ranch Water Company (Public Water System Identification No.13-256) will be listed as “inactive” in the ADEQ database until it meets the required parameters defined in 40 CFR 141.2.

<sup>8</sup> Per ADWR Water Provider Compliance Status Report dated September 15, 2008.

<sup>9</sup> Per compliance status check dated September 23, 2008.

**Recommendations**

1. Staff recommends that the Company file the appropriate documents with ADWR transferring ownership of the well to CCRCA. Staff further recommends that the Company file ADWR documentation with Docket Control, as a compliance item in this docket, that shows the well is owned by CCRCA. This documentation shall be filed within 180 days after the effective date of the decision in this case.

MEMORANDUM

TO: Blessing Chukwu  
Executive Consultant III  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: October 21, 2008

RE: **CROSS CREEK RANCH COMMUNITY ASSOCIATION (DOCKET NO. W-20619A-08-0470)**

Cross Creek Ranch Community Association has filed an application for adjudication "not a public service corporation." The area they are requesting has been plotted using the legal description provided with the application (a copy of which is attached).

Attached is a copy of the map for your files.

:bsw

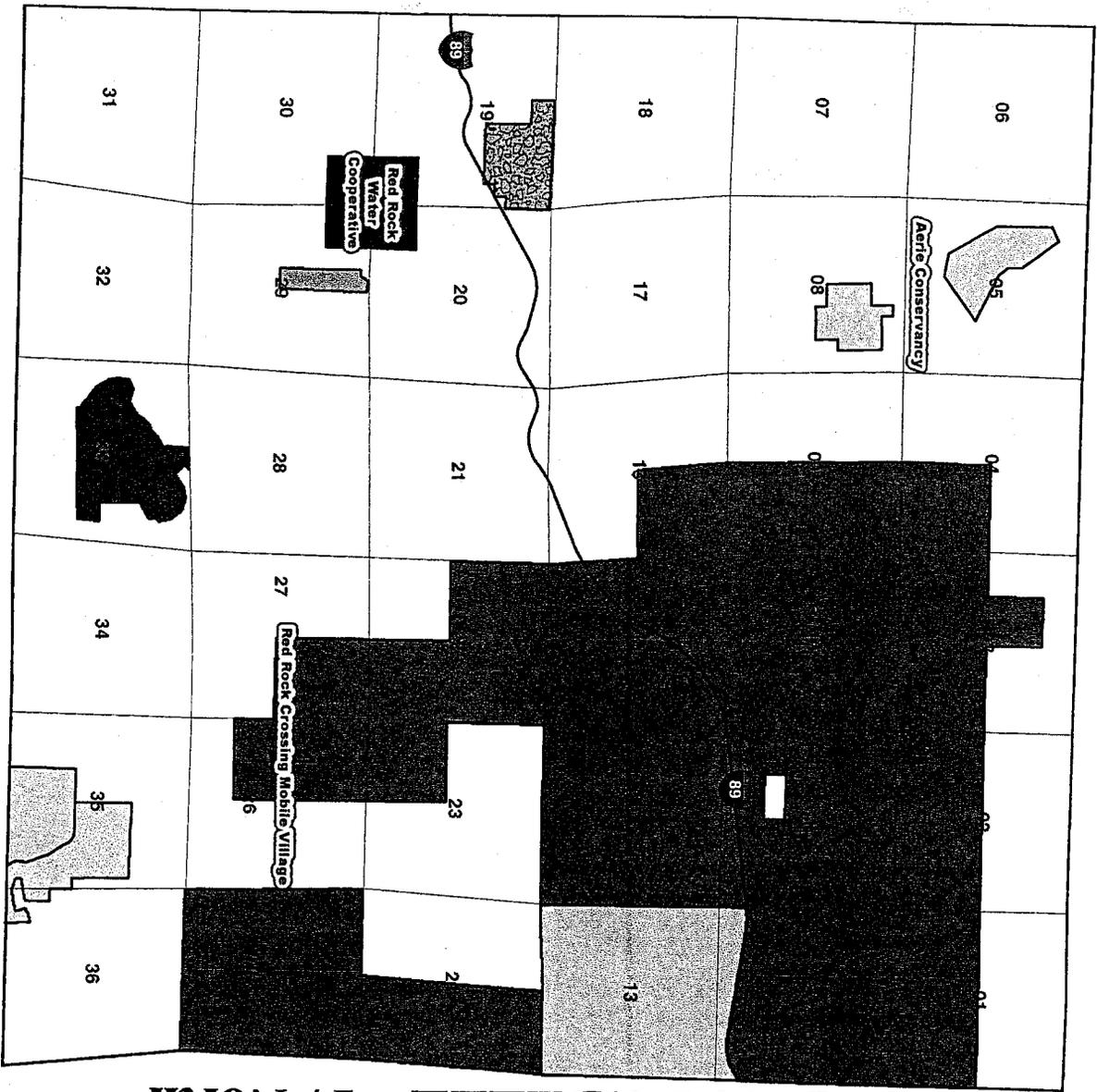
Attachment

cc: Mr. Patrick Black  
Ms. Deb Person (Hand Carried)  
Mr. Del Smith

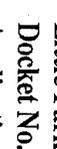
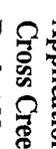
# YAVAPAI COUNTY

Map No. 36

## RANGE 5 East



## TOWNSHIP 17 North

-  W-1445 (5) (3)  
Arizona Water Company
-  W-4131 (1)  
Cross Creek Ranch Water Company
-  W-2192 (2)  
Little Park Water Company
-  WS-3449 (1)  
MHC Operating Limited Partnership  
dba Sedona Venture Water & Sewer Company
-  W-2624 (1)  
Michaels Ranch Water Users' Association
-  W-1392 (1)  
Oak Creek Water Company No. 1
-  (2)  
Little Park Water Company  
Docket No. W-02192A-07-0326  
Application for Extension
-  Cross Creek Ranch Water Company  
Docket No. W-04131A-08-0471  
Application to Transfer to
-  Cross Creek Ranch Community Association  
Docket No. W-20619A-08-0471
-  Cross Creek Ranch Community Association  
Docket No. W-20619A-08-0470  
Application for Adjudication

Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'

## LEGAL DESCRIPTION

### Cross Creek Ranch Property

A parcel of land lying within Section 33, Township 17 North, Range 5 East, Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

BEGINNING at the quarter corner common to Sections 28 and 33 of the above referenced township, marked by a BLM brass cap;  
Thence along the north line of Section 33 South 87°56'46" West a distance 328.54 feet to the E-E-W 1/256 corner of Sections 28 and 33, as monumented with a rebar and cap marked "LS19853"; thence South 3°14'02" West a distance of 664.39 feet to the C-E-NE-NW 1/256 corner of Section 33, as monumented with a rebar and cap marked "LS19853"; thence North 88°18'23" East a distance of 221.45 feet to a point monumented with a rebar and cap marked "LS12535"; thence South 66°47'18" West, a distance of 166.25 feet; thence South 58°15'47" West, a distance of 387.20 feet; thence South 50°02'52" West, a distance of 344.43 feet; thence South 68°33'24" West, a distance of 114.13 feet; thence South 47°47'24" West, a distance of 305.46 feet; thence South 27°29'24" West, a distance of 165.61 feet; thence South 57°58'21" West, a distance of 215.29 feet; thence South 58°06'18" West, a distance of 236.38 feet; thence North 76°10'00" West, a distance of 413.39 feet; thence South 66°06'39" West, a distance of 281.57 feet; thence South 09°23'39" West, a distance of 335.31 feet; thence South 08°35'21" East, a distance of 301.72 feet; thence South 36°28'19" East, a distance of 432.64 feet; thence South 52°23'19" East, a distance of 500.70 feet; thence South 47°21'19" East, a distance of 99.54 feet; thence South 51°53'19" East, a distance of 150.84 feet to a point on the north-south centerline of the southwest quarter of said Section 33; thence along the north-south centerline of the southwest quarter of said Section 33, South 02°40'19" West, a distance of 101.51 feet to the C-N-SW 1/64 corner of Section 33; thence along the east-west centerline of the northeast quarter of the southwest quarter of said Section 33, North 88°59'04" East, a distance of 1306.97 feet to the C-N-S 1/64 of said Section 33, as monumented by a rebar with cap marked "LS16558"; thence along the east-west centerline of the northwest quarter of the southeast quarter of said Section 33, North 89°05'27" East, a distance of 1347.40 feet to the C-N-SE 1/64 corner of Section 33 monumented with a rebar and cap marked "LS16558"; thence along the east-west centerline of the northeast quarter of the southeast quarter, North 89°05'50" East, a distance of 673.83 feet to the NE-SE 1/64 corner of Section 33, monumented by a rebar and cap; thence along the north-south centerline of the northeast quarter of the southeast quarter of Section 33, North 04°22'51" East, a distance of 670.78 feet to the C-E-E 1/64 corner of said Section 33, monumented by a rebar and cap marked "LS16558"; thence along the east-west centerline of the section, South 88°43'01" West, a distance of 559.95 feet; a point monumented by a 1/2 inch rebar; thence North 00°09'51" East, a distance of 1207.19 feet; thence North 64°45'37" East, a distance of 109.15 feet; thence North 63°30'36" East, a distance of 414.82 feet; thence

North  $05^{\circ}44'16''$  West, a distance of 236.70 feet; thence North  $61^{\circ}16'15''$  East, a distance of 122.25 feet; thence North  $10^{\circ}22'37''$  West, a distance of 183.60 feet; thence North  $13^{\circ}28'37''$  West, a distance of 221.97 feet; thence North  $36^{\circ}12'37''$  West, a distance of 171.35 feet; thence North  $31^{\circ}55'37''$  West, a distance of 131.32 feet; thence North  $37^{\circ}57'37''$  West, a distance of 90.34 feet; thence North  $75^{\circ}38'37''$  West, a distance of 420.53 feet; thence South  $77^{\circ}59'37''$  West, a distance of 309.05 feet; thence South  $62^{\circ}39'37''$  West, a distance of 107.38 feet; thence South  $56^{\circ}25'57''$  West, a distance of 358.43 feet; thence North  $42^{\circ}24'23''$  West, a distance of 380.73 feet to a point of cusp; thence through a left curve from which the radius point bears North  $39^{\circ}11'35''$  West, northeasterly a distance of 166.96 feet along the curve concave to the northwest, having a radius of 727.01 feet and a central angle of  $13^{\circ}09'31''$  to a point of cusp which lies on the northerly line of Section 33; thence along the section line South  $88^{\circ}05'55''$  West, a distance of 324.33 feet to the point of BEGINNING.

Containing 220.98 acres, more or less.

## MEMORANDUM

TO: Blessing Chukwu  
Executive Consultant III  
Utilities Division

FROM: Barb Wells   
Information Technology Specialist  
Utilities Division

THRU: Del Smith   
Engineering Supervisor  
Utilities Division

DATE: October 21, 2008

RE: **CROSS CREEK RANCH WATER COMPANY (DOCKET NO. W-04131A-08-0471)**  
**CROSS CREEK RANCH COMMUNITY ASSOCIATION (DOCKET NO. W-20619A-08-0471)**

Cross Creek Ranch Water Company has filed an application to transfer its CC#N to Cross Creek Ranch Community Association.

Attached is a copy of the map for your files.

:bsw

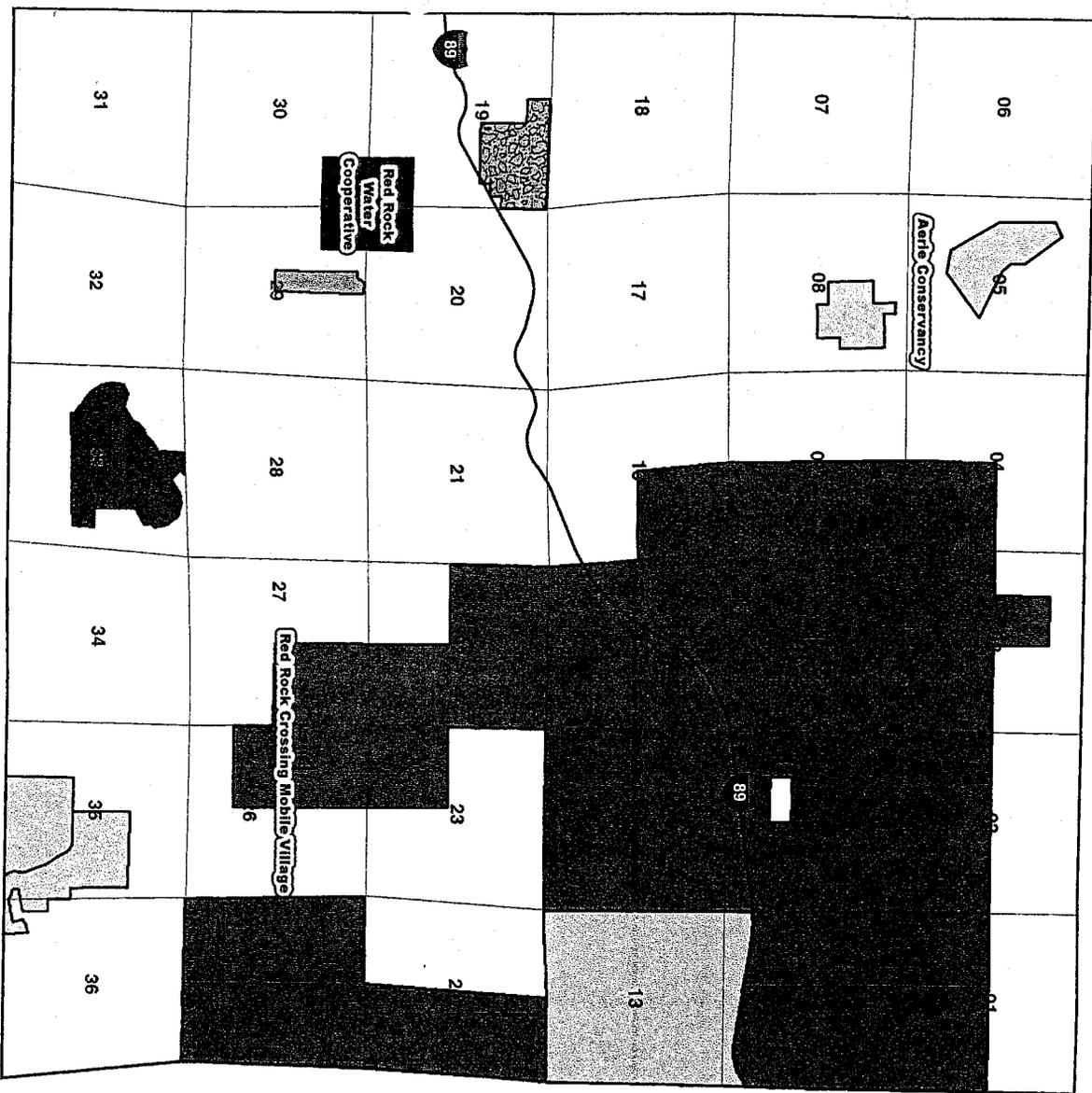
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cc: Mr. Patrick Black  
Ms. Deb Person (Hand Carried)  
Mr. Del Smith

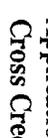
# YAVAPAI COUNTY

Map No. 36

## RANGE 5 East



## TOWNSHIP 17 North

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Arizona Water Company
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Cross Creek Ranch Water Company
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Application for Adjudication

Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'