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Prescott Partners Limited Partnership
c/o AMBRE, Inc.
5010 East Shea Boulevard, Suite A102
Scottsdale, Arizona 85254

DECLARATION OF ANNEXATION
FOR
KINGSWOOD ESTATES

THIS DECLARATION OF ANNEXATION AND AMENDMENT FOR KINGSWOOD ESTATES is made this 6th day of April, 2000, by Prescott Partners Limited Partnership, an Arizona limited partnership ("Unit III Declarant"), and KIVV Partners, L.L.C., an Arizona limited liability company ("Units IV and V Declarant"). The Unit III Declarant and the Units IV and V Declarant are sometimes collectively referred to as "Declarant".

RECITALS

- A. The Protective Covenants for Kingswood Unit III were recorded in the Office of the County Recorder for Yavapai County, Arizona, at Docket 3329, Pages 523 to 533, and thereafter amended by that certain Amendment to Protective Covenants for Kingswood Estates Unit III recorded at Book 3446, Page 324, to establish a general plan of development for the planned community know as the Kingswood Planned Area Development (the "Declaration").
- B. Capitalized terms used in this Declaration of Annexation without definition shall have the meanings given to such terms in the Declaration.
- C. Section 32 of the Declaration reserves unto the Unit III Declarant or its assigns the right to annex into the Project all or any portion of the Property described as the Kingswood Planned Area Development by recording a Declaration of Annexation covering the applicable portion of the Annexation Property.
- D. The Annexation Property has been subdivided under the name of Kingswood Estates Unit IV & V. The Units IV and V Declarant owns the Annexation Property and desires to subject that portion of the Property lying within the plat of Kingswood Estates Units IV & V to the Declaration.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. Pursuant to and subject to the provisions of Section 32 of the Declaration, the following described portion of the Annexation Property is hereby annexed and subject to the Declaration: Lots 1 through 65, inclusive, of Unit IV, and Lots 66 through 74, inclusive, of Unit V, and Tracts A through M, inclusive, of Units IV and V, KINGSWOOD ESTATES, according to the plat of record in the Office of the County Recorder for Yavapai County, Arizona, at Book 40 of Maps & Plats, Pages 61 to 63.
2. Tracts A, B, C and K of Kingswood Estates Units IV & V are Common Areas dedicated to public streets, and shall be conveyed by the Units IV and V Declarant to the City of

Prescott, a municipal corporation organized and existing under and by virtue of the laws of the State of Arizona.

3. Tracts D through J, inclusive, and L and M of KINGSWOOD ESTATES UNIT IV & V are Common Areas, and shall be conveyed by Units IV and V Declarant to the Association.
4. The costs of maintenance, repair, operation and improvement of the Tracts described in paragraph 3 above, and all other costs in connection therewith, including but not limited to property taxes, insurance premiums and all utilities used in connection therewith shall be paid by the Association from monies collected by assessments levied by the Association against only the Owners of Lots in Units IV and V of the Project.
5. The terms of Section 27 of the Declaration are hereby amended for purpose of allocation of the costs associated with the Common Areas located within the Project. Specifically, the costs of the Common Areas located within Units IV and V of the Project shall be allocated to and paid by Owners of Lots within said Units IV and V, and the costs of the Common Areas located within Unit III of the Project, if any, shall be allocated to and paid by the Owners of Lots within said Unit III. Accordingly, the amount of the assessment described in Section 27 of the Declaration for Association costs shall be one equal amount against all Lots within Unit III of the Project, but a different amount against Lots within Units IV and V of the Project, which amount shall be equal for all Lots within Units IV and V of the Project.
6. The terms of the Declaration are deemed amended so that all references to "Lots in Kingswood Estates Unit III", where such phrase appears in numbered paragraphs 1, 2, 3, 8, 14, 18, 23, 26, 29, 30 and 31 of the Declaration, are deemed to refer to "the Project".
7. Except as supplemented and modified herein, the terms of the Declaration are hereby ratified and confirmed, and shall remain in full force and effect.

Prescott Partners Limited Partnership,
An Arizona limited partnership

KIVV Partners, L.L.C.,
an Arizona corporation

By: AMBRE, Inc., an Arizona corporation
Its: General Partner

By: AMBRE, Inc, an Arizona corporation
Its: Managing Member

By: _____
Anthony M. Burd
Its: President

By: _____
Anthony M. Burd
Its: President

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was sworn to and acknowledged before me this 6th day of April, 2000, by Anthony M. Burd, the President of AMBRE, Inc., an Arizona corporation, the General Partner of Prescott Partners Limited Partnership, an Arizona limited partnership, on behalf of the partnership, and, the Managing Member of KIVV Partners, L.L.C., an Arizona limited liability company, on behalf of the company.

My Commission Expires:

3-15-2003

Notary Public

Jaime R. Dailey
Notary Public – Arizona
YAVAPAI COUNTY
My Commission Expires
March 15, 2003