

# **EXHIBIT 1**

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8 Attorneys for Defendant

9  
10 **THE SUPERIOR COURT OF ARIZONA**  
11 **COUNTY OF NAVAJO**

12 Gordon Gross and Liliana Gross,  
husband and wife *et al.*,

13 Plaintiffs,

14 vs.

15 The Shores at Rainbow Lake  
16 Community Association, an Arizona  
nonprofit corporation,

17 Defendant.

Case No.: S0900CV202200042

**FINAL JUDGMENT**

18  
19 This matter having come before the Court on the Cross-Motions for Partial  
20 Summary Judgment of Plaintiffs, the Court having heard oral argument on the Cross-  
21 Motions on July 19, 2022 and being fully advised in the premises and for the reasons  
22 more fully set forth in the Court's September 14, 2022 Ruling on Motion and Cross  
23 Motion for Summary Judgment;

24 **IT IS ORDERED, ADJUDGED AND DECREED** as follows:

25 1. The First Amendment to the Amended and Restated Declaration of  
26 Covenants, Conditions and Restrictions for The Shores at Rainbow Lake, executed on

1 February 26, 2021 and recorded with the Navajo County Recorder on March 3, 2021 at  
2 Instrument No. 2021-04383 (the 2021 Amendment), which amended by replacement  
3 Section 2.30 of the Amended and Restated Declaration of Covenants, Conditions and  
4 Restrictions for The Shores at Rainbow Lake recorded with the Navajo County  
5 Recorder on September 6, 2001 3, 2021 at Instrument No. 2001-17716 is valid as to the  
6 replacement as shown in the 2021 Amendment of Section 2.30(B), (C) and (D).

7         2.       The First Amendment to the Amended and Restated Declaration of  
8 Covenants, Conditions and Restrictions for The Shores at Rainbow Lake, executed on  
9 February 26, 2021 and recorded with the Navajo County Recorder on March 3, 2021 at  
10 Instrument No. 2021-04383 (the 2021 Amendment), which amended by replacement  
11 Section 2.30 of the Amended and Restated Declaration of Covenants, Conditions and  
12 Restrictions for The Shores at Rainbow Lake recorded with the Navajo County  
13 Recorder on September 6, 2001 3, 2021 at Instrument No. 2001-17716 is invalid as to the  
14 replacement as shown in the 2021 Amendment of Section 2.30(A).

15         3.       A copy of the First Amendment to the Amended and Restated Declaration  
16 of Covenants, Conditions and Restrictions for The Shores at Rainbow Lake, executed  
17 on February 26, 2021 and recorded with the Navajo County Recorder on March 3, 2021  
18 at Instrument No. 2021-04383 with the portion found by this Court to be invalid shown  
19 as ~~STRICKEN~~ is attached to this Judgment as Exhibit A.

20         4.       In the exercise of the Court's discretion, the Court denies Defendant's  
21 request for attorney fees.

22         5.       In accordance with Plaintiffs' request for entry of a final judgment, the  
23 Court concludes all other claims Plaintiffs alleged or that Plaintiffs could have asserted  
24 in this litigation are dismissed with prejudice.

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6. No further matters remain pending and this final judgment is entered under Rule 54(c).

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Michala M. Ruechel  
JUDGE OF THE SUPERIOR COURT

# **EXHIBIT A**

2021-04383  
Page 1 of 4  
Requested By: LAWYERS TITLE PINETOP - 230 E  
WHITE  
Navajo County Recorder - Michael Sample  
03-03-2021 08:07 AM Recording Fee \$30.00

**RECORDED AT THE REQUEST OF:**

**Frank M. Smith & Associates, Inc.**

**WHEN RECORDED MAIL TO:**

**The Shores at Rainbow Lake  
c/o Frank M. Smith & Associates  
4756 Buck Springs Road  
Pinetop, AZ 85935**

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**DO NOT REMOVE THIS COVER SHEET. IT IS NOW PART OF THE RECORDED DOCUMENT.**

**DOCUMENT TO BE RECORDED:**

**Covenants, Conditions and Restrictions Amendment**

REC-11

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**FIRST AMENDMENT  
TO AMENDED AND RESTATED DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
THE SHORES AT RAINBOW LAKE**

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**FIRST AMENDMENT TO  
AMENDED AND RESTATED DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
THE SHORES AT RAINBOW LAKE**

WHEREAS, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Shores at Rainbow Lake recorded on September 6, 2001 at Document No. 2001-17716 in the official records of Navajo County, Arizona ("Declaration"), in Article 9, Section 9.2, provides that its terms and conditions may be amended by Owners representing not less than sixty-seven percent (67%) of the total votes in each class of membership;

NOW, THEREFORE, Owners representing not less than sixty-seven percent (67%) of the total votes in the Class A Membership and Owners representing at least sixty-seven percent (67%) of the total votes in the Class B Membership have provided their written consent to adopt the following amendment to the Declaration:

1. Article 2, Section 2.30 shall be deleted in its entirety and replaced with the following:

2.30. Leasing of Lots.

~~(A) After December 31<sup>st</sup>, 2021, no Lot may be leased for a term of less than thirty (30) days.~~

(B) No portion of a Lot may be leased, other than the entire Lot, and then only to a Single Family. For purposes of this Section 2.30, a Single Family may not consist of more than four (4) individuals who are unrelated by blood, marriage or legal adoption.

(C) An Owner who leases his Lot shall provide the following information to the Association at least ten (10) days before the commencement of the lease term:

- (i) the commencement date and expiration date of the lease term;
- (ii) the names and contact information of any adults occupying the Lot during the lease term; and

(iii) the address and telephone number at which the Owner (or Owner's agent) can be contacted by the Association during the lease term.

(D) Any agreement for the lease of a Lot shall provide that the terms of such lease shall be subject in all respects to the provisions of the Project Documents and that any failure by the Lessee to comply with the terms of the Project Documents shall be a default under the lease. Any Owner who leases a Lot must provide the Lessee with copies of this Declaration, the Architectural Committee Rules and the Association Rules and is responsible for assuring the Lessee's compliance therewith. The Owner shall be liable for any violation of this Declaration, the Architectural Committee Rules or the Association Rules by the Lessees or other persons residing in the Lot and their guests or invitees and, in the event of any such violation, the Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations.

2. Except as amended by this instrument, the Declaration shall remain in full force and effect.

The undersigned certifies that this First Amendment to the Declaration was duly adopted by the written consent of Owners representing at least sixty-seven percent (67%) of the total votes in each class of membership on the 26<sup>th</sup> day of February, 2021.

THE SHORES AT RAINBOW LAKE COMMUNITY ASSOCIATION, an Arizona nonprofit corporation

By: [Signature]  
Its: President

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF NAVAJO )

This instrument was acknowledged before me this 26<sup>th</sup> day of February, 2021, by Richard C. Whipple in his capacity as President of The Shores at Rainbow Lake Community Association for the purposes stated herein.

Victoria M. Hewett  
Notary Public  
My Commission Expires: May 18, 2022

