

MARLBOROUGH MESA VILLAS  
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AMENDED AND RESTATED  
DECLARATION OF HORIZONTAL PROPERTY REGIME  
AND COVENANTS, CONDITIONS & RESTRICTIONS  
FOR  
MARLBOROUGH MESA VILLAS

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned, MARLBOROUGH DEVELOPMENT CORPORATION, an Arizona corporation (hereinafter referred to as "DECLARANT") as the owner of the Beneficial Interest of Pioneer Trust No. 20,242, with PIONEER TRUST COMPANY OF ARIZONA, an Arizona corporation, as Trustee thereunder (hereinafter "Pioneer"), have heretofore executed that certain DECLARATION OF HORIZONTAL PROPERTY REGIME AND COVENANTS, CONDITIONIS & RESTRICTIONS FOR MARLBOROUGH MESA VILLAS dated April 18, 1983 which was recorded as Recording No.83 143972, Records of Maricopa County, Arizona (hereinafter the "initial DECLARATION") regarding certain real property and buildings and improvements thereon, which real property is described in Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, the MARLBOROUGH MESA VILLAS HORIZONTAL PROPERTY REGIME MAP is set forth in the Plat of MARLBOROUGH MESA VILLAS recorded in Book 251 of Maps, page 24, Records of Maricopa County, Arizona (hereinafter the "PLAT"); and

WHEREAS, the initial DECLARATION was thereafter amended by FIRST ANNEXATION SUPPLEMENT TO DECLARATION OF HORIZONTAL PROPERTY REGIME FOR MARLBOROUGH MESA VILLAS (PHASE II) recorded .as Recording No.83 229884, Records of Maricopa County (hereinafter the "FIRST ANNEXATION SUPPLEMENT") to conditionally annex Phase II of MARLBOROUGH MESA VILLAS; and

WHEREAS, thereafter certain CERTIFICATES OF CORRECTION were recorded to amend the legal descriptions included in various documents as follows:

- (a) a CERTIFICATE OF CORRECTION amending the legal description included in the PLAT was recorded as Recording No. 83342842, Records of Maricopa County, Arizona;
- (b) a CERTIFICATE OF CORRECTION amending the legal description included as Exhibits A and B of the initial DECLARATION was recorded as Recording No.83 342843, Records of Maricopa County, Arizona; and
- (c) a CERTIFICATE OF CORRECTION amending the legal description included as Exhibit A to the FIRST ANNEXATION SUPPLEMENT was recorded as Recording No.83 342841, . Records of Maricopa County, Arizona.

WHEREAS, ARTICLE XIV, Section 14.2 of the initial DECLARATION provides for an amendment to that Declaration as follows:

EXHIBITS

A--Legal Description

B--Annexable Property

C--First Annexation Supplement .

Section 14- 2 Amendment. The covenants and restrictions of this DECLARATION shall run with and bind the CONDOMINIUM, for a term of twenty (20) years from the date this DECLARATION is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This DECLARATION may be amended by an instrument signed by OWNERS representing not less than seventy-five percent (75%) of the UNITS. Any Amendment must be recorded. So long as there is a Glass B membership in the ASSOCIATION, any amendment must be approved by the Veterans Administration.

WHEREAS, Pioneer as Trustee under its Trust No. 20,242 has continued to hold and does now hold title to all of the MARLBOROUGH MESA VILLAS real property and improvements thereon as described in Exhibit A;

WHEREAS, the DECLARANT now desires to amend and restate the initial DECLARATION to incorporate the correct legal descriptions as well as certain other amendments to the provisions of that DECLARATION;

WHEREAS, the FIRST ANNEXATION SUPPLEMENT as amended by the above referenced CERTIFICATE OF CORRECTION shall remain in full force and effect and is attached to this AMENDED AND RESTATED DECLARATION (together with its revised legal description) as Exhibit C and is incorporated herein by this reference.

WHEREAS, the DECLARANT intends that this AMENDED AND RESTATED DECLARATION including the Exhibits A, Band C attached hereto shall amend, restate and supersede the initial DECLARATION, the initially recorded FIRST ANNEXATION SUPPLEMENT and the CERTIFICATES OF CORRECTION;

NOW, THEREFORE, MARLBOROUGH DEVELOPMENT CORPORATION as Declarant and as the owner of the beneficial interest of Pioneer Trust No. 20,242 and Pioneer as Trustee and acting at the direction of the DECLARANT pursuant to its authority under ARTICLE XIV, Section 14.2 to amend the initial DECLARATION, HEREBY AMENDS AND RESTATES IN ITS ENTIRETY, the said DECLARATION OF HORIZONTAL PROPERTY REGIME AND COVENANTS, CONDITIONS & RESTRICTIONS FOR MARLBOROUGH MESA VILLAS as follows:

THIS AMENDED AND RESTATED DECLARATION is dated DECEMBER 9, 1983. It is made by MARLBOROUGH DEVELOPMENT CORPORATION, an Arizona corporation, hereinafter referred to as "DECLARANT", and by PIONEER TRUST COMPANY OF ARIZONA, an Arizona corporation as Trustee, ("Pioneer").

## W I T N E S S E T H:

WHEREAS, DECLARANT is the beneficial owner of the real property situated in Maricopa County, Arizona, which is described on Exhibit A attached to this DECLARATION, together with all buildings and improvements located thereon and Pioneer as Trustee holds legal title to said Property under its Trust No. 20,242; and

WHEREAS, DECLARANT desires to submit and subject the land, together with all buildings, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or pertaining thereto (hereinafter called the "CONDOMINIUM") to a Horizontal Property Regime pursuant to Sections 33-551 through 33-561, Arizona Revised Statutes, as the same may be amended; and

WHEREAS, DECLARANT further desires to establish, for its own benefit, and for the mutual benefit of all future owners, lienholders, occupants, or other holder of an interest in the CONDOMINIUM, or any part thereof, certain easements and rights, and certain mutually' beneficial covenants, restrictions and obligations with respect to the proper use, conduct and maintenance of the CONDOMINIUM; and

WHEREAS, DECLARANT desires and intends that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and other persons hereafter acquiring any interest in the CONDOMINIUM shall at all times enjoy the benefits of, and shall hold their interest subject to, the rights, easements, privileges, covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspects of the CONDOMINIUM and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the CONDOMINIUM;

NOW, THEREFORE, pursuant to Sections 33-551 through 33-561, inclusive, Arizona Revised Statutes, DECLARANT hereby submits the CONDOMINIUM to a Horizontal Property Regime and hereby declares that all the CONDOMINIUM shall be subject to these covenants, conditions and restrictions and shall be held, conveyed, mortgaged, encumbered, leased, rented, occupied, improved and used subject to the following restrictions, covenants, conditions, easements and equitable servitudes. The restrictions set forth in this DECLARATION shall run with the CONDOMINIUM, shall be binding upon all persons having or acquiring any right, title or interest in the CONDOMINIUM, or any part thereof, shall inure to the benefit of every portion of the CONDOMINIUM, and any interest therein, shall inure to the benefit of and be binding upon any successor in interest of DECLARANT and of each OWNER and may be enforced by DECLARANT, by any OWNER or their successors in interest or by the ASSOCIATION.

### ARTICLE I DEFINITIONS

Section 1.0. "ANNEXABLE PROPERTY" shall mean the real property located in Maricopa County, Arizona, which is described on Exhibit B attached to this DECLARATION together with all BUILDINGS and other IMPROVEMENTS located thereon and all easements, rights and appurtenances belonging thereto.

Section 1.1. "ARCHITECTURAL COMMITTEE" shall mean the committee established pursuant to Section 6.3 of this DECLARATION.

Section 1.2. "ARCHITECTURAL COMMITTEE RULES" shall mean the rules adopted by the ARCHITECTURAL COMMITTEE, as the same may be amended from time to time.

Section 1.3. "ARTICLES" shall mean the Articles of Incorporation of the ASSOCIATION, as the same may be amended from time to time.

Section 1.4. "ASSOCIATION" shall mean and refer to the MARLBOROUGH MESA VILLAS ASSOCIATION, INC., an Arizona non-profit corporation, its successors and assigns.

Section 1.5. "ASSOCIATION RULES" shall mean the rules and regulations adopted by the ASSOCIATION, as the same may be amended from time to time.

Section 1.6. "BOARD" shall mean the Board of Directors of the ASSOCIATION.

Section 1.7. "BUILDING" shall mean and refer to any one of the structures designated as buildings on the PLAT.

Section 1.8. "BYLAWS" shall mean the Bylaws of the ASSOCIATION, as the same may be amended from time to time.

Section 1.9. "COMMON EXPENSES" shall mean expenditures made or liabilities incurred by or on behalf of the ASSOCIATION, together with any allocations to reserve.

Section 1.10. "CONDOMINIUM" shall mean the real property located in Maricopa County, Arizona, which is described in Exhibit A attached to this DECLARATION, and any portion of the ANNEXABLE PROPERTY which is annexed by the DECLARANT pursuant to Article XII of this DECLARATION, together with all BUILDINGS and other IMPROVEMENTS located thereon and all easements, rights and appurtenances belonging thereto.

Section 1.11. "CONDOMINIUM DOCUMENTS" shall mean this DECLARATION and the ARTICLES, BYLAWS, ASSOCIATION RULES and ARCHITECTURAL COMMITTEE RULES.

Section 1.12. "DECLARANT" shall mean Marlborough Development Corporation, an Arizona corporation, its successors and assigns.

Section 1.13. "DECLARATION" shall mean this entire document, as the same may be amended from time to time.

Section 1.14. "FIRST MORTGAGE" shall mean and refer to any mortgage or deed of trust with first priority over any other mortgage or deed of trust.

Section 1.15. "FIRST MORTGAGEE" shall mean and refer to the holder of any FIRST MORTGAGE.

Section 1.16. "GENERAL COMMON ELEMENTS" shall mean the entire CONDOMINIUM except for the UNITS.

Section 1.17. "IMPROVEMENTS" shall mean all physical structures, including, but not limited to, buildings, private drives, parking areas, fences, walls, and landscaping, including but not limited to hedges, plantings, trees and shrubs of every type and kind.

Section 1.18. "LIMITED COMMON ELEMENTS" shall mean any portion of the GENERAL COMMON-ELEMENTS designed for the use of the OWNERS of more than one but less than all of the UNITS.

Section 1.19. "MEMBER" shall mean any person, corporation, partnership, joint venture or other legal entity who is or becomes a member of the ASSOCIATION.

Section 1.20. "OWNER" shall mean the record owner, whether one or more persons or entities, of beneficial or equitable title to the fee simple interest of a UNIT, including without limitation, one who is buying a UNIT under a recorded contract. OWNER shall not include persons or entities having an interest in a UNIT merely as security for the performance of an obligation. OWNER shall not include a lessee or tenant of a UNIT. In the case of UNITS the fee simple title to which is vested in a trustee pursuant to Arizona Revised Statutes, Section 33-801, et seq., the Trustor shall be deemed to be the OWNER. In the case of UNITS the fee simple title to which is vested in a trustee pursuant to a trust agreement the beneficiary of any such trust entitled to possession shall be deemed to be the OWNER.

Section 1.21. "PLAT" shall mean the Horizontal Property Regime Map for Marlborough Mesa Villas, which map has been recorded with the County Recorder of Maricopa County, Arizona, in Book 251 of Maps, page 24, and any amendments thereto, and any horizontal property regime map recorded against any portion of the ANNEXABLE PROPERTY which is annexed by the DECLARANT pursuant to Article XII of this DECLARATION.

Section 1.22. "PURCHASER" means any-person, other than the DECLARANT, who by means of a voluntary transfer acquires a legal or equitable interest in a UNIT, other than (a) a leasehold interest (including renewable options) of less than five years, or (b) as security for an obligation.

Section 1.23. "RESTRICTED COMMON ELEMENTS" shall mean those portions of the GENERAL COMMON ELEMENTS that are reserved for the exclusive use of the OWNER of one UNIT in accordance with Section 2.6 of this DECLARATION.

Section 1.24. "SINGLE FAMILY" shall mean a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not all related, together with their domestic servants, who maintain a common household in a UNIT.

Section 1.25. A "UNIT" shall be an "Apartment" within the meaning of the Arizona Horizontal Property Regime Act, Arizona Revised Statutes, Sections 33-551 et seq. The number of each UNIT is shown on the PLAT. The boundaries of each UNIT are the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors thereof, and each UNIT includes both the portions of the BUILDING and the air-space encompassed within the boundaries of the UNIT. Each UNIT shall include the garage designated on the floor plan of the PLAT with the same number designation as the UNIT. Each UNIT shall also include the range, dishwashers, garbage disposal units and other built-in household appliances lying within said boundaries. In addition, each UNIT shall include the heating and air conditioning units and facilities which service only that particular UNIT. Notwithstanding the foregoing the following

shall not be considered part of a UNIT: bearing walls, columns, vertical supports, floors, roofs, foundations, patio walls and fences, pipes, ducts, flues, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the UNIT. No structural part of a BUILDING and no part of a UNIT forming a part of any systems serving one or more other UNITS or the GENERAL COMMON ELEMENTS shall be deemed or construed to be part of a UNIT. A UNIT shall be the portion of the CONDOMINIUM which is intended for separate fee ownership and is not intended to be owned in common with the other OWNERS of UNITS in the CONDOMINIUM.

Section 1.26. "UNIT ESTATE" shall mean a UNIT together with an undivided interest in the GENERAL COMMON ELEMENTS as set forth in Section 2.5 of this DECLARATION and the right to the exclusive use of the RESTRICTED COMMON ELEMENTS reserved for the exclusive use of the UNIT under Section 2.6 of this DECLARATION.

Section 1.27. "VISIBLE FROM NEIGHBORING PROPERTY" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

## ARTICLE II DESCRIPTION OF HORIZONTAL PROPERTY REGIME

Section 2.0. Description of the Project. The Horizontal Property Regime shall be comprised of twelve (12) BUILDINGS containing a total of twenty-eight (28) UNITS as shown on the PLAT. Each UNIT is separately numbered on the PLAT. The BUILDINGS included in the Horizontal Property Regime are separately numbered on the PLAT and are as follows: BUILDINGS numbered 1 through 6 inclusive and BUILDINGS numbered 13 through 18 inclusive.

Section 2.1. Description of the Cubic Content Space of Each Building. The cubic content space of each BUILDING with reference to its location on the land is described on the PLAT. The upper boundary of each BUILDING shall be the plane of the top elevation of the BUILDING, as shown on the PLAT, and the lower boundary shall be the plane of the base elevation of the BUILDING, as shown on the PLAT. The vertical boundaries shall be the exterior of the outside walls of each BUILDING, except that where there are balconies, decks, patios and or storage areas extending beyond the exterior of the outside walls of any BUILDING, the vertical boundaries thereof shall be the plane of the outer edge of the balconies, decks, patios and or storage areas which extend outward farthest from the exterior wall of the BUILDINGS, all as shown on the PLAT.

Section 2.2. Description of the Cubic Content Space of Each Unit. The cubic content space of each UNIT located within a BUILDING and an identification of all RESTRICTED COMMON ELEMENTS reserved to the exclusive use of a UNIT are set forth on the PLAT.

Section 2.3. Description of General Common Elements. The GENERAL COMMON ELEMENTS shall include all of the CONDOMINIUM except for the UNITS. The GENERAL COMMON ELEMENTS shall include, but not be limited to, all the land within the CONDOMINIUM, the BUILDINGS, all exterior walls, bearing walls (both interior and exterior), columns, floors, ceilings and roofs, slabs, halls, stairways, entrance and exit ways, all recreational facilities, pumps, landscaping, pavements, parking spaces, private drives, all waste, water and gas pipes, ducts, conduits, wires, drainage lines, or other utility lines and meters, all central or common heating and air conditioning units and facilities (if any), compartments or installations of central services for public utilities, reservoirs, water tanks and pumps servicing more than one UNIT, the foundations of the UNITS, the foundations of the BUILDINGS, and all other devices and premises designated for common use or enjoyment of more than the OWNER of a single UNIT.

Section 2.4. Description of the Cubic Content Space of Limited Common Elements. There are no LIMITED COMMON ELEMENTS within the CONDOMINIUM.

Section 2.5. Fractional Interest. Each UNIT shall bear a one twenty-eighth (1/28) Fractional interest to the entire Horizontal Property Regime created by this DECLARATION, which fractional interest shall constitute an undivided interest in the GENERAL COMMON ELEMENTS. In the event the DECLARANT annexes all or any portion of the ANNEXABLE PROPERTY, the fractional interest of each UNIT in the GENERAL COMMON ELEMENTS shall be adjusted by the DECLARANT in accordance with the provisions of Section 12.0 of this DECLARATION.

Section 2.6. Restricted Common Elements. Ownership of a UNIT shall entitle the OWNER thereof to the exclusive use of the following portions of the GENERAL COMMON ELEMENTS subject to such rules and regulations regarding the use and maintenance of such areas as may be adopted by the BOARD:

(a) The patio, deck or balcony designated on the Floor Plan on the PLAT with the same plan letter designation as the UNIT;

(b) All shutters, awnings, stairways, doorsteps, stoops, porches, entry ways and all exterior doors and windows or other fixtures designed to serve a given single UNIT but which are located outside of and adjacent to the boundaries of the UNIT.

(c) The enclosed yard area designated on the PLAT with the same plan letter designation as the UNIT.

The right to the exclusive use of the RESTRICTED COMMON ELEMENTS shall not be transferred, assigned or conveyed separate or apart from the UNIT. In the event a UNIT is conveyed, the right to the exclusive use of the RESTRICTED COMMON ELEMENTS shall automatically be transferred to the new OWNER. Any lien, including, but not limited to, the lien of a mortgage or a deed of trust, arising against a UNIT, shall also be alien against the OWNER'S right of exclusive use of the RESTRICTED COMMON ELEMENTS, and the foreclosure of a mortgage upon the UNIT, or the taking of a deed in lieu thereof, or a trustee's sale under a deed of trust or any other proceeding for foreclosing liens on a UNIT shall carry with it and transfer to the foreclosing party or the purchaser at any sheriff's sale or trustee's sale the exclusive use of the appurtenant RESTRICTED COMMON ELEMENTS. Partial or full

satisfaction or release of any such lien upon a UNIT shall similarly be a satisfaction and release of the lien against the right to the exclusive use of the appurtenant RESTRICTED COMMON ELEMENTS.

Section 2.7. Prohibition Against Severance or Partition of a Unit Estate. No OWNER shall be entitled to sever his interest in his UNIT from his undivided interest in the GENERAL COMMON ELEMENTS, his right to the use of RESTRICTED COMMON ELEMENTS and his right and easement to the use and enjoyment of the GENERAL COMMON ELEMENTS as established by this DECLARATION and the fee title to their respective UNITS shall not be separated, severed, partitioned or separately conveyed, encumbered or otherwise transferred, and each such undivided interest in the GENERAL COMMON ELEMENTS shall conclusively be deemed transferred or encumbered with the UNIT to which it is appurtenant even though the description in the instrument of conveyance or encumbrance may refer only to the UNIT. Nothing contained in this section shall be construed to preclude an OWNER of a UNIT from creating a co-tenancy in the ownership of a UNIT with any other person or persons.

### ARTICLE III EASEMENTS

Section 3.0. Utility Easement. There is hereby created an easement upon, across, over and under the GENERAL COMMON ELEMENTS for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including, but not limited to, water, sewers, 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 GENERAL COMMON ELEMENTS. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utility or service lines may be installed or relocated on the CONDOMINIUM except as initially designed, approved and constructed by the DECLARANT or as approved by the BOARD. This easement shall in no way affect any other recorded easements on the CONDOMINIUM.

Section 3.1.1 Easements for Encroachments. Each UNIT and the GENERAL COMMON ELEMENTS shall be subject to an easement for encroachments, including but not limited to, encroachments of walls, ceilings, ledges, floors, and roofs created by construction, settling and overhangs as originally designed or constructed, or as created by discrepancies between the PLAT and the actual construction. If any portion of the GENERAL COMMON ELEMENTS shall actually encroach upon any UNIT, or if any UNIT shall actually encroach upon any portion of the GENERAL COMMON ELEMENTS, or if any UNIT shall actually encroach upon another UNIT, as the GENERAL COMMON ELEMENTS and the UNITS are shown on the PLAT, a valid easement for any of said encroachments and for the maintenance thereof, so long as they stand, shall and does exist. In the event any UNIT or structure is repaired, altered, or constructed, the OWNERS of the UNITS agree that similar encroachments shall be permitted and that a valid easement for said encroachment and for the maintenance thereof shall exist. The OWNER and any other parties acquiring any interest in the CONDOMINIUM shall acquiesce and agree to the existence of such easements by accepting a deed from any seller or by accepting any interest whatsoever in the CONDOMINIUM.

Section 3.2. Easements for Ingress and Egress. There is hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the GENERAL COMMON ELEMENTS. There is

also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes; provided, however, that such easements shall not extend to any RESTRICTED COMMON ELEMENTS. Such easements shall be for the benefit of the OWNERS, their guests, tenants and invitees.

Section 3.3. Owners' Easements of Enjoyment. Every OWNER shall have a right and easement of enjoyment in and to the GENERAL COMMON ELEMENTS which right and easement shall be appurtenant to and shall pass with the title to every UNIT, subject to the following provisions:

(a) the right of the BOARD to adopt reasonable rules and regulations governing the use of the GENERAL COMMON ELEMENTS including, but without limitation, the right to regulate the use of common element parking spaces;

(b) the right of the BOARD to suspend the voting rights of an OWNER in accordance with Section 7.3 hereof;

(c) the right of the ASSOCIATION to dedicate or transfer all or any part of the GENERAL COMMON ELEMENTS (excluding any BUILDING which includes one (1) or more UNITS) to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the MEMBERS. The ASSOCIATION is hereby appointed as the agent and attorney in fact for all the OWNERS for the purpose of any such dedication or transfer. However, no such dedication or transfer shall be effective unless an instrument signed by MEMBERS entitled to cast two-thirds (2/3) of the votes of each class of membership agreeing to such dedication or transfer has been recorded. The requirements of this Section shall not apply in the case of utility easements covered by Section 3.0 of this DECLARATION;

(d) the right of DECLARANT and its agents and representatives, in addition to the DECLARANT'S rights set forth elsewhere in this DECLARATION, to the non-exclusive use, without charge, of the GENERAL COMMON ELEMENTS for display and exhibit purposes and the maintenance of sales facilities.

Section 3.4. Delegation of Use. Any OWNER may delegate, in accordance with this DECLARATION, his right of enjoyment to the GENERAL COMMON ELEMENTS to the members of his family, his tenants, his guests or invitees, provided such delegation is for a reasonable number of persons and at reasonable times.

Section 3.5. Limitation on Transfer. An OWNER'S right and easement of enjoyment in and to the GENERAL COMMON ELEMENTS shall not be conveyed, transferred, alienated or encumbered separate and apart from an OWNER'S UNIT. Such right and easement of enjoyment in and to the GENERAL COMMON ELEMENTS shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any OWNER'S UNIT, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to such right and easement or to the GENERAL COMMON ELEMENTS.

ARTICLE IV  
USE AND OCCUPANCY RESTRICTIONS

Section 4.0. Single Family Residential Use. All UNITS and RESTRICTED COMMON ELEMENTS shall be used, improved and devoted exclusively to residential use by a SINGLE FAMILY. No gainful occupation, profession, trade or other non-residential use shall be conducted on or in any UNIT or RESTRICTED COMMON ELEMENT; provided, however, that the DECLARANT may use the GENERAL COMMON ELEMENTS, the RESTRICTED COMMON ELEMENTS and the UNITS for such facilities as in its sole opinion may be reasonably required, convenient or incidental to the construction and sale of living UNITS, including, without limitation, a business office, storage area, construction yards, signs, a model site or sites and display and sales office during the construction and sales period. Nothing herein shall be deemed to prevent the lease of a UNIT to a SINGLE FAMILY from time to time by the OWNER thereof, subject to all of the provisions of this DECLARATION, nor shall any provision hereof be deemed to prohibit an OWNER from (i) maintaining his own personal professional library in his UNIT, (ii) keeping his personal business or professional records or accounts therein, or (iii) handling his personal business calls or correspondence therefrom. The garage which is a part of each UNIT as described in Section 1.25 hereof and indicated on the PLAT shall be used for storage or vehicle storage or parking only and shall not be used as a residence at any time.

Section 4.1. Antennas. No antenna, satellite receiving station, or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any portion of the CONDOMINIUM whether attached to a BUILDING or structure or otherwise, without the prior written approval of the ARCHITECTURAL COMMITTEE.

Section 4.2. Utility Service. Except for lines, wires and devices existing on the CONDOMINIUM as of the date of this DECLARATION and maintenance and replacement of the same, 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 the CONDOMINIUM 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 COMMITTEE. No provision hereof 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 COMMITTEE.

Section 4.3. Improvements and Alterations. Except for original construction work on any and all BUILDINGS undertaken by DECLARANT (and any subsequent construction work undertaken by the DECLARANT, at the DECLARANT'S sole expense, for the repair and improvement or maintenance of the original construction work), with respect to any UNIT or the GENERAL COMMON ELEMENTS, there shall be no structural alterations, additions or improvements to any UNIT or the GENERAL COMMON ELEMENTS without the prior approval of the ARCHITECTURAL COMMITTEE. Unless otherwise specified under this Section, the cost of such alterations, additions or improvements to the GENERAL COMMON ELEMENTS shall be paid by means of a special assessment against the OWNERS in the proportion of their respective undivided interests in and to the GENERAL COMMON ELEMENTS (however such special assessments must be approved by the MEMBERS in accordance with Section 8.3 hereof). Any OWNER may make non-structural additions,

alterations and improvements within his UNIT without the prior written approval of the ARCHITECTURAL COMMITTEE, but such OWNER shall be responsible, to the extent required by Arizona law, for any damage to other UNITS and to the GENERAL COMMON ELEMENTS which results from any such alterations, additions or improvements. OWNERS are hereby prohibited from making any structural additions, alterations or improvements within a UNIT, unless prior to the commencement of each addition, alteration or improvement, the OWNER receives the prior written approval of the ARCHITECTURAL COMMITTEE and an architect or engineer, licensed in Arizona, certifies that such addition, alteration or improvement will not impair the structural integrity of the BUILDING within which such addition, alteration or improvement is to be made. The OWNER shall be responsible, to the extent required by Arizona law, for any damage to other UNITS and to the GENERAL COMMON ELEMENTS which results from any such additions, alterations or improvements. Notwithstanding the foregoing, no addition, alteration or improvement within a UNIT, whether structural or not, which would be VISIBLE FROM NEIGHBORING PROPERTY, shall be made without the prior written approval of the ARCHITECTURAL COMMITTEE which approval shall only be granted if the ARCHITECTURAL COMMITTEE affirmatively finds that the proposed addition, alteration or improvement is aesthetically pleasing and in harmony with the surrounding IMPROVEMENTS.

Section 4.4. Trash Containers and Collection. No garbage or trash shall be placed or kept on the CONDOMINIUM except in covered containers of a type, size and style which are approved by the ARCHITECTURAL COMMITTEE. In no event shall such containers be maintained so as to be VISIBLE FROM NEIGHBORING PROPERTY, except as required by the City of Mesa Sanitation Department and except to make the trash containers available for collection and then, only for the shortest time reasonably necessary to effect such collection. The BOARD shall have the right to subscribe to a trash service for the use and benefit of the ASSOCIATION and all OWNERS, and to adopt and promulgate rules and regulations regarding garbage, trash, trash containers and collection. The BOARD shall have the right to require all OWNERS to place trash and garbage in containers located in areas designated by the BOARD. All rubbish, trash, or garbage shall be removed from the CONDOMINIUM and shall not be allowed to accumulate therein. No incinerators shall be kept or maintained in the UNIT.

Section 4.5. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to the CONDOMINIUM except such machinery or equipment (including but not limited to the heating and air conditioning unit installed by the DECLARING and replacements thereof) as is usual and customary in connection with the use, maintenance or construction of buildings, improvements or structures which are within the permitted uses of such property and except that which DECLARING or the ASSOCIATION may require for the operation and maintenance of the GENERAL COMMON ELEMENTS. No evaporative coolers may be installed in or upon the BUILDINGS without the prior written consent of the ARCHITECTURAL COMMITTEE.

Section 4.6. Animals. No animals, insects, birds, fowl, poultry, or livestock, other than a reasonable number of house pets, shall be maintained in or on the CONDOMINIUM and then only if they are kept, bred or raised solely as domestic pets and not for commercial purposes. No pet or any other animal shall be allowed to make an unreasonable amount of noise, cause an odor, or to become a nuisance. When outside a UNIT or any enclosed yard reserved to the use of such UNIT, all dogs shall be kept on a leash not to exceed six (6) feet in length and shall not be left unattended but shall be directly under the OWNER'S control at all times. No OWNER or any lessee or guest of an OWNER shall permit any dog being kept in the UNIT or the RESTRICTED COMMON ELEMENTS reserved to the use of such UNIT to relieve itself on any portion of the GENERAL COMMON ELEMENTS. It shall be the responsibility of said OWNER, lessee or guest to remove immediately any droppings from pets. No structure for the care, housing, confinement, or training of any animal or pet shall be maintained so as to be VISIBLE FROM NEIGHBORING PROPERTY. Upon the written request of any OWNER, the BOARD shall determine whether, for the purposes of this section, a particular animal or bird is a generally recognized house pet, a nuisance, or whether the number of pets on any property is reasonable. Any decision rendered by the BOARD shall be enforceable as other restrictions contained herein.

Section 4.7. Occupancy. No trailer, basement of any incomplete IMPROVEMENT, tent, shack, garage or barn, and no temporary building or improvement of any kind shall be used at any time for a residence on any portion of the CONDOMINIUM either temporarily or permanently. Temporary buildings or structures used during the construction of buildings or structures approved by the ARCHITECTURAL COMMITTEE shall be permitted but must be removed promptly upon completion of the construction of the building or structure.

Section 4.8. Restriction on Further Subdivision and Time Shares. No UNIT shall be further subdivided or separated into smaller UNITS by any OWNER, and no portion less than all of any such UNIT nor any easement or other interest therein, shall be conveyed or transferred by any OWNER without the prior written approval of the BOARD. This Section shall not prevent the leasing of a UNIT provided the lease is in writing and is for an initial term of at least six (6) months. Any lease of a UNIT shall be subject to the CONDOMINIUM DOCUMENTS. This restriction shall not prevent the granting by an OWNER thereof of an easement over part or parts of a UNIT for use by another OWNER. Neither the ownership or occupancy of any UNIT shall be In time shares. No OWNER shall transfer, sell, assign or convey any time share in his UNIT and any such transaction shall be void. "Time share" as used in this section shall mean a right to occupy a UNIT in two or more non-consecutive time periods.

Section 4.9. Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on the CONDOMINIUM.

Section 4.10. Mineral Exploration. No portion of the CONDOMINIUM 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.

Section 4.11. Diseases and Insects. No OWNER shall permit any thing or condition to exist upon the CONDOMINIUM, which shall induce, breed or harbor infectious plant diseases or noxious insects.

Section 4.12. Vehicles. No mobile home, motor home, recreational vehicle, boat

trailer of any kind, truck, camper or tent, or similar vehicle or structure shall be kept, placed, maintained, constructed or repaired, nor shall any motor vehicle be constructed, reconstructed or repaired, upon any portion of the CONDOMINIUM, unless completely enclosed within a garage. No automobiles, trucks, motorcycles, motorbikes, scooters or other similar motor vehicles which are abandoned or inoperable shall be kept, placed or maintained on the CONDOMINIUM unless completely enclosed within a garage. No motor vehicle of any kind may be parked in the areas marked as a "PRIVATE DRIVE" on the PLAT.

Section 4.13 Signs. No signs (including, but not limited to "For Sale" or "For Rent" signs) other than a name and address sign not exceeding 9 x 30 inches in size shall be permitted in a window or on the exterior of any UNIT or BUILDING or any other portion of the CONDOMINIUM without the written approval of the ARCHITECTURAL COMMITTEE.

Section 4.14. Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of any part of the CONDOMINIUM. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction over the CONDOMINIUM shall be observed. Any violation of such laws, zoning ordinances or regulation shall be a violation of this DECLARATION.

Section 4.15. Nuisances and Offensive Activity. No nuisance shall be permitted to exist or operate upon the CONDOMINIUM and no activity shall be conducted upon the CONDOMINIUM which is offensive or detrimental to any portion of the CONDOMINIUM or any OWNER or occupants of the CONDOMINIUM. No exterior speakers, horns, whistles, bells or other sound devices except security or other emergency devices used exclusively for security or emergency purposes shall be located, used or placed on the CONDOMINIUM. The BOARD shall have the right to determine whether any particular activity is in violation of this Section.

Section 4.16. Reflective Materials. No reflective materials, including, but without limitation, aluminum foil, reflective screens or glass, mirrors or similar type items, shall be installed or placed upon the outside or inside of any windows of a UNIT without the prior written, approval of the ARCHITECTURAL COMMITTEE. No enclosures, shades, screens or other items affecting the exterior appearance of a UNIT or any RESTRICTED COMMON ELEMENTS reserved for the use of such UNIT shall be constructed or installed in any UNIT or RESTRICTED COMMON ELEMENTS without the prior written consent of the

ARCHITECTURAL COMMITTEE. No solar energy panels or other solar energy device may be installed or used on the CONDOMINIUM without the prior written consent of the ARCHITECTURAL COMMITTEE.

Section 4.17. Garage Openings. No garage door shall be open except when necessary for access to and from the garage.

Section 4.18. Landscaping. No planting, landscaping or gardening shall be done on or in the GENERAL COMMON ELEMENTS or the RESTRICTED COMMON ELEMENTS without the prior written consent of the ARCHITECTURAL COMMITTEE.

## ARTICLE V

### MAINTENANCE AND REPAIR OF GENERAL COMMON ELEMENTS AND UNITS

Section 5.0. Duties of the Association. The ASSOCIATION shall maintain, repair and make necessary improvements to all GENERAL COMMON ELEMENTS, except for those portions of the GENERAL COMMON ELEMENTS which the OWNERS of the UNITS are obligated to maintain pursuant to Section 5.1 of this DECLARATION. The portion of the GENERAL COMMON ELEMENTS that the ASSOCIATION shall maintain includes, but is not limited to, all common facilities and improvements, landscaping, drainage facilities, roadways, streets, parking areas and walks. The ASSOCIATION'S duties for maintenance and repair of the GENERAL COMMON ELEMENTS shall include the exterior portions of the UNITS and BUILDINGS, the land upon which the BUILDINGS are located, the space above the BUILDINGS, all bearing walls, columns, floors, roofs, slabs, foundations, storage buildings and lobbies, water and sewer pipes, ducts, chutes, conduits, wires and all other utility installations of the BUILDINGS, except the outlets thereof when located within UNITS and all structural parts of the GENERAL COMMON ELEMENTS and RESTRICTED COMMON ELEMENTS. The ASSOCIATION shall be responsible for the resurfacing, painting, repair, replacement and restoration of the RESTRICTED COMMON ELEMENTS. All such repairs and maintenance shall be COMMON EXPENSES and shall be paid for by the ASSOCIATION. The City of Mesa has no commitment or obligation to maintain any of the private utilities, streets, facilities or landscaped or other areas within the CONDOMINIUM.

Section 5.1. Duties of Owners. Each OWNER of a UNIT shall maintain, repair, replace and restore, at his own expense, all portions of his UNIT, subject to the CONDOMINIUM DOCUMENTS. Each OWNER shall, at his own expense, maintain, repair, replace and restore, all doors, window glass, and any heating, cooling and air conditioning systems and equipment exclusively serving his UNIT, and all electrical and plumbing fixtures and appliances exclusively serving his UNIT, including, but not limited to, dishwashers, laundry equipment, ranges, ovens, water heaters and other built-in appliances. Each OWNER shall clean, maintain, repair, replace and restore all interior finishes including without limitation, floor coverings, ceilings and wall coverings. No OWNER shall remove, alter, injure or interfere in any way with any shrubs, trees, grass or plantings placed upon the CONDOMINIUM by DECLARANT or the ASSOCIATION without first having obtained the written consent of the ARCHITECTURAL COMMITTEE. In addition, each OWNER shall be responsible for the maintenance and day to day upkeep of the RESTRICTED COMMON ELEMENTS (except for the structural parts of the RESTRICTED COMMON ELEMENTS) to which he has the right of exclusive use pursuant to Section 2.6 of this DECLARATION. Each OWNER shall take all necessary action to keep those RESTRICTED COMMON ELEMENTS free and clean from unsightly accumulations of weeds, trash and litter. Each OWNER shall have an easement over, across and through such portions of the GENERAL COMMON ELEMENTS as are necessary in order for the OWNER to perform his obligations under this Article with respect to landscaping and the maintenance, repair, replacement and restoration of those portions of the GENERAL COMMON ELEMENTS and RESTRICTED COMMON ELEMENTS which he is obligated to maintain.

Section 5.2. Landscaping Enclosed Yards. Each enclosed yard shown on the PLAT is a RESTRICTED COMMON ELEMENT for the exclusive use of the adjoining UNIT OWNER as shown on the PLAT. Each OWNER of a UNIT which includes the right to the exclusive use of an enclosed yard shall within sixty (60) days after acquiring ownership of that UNIT, submit a landscape plan for the enclosed yard to the ARCHITECTURAL COMMITTEE for its approval. Within ninety (90) days after the receipt of the ARCHITECTURAL

COMMITTEE'S written approval, the OWNER shall complete the landscaping of the enclosed yard in accordance with the approved PLAN. Thereafter said OWNER shall maintain the enclosed yard in an attractive condition, neatly trimmed and free of weeds or debris. The ARCHITECTURAL COMMITTEE shall have the right to require any such OWNER to alter, remove or replace any landscaping in the enclosed yard area, if such action is reasonably necessary in the sole discretion of the COMMITTEE for the aesthetic appearance of the CONDOMINIUM, the drainage requirements of the CONDOMINIUM or to preserve the views from surrounding UNITS.

Section 5.3. Owner's Failure to Maintain. If an OWNER fails to perform his obligations under this Article with respect to the landscaping of an enclosed yard, the maintenance and repair of the UNIT, and or the maintenance and repair of the portions of the GENERAL COMMON ELEMENTS and RESTRICTED COMMON ELEMENTS which he is obligated to maintain, then upon a vote of a majority of the Board of Directors and after not less than fifteen (15) days notice to that OWNER, the ASSOCIATION shall have the right (but not the obligation) to enter upon or into that area and provide such landscaping or maintenance or make such repairs or replacements, and the cost thereof shall be added to the assessments charged to such OWNER and shall be paid to the ASSOCIATION by that OWNER. The ASSOCIATION may enforce collection of such amounts in the same manner and to the same extent as provided in this DECLARATION for the collection of assessments. No OWNER shall do any act or any work which will impair the structural soundness or integrity of the BUILDINGS or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the CONDOMINIUM or other UNIT OWNERS. The perimeter walls of the CONDOMINIUM may not be altered or removed either temporarily or permanently for access by vehicles, equipment or pedestrians or otherwise without the prior written approval of the ARCHITECTURAL COMMITTEE.

Section 5.4. Repair or Restoration Necessitated by Owner. Each OWNER shall be liable to the ASSOCIATION, to the extent provided for by Arizona law, for any damage to the GENERAL COMMON ELEMENTS or the IMPROVEMENTS, landscaping or equipment thereon which results from the negligence or willful conduct of the OWNER. The cost to the ASSOCIATION of any such repair, maintenance or replacements required by such act of an OWNER shall be paid by said OWNER, upon demand, to the ASSOCIATION. The ASSOCIATION may enforce collection of any such amounts in the same manner and to the same extent as provided in this DECLARATION for the collection of assessments.

Section 5.5. Association Right of Access. Each OWNER hereby grants to the ASSOCIATION or its agent a right of access to the GENERAL COMMON ELEMENTS, the RESTRICTED COMMON ELEMENTS and to the UNITS for the purpose of enabling the ASSOCIATION, BOARD, ARCHITECTURAL COMMITTEE and any other committees established by the BOARD to exercise and discharge their respective powers, duties and responsibilities under the CONDOMINIUM DOCUMENTS. This right of access shall include, but not be limited to, the right to enter in or upon the GENERAL COMMON ELEMENTS, the RESTRICTED COMMON ELEMENTS and or the UNITS for the purpose of determining whether the provisions of this DECLARATION are being complied with by the OWNERS, their guests, invitees, tenants and licensees. The ASSOCIATION'S right of access and entry upon the RESTRICTED COMMON ELEMENTS and the UNITS shall be limited to reasonable hours and after reasonable notice except in the event of an emergency when access or entry may be made at any time without notice.

ARTICLE VI  
THE ASSOCIATION

Section 6.0. Rights Powers and Duties of the Association. The ASSOCIATION shall be a non-profit Arizona corporation. The ASSOCIATION shall constitute the "Council of Co-Owners" as that term is defined in the Horizontal Property Regime Act, Arizona Revised Statutes, Section 33-551, et seq., and shall have such rights, powers and duties as are prescribed by law and as are set forth in the CONDOMINIUM DOCUMENTS together with such rights, powers and duties as may be reasonably necessary in order to effectuate the objectives and purposes of the ASSOCIATION as set forth in this DECLARATION.

Section 6.1. Directors and Officers. The affairs of the ASSOCIATION shall be conducted by the BOARD and such officers and committees as the directors may elect and appoint, in accordance with the ARTICLES and the BYLAWS.

Section 6.2. Association Rules. By a majority vote of the BOARD, the ASSOCIATION may, from time to time and subject to the provisions of this DECLARATION, adopt, amend, and repeal rules and regulations. The ASSOCIATION RULES may, among other things, restrict and govern the use of any area by any OWNER, by the family of such OWNER, or by any invitee, licensee or lessee of such OWNER; provided, however, that the ASSOCIATION RULES may not discriminate among OWNERS and shall not be inconsistent with this DECLARATION, the ARTICLES or BYLAWS. A copy of the ASSOCIATION RULES as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each OWNER and may be recorded.

Section 6.3. Architectural Committee. The BOARD shall establish an ARCHITECTURAL COMMITTEE consisting of not less than three persons who need not be MEMBERS of the ASSOCIATION appointed by the BOARD to regulate the external design, appearance, use and maintenance of the CONDOMINIUM and to perform such other functions and duties as are imposed upon it by this DECLARATION, the BYLAWS or by the BOARD. All actions of the ARCHITECTURAL COMMITTEE, including without limitation the approval or disapproval of plans and specifications, as well as other matters in which the COMMITTEE is authorized hereunder to act, shall be in the sole and complete discretion of the COMMITTEE.

Neither the ARCHITECTURAL COMMITTEE nor any member thereof shall be liable to any OWNER or other party for any action taken by the COMMITTEE; provided however, that with respect to the liability of a COMMITTEE member, such member has acted in good faith on the basis of such information as may be possessed by him.

ARTICLE VII  
MEMBERSHIP AND VOTING RIGHTS

Section 7.0. Identity. Each OWNER of a UNIT shall be a MEMBER of the ASSOCIATION.

Section 7.1. Classes of Membership. The ASSOCIATION shall have two classes of voting membership:

Class A. Class A members shall be all OWNERS, with the exception of the DECLARANT so long as there is a Class B membership, of UNITS. Each Class A member shall be entitled to one (1) vote for each UNIT owned.

Class B. The Class B member shall be the DECLARANT. The Class B member shall be entitled to three (3) votes for each UNIT owned. The Class B membership shall cease and be converted to Class A membership and the DECLARANT shall become a Class A member upon the happening of either of the following events, whichever occurs earlier.

(a) 120 days after the date on which seventy-five percent (75%) of the UNITS have been conveyed to purchasers; or

(b) seven (7) years after the conveyance of the first UNIT to a PURCHASER; or

(c) when the DECLARANT notifies the ASSOCIATION in writing that it relinquishes its Class B membership.

For the purposes of (a) the number of UNITS shall be based upon the UNITS initially covered by this DECLARATION, plus all UNITS thereafter included in or covered by this DECLARATION as provided in ARTICLE XII. If the DECLARANT'S Class B membership is converted to Class A and if following that conversion but prior to the time period specified in (b) above, sufficient UNITS in the CONDOMINIUM owned by DECLARANT are included under this DECLARATION (as provided in ARTICLE XII) so that three times the number of DECLARANT'S UNITS exceeds the number of other lots then covered by this DECLARATION, DECLARANT'S Class B membership shall be automatically restored regarding all UNITS then owned by DECLARANT.

Section 7.2. Joint Ownership. When more than one person is the OWNER of a UNIT, all such persons shall be MEMBERS. The vote for such UNIT shall be exercised as they among themselves determine, but in no event shall more than one ballot be cast with respect to any UNIT. The vote for each such UNIT must be cast as a unit, and fractional votes shall not be allowed. In the event that joint 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 OWNER casts a ballot representing a certain UNIT, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other OWNERS of the same UNIT. In the event more than one ballot is cast for a particular UNIT, none of said votes shall be counted and said votes shall be deemed void.

Section 7.3. Suspension of Voting Rights. In the event any OWNER of a UNIT is in arrears in the payment of any assessment or other amounts due (including but not limited to lien fees or late fees) under the terms of any of the CONDOMINIUM DOCUMENTS for a period of fifteen (15) days, said OWNER'S right to vote as a MEMBER of the ASSOCIATION shall be automatically suspended and shall remain suspended until all payments, including accrued interest and attorneys' fees, are brought current. In the event any OWNER of a UNIT is not in compliance with any other provisions of the CONDOMINIUM DOCUMENTS, said OWNER'S right to vote as a MEMBER of the ASSOCIATION shall be suspended for any period to be determined by the Board of Directors; provided, however, that such suspension shall not exceed the greater of (a) the period during which said infraction continues or (b) sixty (60) days.

7.4. Transfer of Membership. The ASSOCIATION membership of each OWNER of a UNIT shall be appurtenant to such UNIT. The rights and obligations of an OWNER and

membership in the ASSOCIATION shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership of such UNIT, or by intestate succession, testamentary disposition, foreclosure of a mortgage of record, exercise of a power of sale under a Deed of Trust, 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 and shall not be reflected upon the books and records of the ASSOCIATION. Any transfer of ownership to said UNIT shall operate to transfer said membership to the new OWNER thereof.

## ARTICLE VIII COVENANT FOR MAINTENANCE ASSESSMENTS

Section 8.0. Creation of the Lien and Personal Obligation of Assessments. The DECLARANT, for each UNIT owned by it, and each OWNER of a UNIT, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed. is deemed to covenant and agree to pay to the ASSOCIATION: (1) Annual assessments, (2) special assessments for capital improvements, and (3) supplemental assessments. Such assessments shall be levied and collected as provided for in this DECLARATION. The annual, special and supplemental assessments, together with Interest, reasonable late and lien fees, costs and reasonable attorney's fees, such assessment is shall be a lien on the UNIT against which each made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of each person who was the OWNER of such UNIT at the time when the assessment was levied. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. The DECLARANT'S obligation to pay assessments with respect to the UNITS covered by this DECLARATION and owned by the DECLARANT shall not commence until the first UNIT sold has been conveyed to a PURCHASER, subject to the provisions of Article XII, Section 12.0.

Section 8.1. Purpose of Assessments. The assessments levied by the ASSOCIATION shall be used exclusively to promote the recreation, health, safety, and welfare of the OWNERS, for the improvement and maintenance of the GENERAL COMMON ELEMENTS, and for all purposes set forth in the CONDOMINIUM DOCUMENTS, including but not limited to insurance premiums, expenses for maintenance, repairs and replacements of GENERAL COMMON ELEMENTS and reserves for depreciation and contingencies.

Section 8.2. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first UNIT to a PURCHASER, the maximum annual assessment shall be EIGHT HUNDRED AND FORTY DOLLARS. (\$840.00) for each UNIT.

(a) From and after January 1 of the year immediately following the conveyance of the first UNIT to a PURCHASER, the BOARD may, without a vote of the membership of the ASSOCIATION, increase the maximum annual assessment during each fiscal year of the ASSOCIATION by an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (all items), U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics (1967=100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefore by the United States government.

(b) From and after January 1 of the year immediately following the conveyance of the first UNIT to a PURCHASER, the maximum annual assessments may be increased by an

amount greater than the maximum increase allowed pursuant to Section 8.2(a) above, only with the approval of OWNERS representing two-thirds (2/3) of the votes of each class of membership who are voting in person or by proxy at a meeting duly called for such purpose.

(c) The BOARD may fix the annual assessment at any amount not in excess of the maximum.

Section 8.3. Special Assessments. In addition to annual assessments, the ASSOCIATION may levy, in any fiscal year of the ASSOCIATION, a special assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the GENERAL COMMON ELEMENTS, including fixtures and personal property related thereto, or for any other lawful ASSOCIATION purpose, provided that any such assessment shall have first been approved by OWNERS representing two-thirds (2/3) of the votes of each class of membership who are voting in person or by proxy at a meeting duly called for such purpose.

Section 8.4. Supplemental Assessments. In the event the BOARD shall determine that its funds budgeted or available in any fiscal year are, or will, become inadequate to meet all expenses of the ASSOCIATION for any reason, including nonpayment of assessments, it shall immediately determine the approximate amount of such inadequacies for such fiscal year and issue a supplemental budget and levy a supplemental assessment against the OWNERS of each UNIT for the amount required to pay all such expenses; provided, however, that any such supplemental assessment must first be approved by OWNERS representing at least two-thirds (2/3) of the votes of each class of membership who are voting in person or by proxy at a meeting duly called for such purpose.

Section 8.5. Notice and Quorum for any Action Authorized Under Sections 8.2, 8.3 and 8.4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 8.2, 8.3, or 8.4 shall be sent to all MEMBERS not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of MEMBERS or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section. 8.6. Rate of Assessment. Annual, special and supplemental assessments shall be levied against each UNIT in accordance with the fractional interest which each UNIT bears to the entire Horizontal Regime under Section 2.5 of this DECLARATION.

Section 8.7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all UNITS on the first day of the month following the conveyance of the first UNIT to a PURCHASER. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the ASSOCIATION. The BOARD shall fix the amount of the annual assessment against each UNIT at least thirty (30) days in advance of each fiscal year. If the annual assessment is not fixed by the BOARD at least thirty (30) days in advance of the fiscal year, then the annual assessment for the prior fiscal year shall remain in effect until the thirtieth day after the BOARD fixes the, annual assessment for the then current fiscal year. Written notice of the annual assessment shall be sent to every OWNER subject thereto prior to the commencement of the fiscal year; provided,

however, that failure to give such notice shall not affect the validity or enforceability of the assessments as fixed by the BOARD. The BOARD may require that the annual, supplemental or special assessments be paid in installments. Unless otherwise specified by the BOARD special and supplemental assessments shall be due thirty (30) days after they are levied by the ASSOCIATION and notice of the assessment is given to every OWNER, and annual assessments shall be due and payable in equal monthly installments on the first day of each month.

Section 8.8. Effect of Nonpayment of Assessments; Remedies of the Association.

Any assessments, or any installment of an assessment, which is not paid within thirty (30) days after the assessment first became due shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum or the prevailing FHA/VA interest rate for new home loans, whichever is higher. DECLARANT shall be entitled to be reimbursed for any amounts the DECLARANT advances to the ASSOCIATION as a result of the failure of other OWNERS to pay assessments when due. In addition, DECLARANT shall be entitled to receive interest on those advances from the date those advances are made at the rate of twelve percent (12%) per annum or the prevailing FHA/VA interest rate for new home loans, whichever is higher.

Any assessment, or any installment of an assessment, which is delinquent shall be a continuing lien on the UNIT ESTATE of the UNIT against which such assessment was made. The lien shall be perfected by the recordation of a "Notice of Claim of Lien" which shall set forth (1) the name of the delinquent OWNER, (2) the legal description, street address and number of the UNIT against which the claim of lien is made, (3) the amount claimed as of the date of the recording of the notice including interest, collection costs, reasonable lien and late fees and reasonable attorneys' fees, and (4) the name and address of the ASSOCIATION. In addition the Notice may include a claim for any and all amounts thereafter becoming due. The ASSOCIATION'S lien shall have priority over all liens or claims created subsequent to the recordation of the Notice of Claim of Lien except for tax liens for real property taxes on the UNIT, assessments on any UNIT in favor of any municipal or other governmental body and the liens which are specifically described in Section 8.9 of this DECLARATION.

Before recording a lien against any UNIT the ASSOCIATION shall make a written demand for payment to the defaulting OWNER. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the ASSOCIATION may proceed with recording a Notice of Claim of Lien against the UNIT ESTATE of the defaulting OWNER.

The ASSOCIATION shall have the right, at its option, to enforce collection of any delinquent assessments in any manner allowed by law including, but not limited to, (a) bringing an action at law against the OWNER personally obligated to pay delinquent assessments and such action may be brought without waiving any lien securing any such delinquent assessments, (b) bringing an action to foreclose its lien against the UNIT in the bringing an act manner provided by law for the foreclosure of a realty mortgage, or (c) if permitted by Arizona law, exercising a power of sale in the manner provided by law for a sale under a deed of trust. A judgment to foreclose or a judgment against the OWNER personally shall include all amounts due and owing by the delinquent OWNER as of the date of judgment. The ASSOCIATION shall have the power to bid in at any foreclosure sale and to purchase,

acquire, hold, lease, mortgage and convey any and all UNITS purchased at such sale. The ASSOCIATION shall not be required to record a "Notice and Claim of Lien" prior to attempting to collect the assessment or bringing an action against the OWNER personally obligated to pay the delinquent assessments.

Section 8.9. Subordination of Assessment Lien to Mortgages. The lien of the assessments provided in this DECLARATION shall be subordinate to the lien of any FIRST MORTGAGE. Sale or transfer of any UNIT shall not affect the assessment lien. However, the sale or transfer of any UNIT pursuant to judicial or nonjudicial foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer but no such foreclosure, sale or transfer shall relieve such UNIT from liability for any assessments thereafter becoming due or from the lien thereof. In addition, no foreclosure, sale or transfer shall relieve an OWNER from his personal liability to pay assessments.

Section 8.10. Exemption of Owner. No OWNER of a UNIT may exempt himself from liability for payment of assessments and other charges levied pursuant to the CONDOMINIUM DOCUMENTS by waiver and non-use of any of the GENERAL COMMON ELEMENTS and facilities or by the abandonment of his UNIT.

Section 8.11. Unallocated Tax Assessments. In the event that any taxes are assessed against the personal property of the ASSOCIATION, such taxes shall be included in the assessments made under the provisions of this Article, and, if necessary, a supplemental or special assessment may be levied against the UNITS in an amount equal to those taxes, to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

Section 8.12. Certificate of Payment. The ASSOCIATION shall, upon demand of an OWNER, furnish to such OWNER a certificate in writing signed by an officer of the ASSOCIATION setting forth whether the assessments on a particular UNIT have or have not been paid and the amount of any unpaid assessments. The ASSOCIATION may charge the OWNER requesting the certificate a reasonable fee in an amount established by the BOARD for each such certificate. Such certificate shall be conclusive evidence of payment of any assessment described in the certificate as having been paid.

Section 8.13. Working Capital Fund. A working capital fund shall be established for the initial months of the project operations in an amount equal to at least two monthly installments of the current annual assessment for each UNIT.

Section 8.14. Maintenance of Reserve Fund. Out of the annual assessments, the ASSOCIATION shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the GENERAL COMMON ELEMENTS which the ASSOCIATION is obligated to maintain.

## ARTICLE IX CONDEMNATION

Section 9.0. Consequences of Condemnation; Notices. If at any time all or any part of the CONDOMINIUM shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Article shall apply.

Upon any such act, each OWNER, and each holder of a lien or encumbrance on the CONDOMINIUM or any part thereof shall be provided with timely written notice of any proceeding or proposed acquisition or sale. The ASSOCIATION shall represent the OWNERS in any condemnation proceeding or in negotiations, settlements and agreements with the condemning authority for acquisition of the GENERAL COMMON ELEMENTS or any part thereof; provided, however, any settlement negotiated by the ASSOCIATION in connection with a condemnation proceeding shall require the consent of eighty percent (80%) of the OWNERS of any UNITS condemned in whole or in part.

Section 9.1. Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "CONDEMNATION AWARD", shall be payable to the BOARD in trust for the OWNERS and all holders of liens and encumbrances on the CONDOMINIUM or any part thereof, as their interests may appear.

Section 9.2. Complete Taking. In the event that the entire CONDOMINIUM is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Horizontal Property Regime created pursuant hereto shall terminate. The CONDEMNATION AWARD shall be apportioned among the OWNERS as determined by the Court. In the event no judicial allocation is made the CONDEMNATION AWARD shall be apportioned among the OWNERS in proportion to their respective undivided interests in the GENERAL COMMON ELEMENTS; provided, that if a standard different from the value of the CONDOMINIUM as a whole is employed to measure the CONDEMNATION AWARD in the negotiation, settlement, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the BOARD shall as soon as practicable determine the share of the CONDEMNATION AWARD to which each OWNER is entitled. After paying out of the respective share of each OWNER all encumbrances and liens on the interest of such OWNER, the balance remaining in each share shall then be distributed to each OWNER respectively.

Section 9.3. Partial Taking. In the event that less than the entire CONDOMINIUM is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the Horizontal Property Regime created hereunder shall not terminate. Each OWNER shall be entitled to a share of the CONDEMNATION AWARD as determined by the court, or if no judicial allocation is made, the shares shall be determined in the following manner:

(a) As soon as practicable the BOARD shall, reasonably and in good faith, allocate the CONDEMNATION AWARD between compensation, severance damages, or other proceeds;

(b) The BOARD shall apportion the amounts allocated to a taking of or injury to the GENERAL COMMON ELEMENTS which in turn shall be apportioned among the OWNERS in proportion to their respective undivided interests in the GENERAL COMMON ELEMENTS;

(c) The total amount allocated to severance damages shall be apportioned equitably by the BOARD among those UNITS which were not taken or condemned;

(d) The respective amounts allocated to the taking of or injury to a particular UNIT and or improvements an OWNER had made within his own UNIT shall be apportioned to the particular UNIT involved;

(e) The amount allocated to consequential damages and any other taking or injury shall be apportioned as the BOARD determines to be equitable in the circumstances;

(f) If an allocation of the CONDEMNATION AWARD is already established in negotiation, judicial decree or otherwise, then in allocating the CONDEMNATION AWARD the BOARD shall employ such allocation to the extent it is relevant and applicable;

(g) Distribution of apportioned proceeds shall be made to the respective FIRST MORTGAGEES of each UNIT and any sums in excess of the amount necessary to satisfy the FIRST MORTGAGE shall be paid to the OWNER of the UNIT;

(h) Upon condemnation of any UNIT or UNITS the fractional interest in the GENERAL COMMON ELEMENTS and the votes in the ASSOCIATION attributable to the condemned UNITS shall be automatically reallocated to the remaining UNITS on an equal basis and the ASSOCIATION shall promptly prepare, execute and record an amendment to the DECLARATION reflecting the reallocations.

## ARTICLE X INSURANCE

Section 10.0. Scope of Coverage. Commencing not later than the time of the first conveyance of a UNIT to a PURCHASER, the ASSOCIATION shall maintain, to the extent reasonably available, the following insurance coverage (which insurance shall be carried with reputable companies authorized to do business in Arizona):

(a) Property insurance on the GENERAL COMMON ELEMENTS and UNITS, exclusive of improvements and betterments installed in the UNITS by OWNERS, insuring against all risks of direct physical loss commonly insured against, in an amount equal to the maximum insurable replacement value of the GENERAL COMMON ELEMENTS and UNITS, 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 property policies.

(b) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the BOARD, but not less than \$1,000,000.00 for personal injury and property damage. 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 GENERAL COMMON ELEMENTS 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.

(c) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona.

(d) Such other insurance as the ASSOCIATION shall determine from time to time to be appropriate to protect the ASSOCIATION and/or OWNERS.

(e) The insurance policies purchased by the ASSOCIATION shall, to the extent reasonably available contain the following provisions:

(1) Each OWNER is an insured under the policy with respect to liability arising out of his ownership of an undivided interest in the GENERAL COMMON ELEMENTS or his membership in the ASSOCIATION.

(2) That there shall be no subrogation against or with respect to the ASSOCIATION, its agents, servants, and employees, with respect to OWNERS and members of their household.

(3) No act or omission by any OWNER will void the policy or be a condition to recovery on the policy.

(4) 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.

(5) 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.

(6) Statement of the name of the insured as "MARLBOROUGH MESA VILLAS ASSOCIATION, INC." for the use and benefit of the individual OWNERS (designated by name if required by insured).

(7) 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 reduction or cancellation of the policy.

(8) "Agreed Amount" and "Inflation Guard" endorsements.

(f) If at any time there is a steam boiler in connection with the CONDOMINIUM, there must be in force boiler explosion insurance evidenced by the standard form of boiler machinery Insurance policy and providing coverage in the minimum amount of \$50,000.00 per accident per location.

Section 10.1. Certificate of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the ASSOCIATION and/or the ASSOCIATION'S agent and, upon request, to any OWNER, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the ASSOCIATION, each OWNER and each FIRST MORTGAGEE who is listed as a scheduled holder of a FIRST MORTGAGE in the insurance policy.

Section 10.2. Fidelity Bonds. The ASSOCIATION shall maintain blanket fidelity bonds for all officers, directors, trustees, and employees of the ASSOCIATION and all other persons handling or responsible for funds of or administered by the ASSOCIATION. Where the ASSOCIATION has delegated some or all of the responsibility for the handling of funds to a

management agent, the ASSOCIATION shall require the management agent to provide fidelity bonds for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the ASSOCIATION. The total amount of fidelity bond coverage shall not be less than a sum equal to three months assessments on all UNITS or such greater amounts as may be approved by the BOARD. Fidelity bonds obtained by the ASSOCIATION must also meet the following requirements:

(a) The fidelity bonds shall name the ASSOCIATION as an obligee;

(b) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions;

(c) The bonds shall provide that they may not be cancelled or substantially modified (including cancellation from nonpayment of premium) without at least ten (10) days prior written notice to the ASSOCIATION and each FIRST MORTGAGEE.

Section 10.3. Payment of Premiums. Premiums for all insurance obtained by the ASSOCIATION pursuant to this Article shall be COMMON EXPENSES and shall be paid for by the ASSOCIATION.

Section 10.4. 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 UNIT, his personal property and providing personal liability coverage; provided, however, that the obtaining of such insurance shall not relieve such OWNER from his obligation to pay his proportionate share of the premiums for insurance obtained by the ASSOCIATION.

Section 10.5. Payment of Insurance Proceeds. Any loss covered by property insurance obtained by the ASSOCIATION in accordance with this Article 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. The ASSOCIATION shall hold any insurance proceeds in trust for OWNERS and lienholders as their interests may appear. Subject to the provisions of Section 10.6. of this Article, the proceeds shall be disbursed for the repair or restoration of the damage to GENERAL COMMON ELEMENTS and UNITS, and OWNERS and lienholders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the GENERAL COMMON ELEMENTS and UNITS have been completely repaired or restored, or the Horizontal Property Regime terminated.

Section 10.6. Repair and Replacement of Damaged or Destroyed Property. Any portion of the CONDOMINIUM damaged or destroyed shall be repaired or replaced promptly by the ASSOCIATION unless repair or replacement would be illegal under any state or local health or safety statute or ordinance, or unless at a meeting called within one hundred twenty (120) days after the occurrence of the casualty and prior to the commencement of the construction or repair (a) the Horizontal Property Regime is terminated or (b) eighty percent (80%) of all OWNERS and eighty percent (80%) of the OWNERS of damaged UNITS vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a COMMON EXPENSE. If the entire CONDOMINIUM is not to be repaired or replaced, (a) insurance proceeds attributable to the damaged GENERAL COMMON ELEMENTS shall be used to restore the damaged area to be restored to a condition compatible with the remainder of the

CONDOMINIUM, (b) insurance proceeds attributable to UNITS which are not to be rebuilt shall be distributed to the OWNERS and any mortgagees of those UNITS as their interests may appear, (c) the remainder of the proceeds shall be distributed to all OWNERS in proportion to their interest in the GENERAL COMMON ELEMENTS. If the OWNERS vote not to rebuild a UNIT, that UNIT'S entire GENERAL COMMON ELEMENTS interest and votes in the ASSOCIATION shall be automatically reallocated as if the UNIT has been condemned, and the ASSOCIATION shall promptly prepare, execute and record an amendment DECLARATION reflecting the allocations. The ASSOCIATION is hereby appointed as the agent and attorney in fact for all OWNERS for the purpose of rebuilding or restoring the CONDOMINIUM (or not rebuilding if so elected by the OWNERS as provided, in this Section 10.6), distributing insurance proceeds and reallocating interests in the GENERAL COMMON ELEMENTS and votes in the ASSOCIATION.

10.7. Insurance Trustee. Notwithstanding any other provisions of this Article there may be named as an insured on behalf of the ASSOCIATION, the ASSOCIATION'S authorized representative, including any trustee with whom such ASSOCIATION may enter into any Insurance Trust Agreement or any such trustee ("Insurance Trustee"), who shall have successor to the exclusive authority to negotiate losses under any policy providing such property or liability insurance to the ASSOCIATION. Each OWNER, by accepting a deed to a UNIT, appoints the ASSOCIATION or any Insurance Trustee or substitute Insurance Trustee designated by the ASSOCIATION, as attorney-in-fact for the purpose of purchasing such insurance, including: the collection and appropriate disposition of the proceeds thereof; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The ASSOCIATION or any Insurance Trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for OWNERS and their FIRST MORTGAGEES, as their interests may appear.

## ARTICLE XI NOTICE OF VIOLATION.

Section 11.0. Recording of Notice. The ASSOCIATION shall have the right but not the obligation to record a written notice of a violation by any OWNER of any restriction. or provision of the CONDOMINIUM DOCUMENTS. The notice shall be executed and acknowledged by an officer of the ASSOCIATION and shall contain substantially the following information:

- (1) The name of the OWNER;
- (2) The legal description, street address, and number of the UNIT against which the notice is being recorded;
- (3) A brief description of the nature of the violation;
- (4) A statement that the notice is being recorded by the ASSOCIATION pursuant to this DECLARATION; and
- (5) A statement of the specific steps which must be taken by the OWNER to comply with this DECLARATION or the applicable rule. Before recording a Notice of Violation against any UNIT the ASSOCIATION shall make a written demand for cure of said violation to

the OWNER. Said demand shall include a copy of the Notice of Violation proposed to be recorded. If such violation is not cured within ten (10) days after delivery of such demand (or in the event a cure cannot reasonably be completed within ten days (10) days if a cure is not commenced and diligently pursued within ten (10) days after the delivery of such demand) the ASSOCIATION may proceed with recording a Notice of Violation against the UNIT ESTATE of the defaulting OWNER

Section 11.1. Effect of Recording. Recordation of a Notice of Violation shall serve as notice to the OWNER and to any subsequent purchaser of the UNIT that there is a violation of the provisions of the CONDOMINIUM DOCUMENTS. The ASSOCIATION may charge the OWNER of the UNIT against which the Notice of Violation is recorded a reasonable fee as and for its costs incurred in investigating the violation, preparing and recording the notice, attorneys' fees and any other fees or expenses incurred. 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 actual violation referred to in the notice has been cured, the ASSOCIATION shall record a notice of compliance which shall state the legal description, street address and number of the UNIT against which the notice of violation was recorded, and shall state that the violation referred to in the notice of violation has been cured, or if such be the case, that it did not exist. In the event it is determined that the ASSOCIATION was in error and that the violation did not exist, then the OWNER shall not be charged individually for the ASSOCIATION'S costs and fees incurred in connection with the violation and notice.

## ARTICLE XII ANNEXATION

Section 12.0. Right of Annexation. DECLARANT hereby expressly reserves the right until seven (7) years from the date of the recording of this DECLARATION to expand the Horizontal Property Regime created by this DECLARATION, without the consent of any OWNER, mortgagee or any party with an interest in the CONDOMINIUM, by annexing all or any portion of the ANNEXABLE PROPERTY. In the event the DECLARANT annexes all or any part of the ANNEXABLE PROPERTY, the fractional interest of each UNIT in the GENERAL COMMON ELEMENTS shall be adjusted by the DECLARANT. Each UNIT'S undivided interest in the GENERAL COMMON ELEMENTS shall be a fraction the numerator of which shall be one and the denominator of which shall be the total number of UNITS then in the Horizontal Property Regime. The annexation of any or all of the ANNEXABLE PROPERTY shall be accomplished by the DECLARANT recording with the County Recorder of Maricopa County, Arizona, a Declaration of Annexation stating the following:

- (1) the legal description of the ANNEXABLE PROPERTY being annexed;
- (2) the number of UNITS being added by the annexation of the ANNEXABLE PROPERTY;
- (3) the undivided interest of each UNIT in the GENERAL COMMON ELEMENTS as computed in accordance with the provisions of this Section;
- (4) a description of any portion of the ANNEXABLE PROPERTY being added which will be RESTRICTED COMMON ELEMENTS or LIMITED COMMON ELEMENTS and the designation of the UNITS to which those RESTRICTED COMMON ELEMENTS or LIMITED COMMON ELEMENTS will be reserved.

The DECLARANT is hereby irrevocably, appointed as agent and attorney-in-fact for the OWNERS and each of them to adjust each UNIT'S fractional interest in the GENERAL COMMON ELEMENTS and to do all other acts required by this Section in order to annex any or all of the ANNEXABLE PROPERTY. Said appointment is coupled with an interest. The DECLARANT shall not be obligated to pay any assessments with respect to any portion of the ANNEXABLE PROPERTY until such time as such portion of the ANNEXABLE PROPERTY has been annexed by the DECLARANT and a UNIT within that annexed property has been sold and conveyed to a PURCHASER.

Section 12.1. No Assurances. DECLARANT makes no assurances as to the exact location of buildings and other improvements to be constructed on the ANNEXABLE PROPERTY. DECLARANT makes no assurances as to the exact number of UNITS which shall be added to the Horizontal Property Regime by annexation of all or any portion of the ANNEXABLE PROPERTY, but the total number of UNITS added by any such annexation or annexations shall not exceed eighty-four (84), for a total of one hundred and twelve (112) UNITS in the CONDOMINIUM. DECLARANT makes no assurances as to what improvements may be constructed on the ANNEXABLE PROPERTY but such improvements shall be consistent in quality, material and style with the improvements constructed on the real property described in Exhibit A attached to this DECLARATION. All taxes and other assessments relating to all or any portion of the ANNEXABLE PROPERTY annexed into the Horizontal Property Regime covering any period prior to the recording of the Declaration of Annexation shall be the responsibility of and shall be paid for by the DECLARANT.

### ARTICLE XIII TERMINATION OF THE HORIZONTAL PROPERTY REGIME

Section 13.0. Method of Termination. Notwithstanding any contrary provision of the CONDOMINIUM DOCUMENTS, the horizontal property regime created by the recording of this DECLARATION may only be terminated with the approval of all of the OWNERS of the UNITS. Any such termination of the horizontal property regime shall be evidenced by a Declaration of Withdrawal which shall be executed and acknowledged by all of the OWNERS and recorded with the County Recorder of Maricopa County, Arizona. If at the time of such termination there are any encumbrances or liens against any of the UNITS, the declaration of withdrawal will be effective only when the creditors holding such encumbrances or liens execute and acknowledge such declaration of withdrawal or their encumbrances or liens are satisfied or expire by operation of law. No termination of the horizontal property regime shall be a bar to any subsequent commitment of the CONDOMINIUM to a horizontal property regime.

### ARTICLE XIV GENERAL PROVISIONS

Section 14.0. Enforcement. The ASSOCIATION, or any OWNER, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the CONDOMINIUM DOCUMENTS. Failure by the ASSOCIATION or by any OWNER to enforce any covenant or restriction contained in the CONDOMINIUM DOCUMENTS shall in no event be deemed a waiver of the right to do so thereafter.

Section 14.1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 14.2. Amendment. The covenants and restrictions of this DECLARATION shall run with and bind the CONDOMINIUM, for a term of twenty (20) years from the date this DECLARATION is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This DECLARATION may be amended by an instrument signed by OWNERS representing not less than seventy-five percent (75%) of the UNITS. Any Amendment must be recorded. So long as there is a Class B membership in the ASSOCIATION, any amendment must be approved by the Veteran's Administration.

Section 14.3. Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

Section 14.4. Delivery of Notices and Documents. Any written notice or other cuments relating to or required by this DECLARATION may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the ASSOCIATION, to Marlborough Development Corporation, 1777 West Camelback Road, Suite D-102, Phoenix, Arizona 85015; if to the ARCHITECTURAL COMMITTEE, to Marlborough Development Corporation, 1777 West Camelback Road, Suite D-102, Phoenix, Arizona 85015; if to the OWNER, to the address of his UNIT within the CONDOMINIUM owned, in whole or in part, by him or to any other address last furnished by an OWNER to the ASSOCIATION; and if to DECLARANT, to Marlborough Development Corporation, 1777 West Camelback Road, Suite D-102, Phoenix, Arizona 85015; provided, however, that any such address may be changed at any time by the party concerned by recording a written notice of change of address and delivering a copy thereof to the ASSOCIATION. Each OWNER of a UNIT shall file the correct mailing address of such OWNER with the ASSOCIATION, and shall promptly notify the ASSOCIATION in writing of any subsequent change of address.

Section 14.5. Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any portion of the CONDOMINIUM, each person or entity, 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 the CONDOMINIUM DOCUMENTS and any amendments thereof. In addition, each such person by accepting a deed or otherwise acquiring any ownership interest in any portion of the CONDOMINIUM thereby acknowledges that the CONDOMINIUM DOCUMENTS set forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his agreement that all the restrictions, conditions, covenants, rules and regulations contained in the CONDOMINIUM DOCUMENTS shall run with the land and be binding on all subsequent and future OWNERS, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that the CONDOMINIUM DOCUMENTS shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future OWNERS. DECLARANT, its successors, assigns and grantees, covenants and agrees that the UNITS and the membership in the ASSOCIATION and the other rights created by the CONDOMINIUM DOCUMENTS shall, not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective

UNIT even though the description in the instrument of conveyance or encumbrance may refer only to the UNIT.

Section 14.6. Gender. The singular, wherever used in this DECLARATION, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this DECLARATION apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 14.7. Topic Headings. The marginal or topical headings of the sections contained in this DECLARATION are for convenience only and do not define, limit or construe the contents of the sections of this DECLARATION.

Section 14.8. Survival of Liability. The termination of membership in the ASSOCIATION shall not relieve or release any such former OWNER or MEMBER from any liability or obligation incurred under, or in any way connected with, the ASSOCIATION during the period of such ownership or membership, or impair any rights or remedies which the ASSOCIATION may have against such former OWNER or MEMBER arising out of, or in any way connected with such ownership or membership and the covenants and obligations incident thereto.

Section 14.9. Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this DECLARATION and the ARTICLES, BYLAWS, ASSOCIATION RULES or ARCHITECTURAL COMMITTEE RULES, the provisions of this DECLARATION shall prevail.

Section 14.10. Joint and Several Liability. In the case of joint ownership of a UNIT, the Liabilities and obligations of each of the joint OWNERS set forth in, or imposed by the CONDOMINIUM DOCUMENTS, shall be joint and several.

Section 14.11. Declarant's Exemption. Nothing contained in this DECLARATION shall be construed to prevent the erection or maintenance by DECLARANT or its duly authorized agents, of improvements or signs necessary or convenient to the development or sale of the CONDOMINIUM or the UNITS. DECLARANT and its agents and assigns specifically reserve the right to use and enjoy the GENERAL COMMON ELEMENTS and all her IMPROVEMENTS and BUILDINGS and grounds in connection with its advertising, promotion and sales efforts; provided, however, that such use of the GENERAL COMMON ELEMENTS by the DECLARANT must not interfere with any OWNER'S use and enjoyment of the GENERAL COMMON ELEMENTS. So long as the DECLARANT owns any UNIT, the CONDOMINIUM DOCUMENTS may not be amended in any way which would eliminate, modify or impair the rights of the DECLARANT as set forth in this Section.

Section 14.12. Guests and Tenants. Each OWNER shall, to the extent required by Arizona law, be responsible for compliance by his agents, tenants, guests, invitees, licensees and their respective servants, agents and employees with the provisions of the CONDOMINIUM DOCUMENTS. An OWNER'S failure to insure compliance by such persons shall be grounds for the same action available to the ASSOCIATION or any other OWNER by reason of such OWNER'S own non-compliance.

Section 14.13. Attorneys' Fees. In the event the DECLARANT, the ASSOCIATION or any other OWNER employs an attorney or attorneys to enforce a lien or to collect any amounts due from an OWNER or to enforce compliance with or recover damages for any violation or non-compliance with the CONDOMINIUM DOCUMENTS, the prevailing

party in any such action shall be entitled to recover from the other party their reasonable attorneys' fees incurred in the action.

Section 14.14. Management Agreements. Any agreement for professional management of the ASSOCIATION or the CONDOMINIUM shall have a term not to exceed one (1) year and shall be renewable by agreement of the parties for successive one year periods. Any such agreement shall be terminable without payment of a termination fee for cause immediately upon notice and without cause upon ninety (90) days prior notice.

Section 14.15. Number of Days. In computing the number of days for purposes of any provision of the CONDOMINIUM DOCUMENTS all days shall be counted including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.

Section 14.16. Declarant's Right to-Replat. Subject to the approval of any and all appropriate governmental agencies having jurisdiction, DECLARANT hereby reserves the right at any time, without the consent of other OWNERS, to resubdivide and replat any portion or all of the CONDOMINIUM and any portion or all of the ANNEXABLE PROPERTY; except any land upon which a building has been erected and in which the sale of a UNIT has closed and except that the DECLARANT alone shall not be permitted to substantially alter the general scheme of the PLAT as recorded on property which has been irrevocably annexed to the CONDOMINIUM. There shall be no restrictions on the DECLARANT'S right to resubdivide or replat without the consent of other OWNERS any portion or all of the ANNEXABLE PROPERTY which has not at that time been irrevocably annexed to the CONDOMINIUM

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein has hereunto set its hand and seal this 9<sup>th</sup> day of December, 1983.

PIONEER TRUST COMPANY OF ARIZONA, an  
Arizona Corporation, as Trustee

By: Charles A. Johnson /s/  
Trust Officer

MARLBOROUGH DEVELOPMENT CORPORATION  
An Arizona Corporation

By: Larry S. Benson /s/

LEGAL DESCRIPTION  
MARLBOROUGH MESA VILLAS  
PHASE ONE

A portion of TRACT "A" of "MARLBOROUGH MESA UNIT TWO", a subdivision, as recorded in Book 203, page 2 Records of Maricopa County, located in the Northwest quarter of Section 9, Township 1 South, Range 5 East, G&SRB&M, Maricopa County, Arizona, more particularly described as follows:

Commencing at the North quarter corner of said Section 9; thence S 89E 11' 42" W along the north line of said Northwest quarter, a distance of 330.00 feet; thence S 00E 50' 58" E, a distance of 315.06 feet; thence S 89E 09' 02" W, a distance of 40.00 feet to a point on the east line of said Tract "A", said point being the TRUE POINT OF BEGINNING; thence S 00E 50' 58" E, along said east line, a distance of 31.00 feet; thence S 89E 09' 02" W, a distance of 97.49 feet to the beginning of a tangent curve concave southeasterly and having a radius of 18.00 feet; thence southwesterly along the arc of said curve through a central angle of 90E 00' 00", a distance of 28.27 feet to a point of tangency; thence S 00E 50' 58" E, a distance of 5.51 feet; thence S 89E 09' 02" W, a distance of 266.26 feet; thence N 00E 50' 58" W, a distance of 314.90 feet to a point on the south line of the north 55.00 feet of said Northwest quarter; thence N 89E 11' 42" E along said south line, a distance of 266.26 feet; thence S 00E 50' 58" E, a distance of 242.18 feet to the beginning of a tangent curve concave southeasterly and having a radius of 18.00 feet; thence southeasterly along the arc of said curve through a central angle of 90E 00' 00", a distance of 28.27 feet to a point of tangency; thence N 89E 09' 02" E, a distance of 97.49 feet back to the TRUE POINT OF BEGINNING.

Said parcel contains 2.00956 Acres

EXHIBIT A

LEGAL DESCRIPTION  
ANNEXABLE PROPERTY  
MARLBOROUGH MESA VILLAS

1. All of TRACT AA" of AMARLBOROUGH MESA UNIT TWO@, a subdivision, as recorded in Book 203, page 2, Records of Maricopa County, located in the Northwest quarter of Section 9, Township 1 South, Range 5 East, G&SRB&M, Maricopa County, Arizona, EXCEPT that portion described as follows:

Commencing at the North quarter corner of said Section 9; thence S 89E 11' 42" W along the north line of said Northwest quarter, a distance of 330.00 feet; thence S 00E 50' 58" E, a distance of 315.06 feet; thence S 89E 09' 02" W, a distance of 40.00 feet to a point on the east line of said Tract "A@, said point being the TRUE POINT OF BEGINNING; thence S 00E 50' 58" E, along said east line, a distance of 31.00 feet; thence S 89E 09' 02" W, a distance of 97.49 feet to the beginning of a tangent curve concave southeasterly and having a radius of 18.00 feet; thence southwesterly along the arc of said curve through a central angle of 90E 00' 00", a distance of 28.27 feet to a point of tangency; thence S 00E 50' 58" E, a distance of 5.51 feet; thence S 89E 09' 02" W, a distance of 266.26 feet; thence N 00E 50' 58" W, a distance of 314.90 feet to a point on the south line of the north 55.00 feet of said Northwest quarter; thence N 89E 11' 42" E along said south line, a distance of 266.26 feet; thence S 00E 50' 58" E, a distance of 242.18 feet to the beginning of a tangent curve concave southeasterly and having a radius of 18.00 feet; thence southeasterly along the arc of said curve through a central angle of 90E 00' 00", a distance of 28.27 feet to a point of tangency; thence N 89E 09' 02" E, a distance of 97.49 feet back to the TRUE POINT OF BEGINNING.

Said parcel contains 2.00956 Acres.

2. Lots 232, 233, 234, 235, 236, 237, 238 and 239 of AMARLBOROUGH MESA UNIT TWO,@ a subdivision, as recorded in Book 203, Page 2, Records of Maricopa County, located in the Northwest quarter of Section 9, Township 1 South, Range 5 East, G&SRB&M, Maricopa County, Arizona.

3. A portion of "WEST OLLA AVENUE" and "SOUTH BEVERLY", as shown on the plat of AMARLBOROUGH MESA UNIT TWO@ a subdivision, as recorded in Book 203, Page 2, records of Maricopa County, located in the Northwest quarter of Section 9, Township 1 South, Range 5 East, G&SRB&M, Maricopa County, Arizona, more particularly described as follows:

Commencing at the intersection of the centerlines of said "WEST OLLA AVENUE" and "SOUTH BEVERLY"; thence S 00E 50' 58" E along the centerline of said "SOUTH BEVERLY", a distance of 57.77 feet; thence N 89E 09' 02" E, a distance of 25.00 feet to the TRUE POINT OF BEGINNING; thence N 00E 50' 58" W, a distance of 20.30 feet to the beginning of a tangent curve concave southwesterly and having a radius of 62.50 feet; thence northwesterly along the arc of said curve through a central angle of 89E 57' 20" a distance of 98.13 feet to a point of tangency; thence S 89E 11' 42" W, a distance of 20.30 feet to the beginning of a non-tangent curve concave northerly and having a radius of 55.00 feet, a radial line from said point bears N 00E 48' 18" W; thence easterly along the arc of said curve through a central angle of 17E 20' 29" a distance of 16.65 feet to a point of reverse curvature with a curve concave southwesterly and having a radius of 55.00 feet; thence southeasterly along the arc of

said curve through a central angle of 124E 38' 18", a distance of 119.64 feet to a point of reverse curvature with a curve concave easterly and having a radius of 55.00 feet; thence southerly along the arc of said curve through a central angle of 17E 20' 29", a distance of 16.65 feet back to the TRUE POINT OF BEGINNING.

Said parcel contains     0.02014 Acres  
                                     877.30 Square Feet