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DECLARATION OF HORIZONTAL PROPERTY REGIME
AND
EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
JOSHUA VILLAGE CONDOMINIUMS

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Unofficial Document

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DECLARATION OF HORIZONTAL PROPERTY REGIME
AND
EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
JOSHUA VILLAGE CONDOMINIUMS

This Declaration is made as of this 20th day of December, 1985, by TOWNE CHANDLER JOINT VENTURE, a joint venture formed under the Arizona Uniform Partnership Act (hereinafter referred to as "Declarant").

WHEREAS, Declarant is the owner of certain real property situated in City of Chandler, County of Maricopa, State of Arizona, as more particularly described on Exhibit A attached hereto.

WHEREAS, Declarant also desires to establish and impose upon the property certain mutual covenants, conditions, restrictions, easements and charges under a general plan of improvement for the benefit of the property and the owners thereof.

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NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements and charges, all of which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all persons having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

1. As used herein, unless the context otherwise requires:

1.1 "Act" means Sections 33-551 through 33-561, Arizona Revised Statutes, as the same may be amended from time to time.

1.2 "Articles" means the articles of incorporation of the Association, as the same may be amended from time to time.

1.3 "Association" means "Joshua Village Condominium Homeowners Association", an Arizona nonprofit corporation, its successors and assigns.

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1.4 "Board" means the Board of Directors of the Association.

1.5 "Building" means the building(s) to be constructed on the Property as shown on the Plat.

1.6 "Bylaws" means the bylaws of the Association, as the same may be amended from time to time.

1.7 "City" means the City of Chandler, Arizona.

1.8 "Common Elements" means the "general common elements" as defined in Section 33-551, Arizona Revised Statutes, but excluding all improvements constituting a part of any Unit as provided herein.

1.9 "Condominium Constituent Documents" means this Declaration, the Articles, the Bylaws, the Plat and any rules and regulations of the Association, as each may be amended from time to time.

1.10 "Declarant" means the above named Towne Chandler Joint Venture, a joint venture formed under the Arizona Uniform Partnership Act, and any other person or persons to whom the Declarant's rights, powers or privileges under this Declaration may be hereafter assigned by recorded instrument other than as security for the performance Unofficial Document of the obligation.

1.11 "Declaration" means this "Declaration of Horizontal Property Regime and Easements, Covenants, Conditions and Restrictions for Joshua Village Condominiums", as the same may from time to time be amended.

1.12 "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property.

1.13 "First Mortgagee" means the Mortgagee secured by a First Mortgage.

1.14 "Mortgage" means any recorded instrument given in good faith and for valuable consideration which is not a fraudulent conveyance under Arizona law as security for the performance of an obligation, including without limitation, deeds of trust, but shall not include any instrument creating or evidencing solely a security interest in personal property arising under the Uniform Commercial Code.

1.15 "Mortgagee" means the holder of a promissory note or other obligation secured by a Mortgage.

1.16 "Mortgagor" means the person executing a Mortgage.

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1.17 "Occupant" means a person or persons, other than an Owner, in lawful possession of a Unit.

1.18 "Owner" means the person or persons in which fee simple title to any Unit, whether or not subject to any Mortgage, is vested of record, but excluding those having such interest merely as security for the performance of an obligation. In the case of a Unit the fee simple title to which is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., the "Owner" shall be deemed to be the trustor, and in the case of a Unit the fee simple title to which is vested of record in the seller pursuant to Arizona Revised Statutes, Section 33-741 et seq., the "Owner" shall be deemed to be the buyer.

1.19 "Person" means an individual, corporation, partnership, trustee or other entity legally capable of holding title to real property.

1.20 "Plat" means the plat showing the Property submitted to the horizontal property regime as recorded November 22, 1985, in Book 291 of Maps, page 7, in the official records of Maricopa County, Arizona, as the same may be amended from time to time.

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1.21 "Project" means the condominium development to be constructed on the Property.

1.22 "Property" means the parcel of real property described on Exhibit A to this Declaration and submitted to the Regime.

1.23 "Record", "recorded" or "recording" means the records of or recording in the office of the County Recorder of Maricopa County, Arizona.

1.24 "Single Family" means 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 (3) persons not all so related, who maintain a common household in a Unit.

1.25 "Single Family Residence" means a Unit used as a residence for a Single Family.

1.26 "Regime" means the Joshua Village Condominiums horizontal property regime created by this Declaration.

1.27 "Servicer" means the person or entity servicing a First Mortgage.

1.28 "Unit" means one or more rooms situated in a Building comprising a part of the Property and designed or in-

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tended for independent, residential use as permitted hereunder and as set forth on the Plat, each of which Units shall consist of the space enclosed and bounded by the horizontal and vertical planes as shown on the Plat and as further described herein. A Unit is an "apartment" within the meaning of Section 33-551(1), Arizona Revised Statutes, and includes all rights appurtenant to such Unit and an undivided interest in the Common Elements as set forth in Section 3.5 of this Declaration.

ARTICLE II

CREATION OF CONDOMINIUM REGIME

2.1 Submission of Property. Pursuant to the Act, Declarant hereby submits and subjects the Property to a horizontal property regime to be hereafter known as Joshua Village Condominiums, and does hereby declare that all of the Units shall be owned, leased, sold, conveyed and encumbered or otherwise held or disposed of subject to the easements, covenants, conditions and restrictions of this Declaration.

ARTICLE III

DESCRIPTION OF REGIME, BUILDINGS, UNITS AND COMMON ELEMENTS

3.1 Regime Description. The Joshua Village Condominiums horizontal property regime shall be constituted of the Units and the Common Elements.

3.2 Unit Description. The cubic content space of each Unit shall consist of, and be measured by, the area within the Unit's upper, lower and lateral boundaries as shown and described on the Plat and described hereinafter. Each Unit's upper boundary is a plane (extending to the lateral boundaries) which corresponds with the interior finished, but undecorated, surface of the ceiling of the Unit, and each Unit's lower boundary is a plane (extending to the lateral boundaries) which corresponds with the interior finished, but undecorated, surface of the floor of the Unit. Each Unit's lateral boundaries at perimeter Unit walls are the planes (extended to the upper and lower boundaries) of the interior finished, but undecorated, surface of the walls as shown on the Plat.

3.3 Common Elements Description. The Common Elements consist of the Property less the Units described above in Section 3.2, and include, without limiting the generality of the foregoing, the following:

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(a) Roofs, foundations, columns, girders, studs, joists, beams, supports, unit boundary walls, bearing walls, floors, ceilings, windows, doors outside of Units, and all other structural parts of the Buildings, and any replacements thereto, whether, except as specified to the contrary, any of the foregoing are within Units or without; provided that paint, wallpaper, carpeting, tiles and other such decorative surface coverings or finishes of Common Elements within or on Unit boundaries are not Common Elements but are part of the Unit.

(b) Utility installations serving more than a single Unit, such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, pipes, conduits, wires, tanks, pumps, motors, fans, compressors, ducts and, in general, all apparatus and installations existing for common use wherever located on the Property, whether within or without Units.

(c) Landscaped areas, walkways, driveways and parking areas on the Property surrounding the Buildings and the swimming pool or pools and any other recreational areas and equipment on the Property surrounding the Buildings.

3.4 Building Description. The cubic content space of each Building shall consist ^{Unofficial Document} and be measured by, the entire space with the upper, lower and lateral boundaries described as follows: The upper boundary shall be the plane of the top elevation of the Building, the lower boundary shall be the plane of the lowest elevation of the Building as shown or described on the Plat, and the lateral boundaries shall be the exterior of the outside walls and the extension of the plane thereof to the upper and lower Building boundaries, except that where there are patio, balcony, entry or storage areas appurtenant to a Unit, the lateral boundaries shall be the plane of the outer edge of such patio, balcony, entry or storage area.

3.5 Percentage Interest in Common Elements. An undivided percentage interest in the Common Elements shall be appurtenant to each Unit equal to a fraction whose numerator is one and whose denominator is the total number of Units on the Property. This percentage interest is subject to decrease by reason of expansion of the Regime pursuant to Article XV.

ARTICLE IV

HOMEOWNERS' ASSOCIATION

4.1 Formation. A homeowners' association has been, or will be, formed to constitute the Regime's "Council of Co-Owners" as that term is defined in Section 33-551, Arizona Revised Statutes, and, to the extent not reserved to each Owner herein, to serve as the governing body for all of the Owners for the protection, improvement, alteration, maintenance, repair, replacement,

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administration and operation of the Property, the fixing of assessments, payment of expenses, disposition of casualty insurance proceeds and other matters as provided in the Act or the Condominium Constituent Documents. The Association shall not be deemed to be conducting a business for profit of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the provisions of the Condominium Constituent Documents.

4.2 Membership. Each Person upon becoming an Owner shall automatically become a member of the Association, with such membership to automatically terminate when such Person ceases to be an Owner. A membership in the Association shall not be transferred, pledged or alienated in any way except as a right appurtenant to the Unit to which it appertains or by intestate succession, testamentary disposition, foreclosure of a Mortgage or other legal process transferring fee simple title to such Unit (and then only to the Person to whom fee simple title is thereby transferred). Notwithstanding the foregoing, in the event an Owner grants an irrevocable proxy or otherwise pledges or alienates the voting right of his or her Unit regarding special matters to a Mortgagee as additional security, then only the vote of such Mortgagee will be recognized in regard to such special matters if a copy of the proxy or other instrument pledging or alienating the vote has been filed with the Board. In the event more than one such instrument is filed, ^{Unofficial Document} the Board will recognize the rights of the first Mortgagee to file, regardless of the priority of the Mortgages themselves. Any attempt to make a prohibited transfer of a membership is void and will not be recognized by or reflected upon the books and records of the Association.

4.3 Classes of Membership; Voting Rights of Classes. The Association shall have two classes of voting membership:

(a) Class A. Class A members shall be all Owners except the Declarant so long as Declarant is a Class B member. There shall be one (1) vote allocated to each Unit owned by a Class A member. When more than one Person is the Owner of a Unit, all such Persons shall be members and the vote for such members' Unit shall be exercised as they determine among themselves, but in no event shall the vote be split or more than one (1) vote be cast with respect to any such Class A Unit. If the Owners of a Unit are unable to agree how their single vote is to be cast, the vote for such Owners' Unit shall not be counted. If and so long as any Class B membership is outstanding, the Class A memberships shall not be entitled to vote for the election of directors to the Board.

(b) Class B. Declarant and any assigns or successors in interest acquiring all or substantially all of Declarant's rights in the Property shall hold one (1) Class B membership for each Unit owned and shall be entitled to three (3) votes for each

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such Class B membership. Class B votes may be cast in such proportions on any matter as the holder may determine. Class B memberships shall cease and be converted to Class A memberships, without further act or deed, upon the first to occur of the following:

(i) One hundred twenty (120) days following the date when the total votes held by Class A members first equal or exceed the total votes held by Class B members, or

(ii) On January 1, 1991.

Notwithstanding subparagraph (i) above, the Class B memberships shall not be converted to Class A memberships if within the one hundred twenty (120) day period specified in subparagraph (i) Declarant records an instrument giving notice of Declarant's intent to expand the Regime pursuant to Article XV and stating the number of Units planned for construction on the Expansion Property (as defined in Section 15.1), and upon recording of such instrument, the calculation for purposes of determining conversion of Class B memberships to Class A memberships under subparagraph (a) above shall be made on the basis of allocating one (1) Class B membership to Declarant for each of the proposed Units entitling the Declarant for purposes of such calculation to three (3) votes for each of such proposed Units on the Expansion Property; provided, however, if construction of Units on the expansion property is not substantially started within one (1) year following recording of this notice of intention, then the Class B membership shall thereafter be converted to Class A memberships without consideration of any proposed Units on the Expansion Property. If a Mortgagee to whom Declarant assigns as security all or substantially all of Declarant's rights under this Declaration succeeds to the interests of Declarant by virtue of said assignment, the Class B memberships shall not be terminated thereby, and such Mortgagee shall hold the Class B memberships on the same terms as they were held by Declarant pursuant hereto.

4.4 Association Board of Directors. So long as any Class B membership is outstanding, all members of the Board shall be elected by the Class B member. Upon termination and conversion of the Class B memberships in the manner provided in Section 4.3, Declarant shall appoint from among the other Owners a Board to serve until the next annual election of directors. Except for members elected by Declarant, each director must be an Owner or the spouse of an Owner (or if an Owner is a corporation, partnership or trust, an officer, partner, trustee or beneficiary of such Owner). If a director ceases to meet such qualifications during his or her term, he or she will thereupon automatically cease to be a director and his or her place on the Board shall be deemed vacant.

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4.5 Board's Determination Binding. The Board's determination shall be final and binding on each and all Owners with respect to any dispute or disagreement between Owners relating to the Property or any question of interpretation or application of the provisions of Condominium Constituent Documents.

4.6 Action by Owners. To the extent permitted by the Act or as may be required by law, all actions required or permitted to be taken by the Owners acting as a Council of Co-Owners for the Regime shall be taken by the members of the Association acting as such Council of Co-Owners by and through the Association's officers.

4.7 Additional Provisions in Articles and Bylaws. The Articles and Bylaws may contain any provision relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and members not inconsistent with law or this Declaration.

4.8 Indemnification. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including reasonable attorneys' fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of being or having been a director or officer of the Association, or any settlement thereof, whether or not he or she is a director or officer at the time such expenses are incurred, provided that the Board must first determine, in good faith, that such officer or director did not act, fail to act or refuse to act with gross negligence or fraudulent or criminal intent in the performance of his or her duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such directors or officers may be entitled by law.

4.9 Granting of Easements. The Board is authorized and empowered to grant from time to time and for such consideration, if any, as the Board may deem appropriate such licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes (including cable communication) as may be reasonably necessary for the orderly maintenance, preservation, enjoyment and operation of the Property, provided that any damage to the Common Elements or a Unit resulting from the exercise of any such right shall be promptly repaired by the Association as a common expense.

4.10 Books and Records. The Board at all times shall keep, or cause to be kept, true and correct financial records for the Association in accordance with generally accepted accounting principles consistently applied showing in reasonable detail all receipts from assessments or other sources and all disbursements of funds. The Association shall make available to all

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Owners, First Mortgagees, servicers and insurers of First Mortgages current copies of the Condominium Constituent Documents and other books, records and financial statements of the Association. The Association also shall make available to prospective Unit purchasers current copies of the Condominium Constituent Documents and the most recent annual audited financial statement, if one has been prepared, for the Association. "Available" shall mean available for inspection upon request during normal business hours or under other reasonable circumstances. If requested by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration or Veterans Administration, the Association shall prepare, if one is not already available, and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.

4.11 Managing Agent. All rights, powers and duties of the Association or the Board, as provided by law and herein, may be delegated to a managing agent under a management agreement. Any agreement for professional management, or any other contract providing for services of the Declarant or any other person, shall not exceed a term of one (1) year, which term may be renewed by agreement of the parties for successive one (1) year periods. Any such agreement shall provide for termination by either party with or without cause and without payment of a termination fee upon ninety (90) days' written notice; provided, however, that the Association may terminate the agreement for cause upon thirty (30) days' written notice. Any decision by the Association to terminate professional management and assume self-management of the Property shall not be effective until approved in writing by three-fourths of the First Mortgagees (based upon one vote for each Mortgage owned).

ARTICLE V

INSURANCE

5.1 Authority to Purchase. The Association, by and through the Board, shall purchase and maintain insurance upon the Property as described in Section 5.2. Provision shall be made for the issuance of certificates of endorsement to any First Mortgagee, and such policies and endorsements, or copies thereof, shall be deposited with the Association. The Board shall deliver a copy of the policies, or by and through its agent advise the Owners of the coverage of said policies, to permit the Owners to determine which particular items are included within the coverage so that each Owner may obtain such additional insurance as he or she may desire. Without limiting the generality of the foregoing, each Owner shall be responsible for providing insurance on the contents of such Owner's own Unit, including the decorating, furnishings and personal property therein, his or her personal liability to the extent not covered by the liability insurance

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maintained by the Association and any other insurance the Owner may desire; provided, however, no Owner shall maintain any insurance which would limit or reduce the insurance proceeds otherwise payable under the casualty insurance maintained by the Association.

5.2 Coverage. The Association shall maintain and pay for policies of insurance as follows:

(a) A multi-peril type policy providing, as a minimum, fire and extended coverage, and all other coverage in kinds and amounts customarily acquired or required for condominium projects similar in construction, location and use to the Regime covering all of the Common Elements (except land, foundation, excavation and other items normally excluded from coverage), including, without limitation, fixtures and Building service equipment to the extent they are part of the Common Elements as well as common personal property and supplies, sprinkler leakage (if fire sprinkler systems are installed in the Buildings), debris removal, vandalism, malicious mischief, and windstorm and water damage, in an amount not less than 100% of the current replacement cost of the insurable Common Elements (based upon replacement cost as determined at least ^{Unofficial Document} once every two years by a qualified insurance appraiser selected by the Board). An "agreed amount and inflation guard" endorsement must be added to the policy, if available, and a construction code endorsement [such as a "demolition cost" endorsement, a "contingent liability from operation of building laws" endorsement and an "increased cost of construction" endorsement] must be added to the policy if the Common Elements are subject to a construction code provision which would become operative and require changes to undamaged portions of the improvements comprising the Common Elements thereby imposing significant costs in the event of partial destruction of the Common Elements by an insured peril.

(b) A comprehensive policy of general liability insurance covering all of the Common Elements with limits in amounts as generally required by private institutional mortgage investors for condominium developments similar to the Regime in construction, location and use but in no event less than \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements. Additional coverages shall include such other risks as are customarily covered with respect to condominium developments similar to the Regime in construction, location and use, including but not limited to host liquor liability, contractual and non-owned automobile liability insurance.

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(c) If the Property is located within an area which has special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program ("NFIP"), a policy of flood insurance must be maintained on the Buildings and any other Common Elements covered by the required form of policy (the "insurable property") in an amount not less than the lesser of (i) the maximum coverage available under the NFIP for all Buildings and other insurable property comprising any portion of the Common Elements located within a designated flood hazard area, or (ii) one hundred percent (100%) of current replacement cost of all such Buildings and other insurable property.

(d) Fidelity bond coverage against dishonest acts on the part of officers, directors, trustees, managers, employees, agents or volunteers and other persons responsible for handling funds belonging to or administered by the Association. The fidelity bond must name the Association as the obligee and shall provide coverage in an amount not less than the greater of (i) one-half (1/2) of the Association's estimated annual operating expenses and reserves or (ii) the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of the bond but in no event less than a sum equal to three (3) months' aggregate assessments on all Units plus reserve funds. In connection with such ^{Unofficial Document} coverage, an appropriate endorsement shall be added to the bond containing a waiver by the issuer of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions.

(e) A workmen's compensation policy and employer's liability policy, if necessary to meet the requirements of law.

(f) Such other insurance as the Board may determine from time to time to be desirable.

(g) Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such fire, liability and flood insurance and fidelity bonds as may be necessary to satisfy the insurance policy and fidelity bond requirements for condominium developments established from time to time by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, so long as either of the foregoing is a Mortgagee or Owner of a Unit, or by the Federal Housing Administration or the Veteran Administration, so long as either is an insurer of a Mortgage on a Unit or the Owner of a Unit, except to the extent such coverage is not available or has been waived by the Federal National Mortgage Association, the Federal

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Home Loan Mortgage Corporation, the Federal Housing Administration or the Veterans Administration.

5.3 Provisions Required. Each insurance policy purchased by the Association shall, to the extent possible, contain the following provisions:

(a) The coverage shall not be brought into contribution or proration with any insurance which may be purchased by Owners or First Mortgagees.

(b) The conduct of any one or more Owners shall not constitute grounds for avoiding liability on any such policies.

(c) There shall be no subrogation with respect to the Association, its agents or employees, Owners and members of their household and their families and employees, and each Mortgagee of all or any part of the Property or of any Unit, and, each policy must contain a waiver of any defenses based on co-insurance or on invalidity arising from the acts of the insured.

(d) Coverage must not be prejudiced by (i) any act or neglect of Owners or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

(e) Coverage may not be cancelled or substantially modified without at least ten (10) days' prior written notice to any and all insureds.

(f) Any policy of property insurance which gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that such election is not exercisable without the prior written approval of the Association or when in conflict with the provisions contained herein or any requirement of law.

5.4 First Mortgagee Protection.

(a) The Association shall provide upon request of a First Mortgagee a letter to such First Mortgagee wherein the Association agrees to give timely written notice to such First Mortgagee, or the Servicer of the First Mortgage, or any person or entity designated by such First Mortgagee or Servicer, whenever damage to the Common Elements and related facilities exceeds \$10,000.

(b) Each hazard insurance policy shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class A or better, or if such rating service is discontinued, an equivalent rating by a successor

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thereto or a similar such rating service. A carrier with a financial rating of Class V or better is also acceptable if the carrier has a general policyholders rating of at least A.

(c) Each insurance carrier must be authorized by law or licensed to transact business within the State of Arizona.

(d) Policies shall not be utilized where under the terms of the policy or the carrier's charter or bylaws, contributions or assessments may be required or made against an Owner or First Mortgagee or any entity or person purchasing or guaranteeing any First Mortgage or by the terms of the policy or the carrier's charter or bylaws, loss payments are contingent upon action by the carrier's board of directors, policyholders or members.

(e) First Mortgagees may pay overdue premiums, or may secure new insurance coverage on the lapse of a policy, with respect to any insurance required to be maintained by the Association, and First Mortgagees making expenditures therefor shall be owed immediate reimbursement by the Association.

5.5 Non-Liability of Association/Board. Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board member or other person shall be liable to any Owner or Mortgagee if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Owner may desire.

5.6 Premiums. Premiums on insurance policies purchased by the Association shall be paid by the Association as a common expense, except that premiums for fidelity bonds maintained by a management agent for its officers, employees and agents shall be paid by the managing agent and except that the amount of increase over any annual or other premium occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances by an Owner shall be assessed against that particular Owner.

5.7 Insurance Claims. The Association, acting by and through its Board, is hereby irrevocably appointed agent for each Owner and for each holder of any other interest in the Property, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

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5.8 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and Mortgagees, as their interests may appear.

ARTICLE VI

COMMON EXPENSES

6.1 Purposes of Assessments and Description of Common Expenses. The assessments for common expenses provided for in this Declaration shall be used by the Association for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners as may be more specifically authorized from time to time by the Board. Common expenses shall include all of the costs necessary or desirable for the administration and operation of the Regime in conformance with the Condominium Constituent Documents and the performance of all other duties of the Association. The common expenses shall also include such amounts as may be determined by the Board to establish and maintain a reserve fund ^{Unofficial Document} to meet the costs and expenses of maintenance, repairs and replacements of the Common Elements which must be maintained, repaired and replaced on a periodic basis. This reserve fund shall be funded and derived from the annual assessments payable in regular installments and not by means of special assessments or levies. In addition, a working capital fund must be established for the initial months of the Association's operation equal to at least two (2) months' estimated annual assessments for each Unit. Each Unit's share of the working capital fund shall be collected from the Unit purchaser and transferred to the Association at the time of closing of the sale of each Unit and shall be maintained in a segregated account for the use and benefit of the Association; provided, however, if Declarant has previously made as described in the following sentence the contribution for the particular Unit being sold, then the payment being collected from the Unit purchaser shall be paid to Declarant. The contribution to the working capital fund for each Unit unsold one hundred eighty (180) days after the date of the conveyance by the Declarant of the first Unit to a purchaser from Declarant (and with respect to any Units on the Expansion Property, one hundred eighty (180) days after such Units are added to the Regime) shall be paid to the Association by the Declarant. Payment of a Unit's share of the working capital fund shall not relieve an Owner from making regular payments of his or her share of the annual assessments.

6.2 Lien and Personal Obligation of Assessments. Each Owner by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to and does covenant and agree to pay to the Association: (a) annual assessments, (b) special assessments to be established and collected as hereinafter provided, and (c) specific assessments against such Owner's

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Unit as set forth in this Declaration. All assessments, together with interest at such rate as the Board shall determine (but not to exceed a rate equal to the then published prime rate of interest of the Valley National Bank of Arizona plus three percent (3%)), costs, late charges and reasonable attorneys' fees, shall be a lien upon the Unit against which the assessments are made and the personal obligation of the Owner of such Unit at the time the assessments become due and payable. The personal obligation for delinquent assessments shall not pass to an Owner's successor in title unless expressly assumed in writing by the successor. Assessments shall be paid in such manner and on such dates as may be fixed by the Board, but unless otherwise provided, the assessments shall be paid in monthly installments.

6.3 Rate of Assessment. Each Owner's proportionate share of the common expenses for each Unit owned shall be equal to the Unit's percentage undivided interest in the Common Elements.

6.4 Maximum Annual Assessment. Until January 1 of the calendar year immediately following the calendar year in which occurs the first conveyance (Unofficial Document) of a Unit to an Owner other than Declarant, the maximum annual assessment shall be Eight Hundred and Seventy-six Dollars (\$876.00) per Unit.

(a) From and after January 1 of the calendar year immediately following the calendar year in which occurs the first conveyance of a Unit to an Owner other than Declarant, the maximum annual assessment may be increased each year above the maximum assessment for the previous calendar year without the assent of the members by an amount not more than the sum of (i) estimated increases in utility costs and insurance premiums, and (ii) five percent (5%) of that portion of the previous calendar year's assessment not budgeted for utility costs or insurance premiums.

(b) From and after January 1 of the calendar year immediately following the calendar year in which occurs the first conveyance of a Unit to an Owner other than Declarant, the maximum annual assessment may be increased each year by an amount greater than the sum of (i) estimated increases in utility costs and insurance premiums, and (ii) five percent (5%) of that portion of the previous calendar year's assessment not budgeted for utility costs or insurance premiums, but only with the affirmative vote of two-thirds (2/3) of each class of members voting in person or by proxy at a meeting duly called for such purpose.

(c) The Board shall fix the amount of the annual assessment at an amount not in excess of the maximum against each Unit at least thirty (30) days in advance of each annual assessment and shall send written notice of the annual assessment and of the due dates thereof to every Owner.

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6.5 Special Assessments. In addition to the annual assessments authorized above, the Board may levy, in any assessment year, a special assessment applicable to that 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 upon the Common Elements, including fixtures and personal property related thereto, or for the purpose of defraying, in whole or in part, any deficit between the amount of common expenses paid or to be paid for that year and the amount of annual assessments collected for that year, but if the amount of such special assessment plus the annual assessment levied for that year exceeds the maximum permissible amount of the annual assessment for that year, then such special assessment must first be approved by two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for the purpose of considering the levy of such special assessment.

6.6 Notice and Quorum for Any Action Authorized Under Sections 6.4 and 6.5. Written notice of any meeting called for the purpose of taking any action authorized under Section 6.4 or 6.5 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. A certificate duly executed and delivered by an authorized officer of the Association or a duly designated agent of the Association stating the status of assessments on a Unit shall be binding upon the Association as of the date of issuance of the certificate.

6.7 Assessment Estoppel Certificate. Upon written request to the Association by an Owner or a prospective purchaser or Mortgagee, the Association or the Association's duly designated agent shall furnish within a reasonable time a recordable statement setting forth the amount of unpaid assessments, if any, levied against the Unit for which the request is made. The Board may impose a reasonable fee for each statement, and payment of the fee shall be a prerequisite to the issuance of the statement. A certificate duly executed and delivered by an authorized officer of the Association or a duly designated agent of the Association stating the status of assessments on a Unit shall be binding upon the Association as of the date of issuance of the certificate.

6.8 Commencement of Assessments. Annual assessments shall commence as to all Units on the first (1st) day of the month in which a Unit is conveyed to a purchaser from Declarant. Notwithstanding the foregoing provision or any other portion of this

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Declaration to the contrary, the assessment for any Unit without an occupied dwelling unit shall be equal to seventy-five percent (75%) of the full assessment chargeable to Units having an occupied dwelling unit, but such scaled down assessment shall cease and a full assessment immediately and permanently attach to a Unit upon the first (1st) occupancy of the Unit even if ownership of such Unit is retained by Declarant.

6.9 Effect of Nonpayment of Assessments.

(a) An assessment not paid when due shall be delinquent and the Association shall give a notice of delinquency to any Owner who has not paid an installment within ten (10) days following its due date. If not paid within ten (10) days following the date of mailing or hand delivery of such notice, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose the assessment lien. An assessment delinquent for a period of more than thirty (30) days shall incur a reasonable late charge in an amount as the Board may determine from time to time and shall bear interest at such rate as the Board may establish from time to time (but not to exceed a per annum rate equal to the then announced prime rate of interest of the Valley National Bank of Arizona plus three percent (3%)). Each Owner, by his or her acceptance of a deed to a Unit, vests in the Association and its Unofficial Document agents the right and power to bring all actions against him or her personally for the collection of such charges as a debt and to foreclose the assessment lien in the same manner as a mortgage upon real property. The assessment lien shall be in favor of the Association and for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for payment of the assessments provided for herein, including by way of illustration but not limitation, abandonment of his or her Unit or non-use of the Common Elements.

(b) The Association's remedies set forth in this Declaration shall be cumulative and not in limitation of any other rights or remedies of any kind available to the Association at law or in equity, and such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association.

6.10 Notice of Meetings. Upon written request of any holder of a First Mortgage, that holder shall be entitled to have written notice of any meeting called for the purpose of taking any action authorized under this Article VI and shall be permitted to designate a representative to attend and observe the meeting.

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ARTICLE VII

EASEMENTS AND USE OF COMMON ELEMENTS

7.1 Creation of Easements.

(a) There is hereby created a blanket easement upon, across, over and under the Common Elements for installing, constructing, replacing, repairing, maintaining and operating all utilities, including but not limited to water, sewer, gas, telephone, electricity, television cable, security systems and communication lines and systems to service the Common Elements. By virtue of the foregoing, it shall be expressly permissible for the providing utility company to erect and maintain the necessary facilities and equipment on the Common Elements and to affix and maintain wires, circuits, conduits, cables and related appurtenances, facilities and equipment in, on, above, across and under the roofs and exterior walls of the Buildings. Notwithstanding anything to the contrary contained in this Article VII, no easements shall be created nor shall any sewers, electrical lines, water lines or other facilities for utilities be installed or relocated on the Common Elements except as initially created and approved by Declarant or thereafter created or approved by Declarant (if any Class B membership Unofficial Document the Association continue to exist) or the Board. This provision shall in no way affect any other recorded easements on the Common Elements.

(b) There is hereby created a blanket easement upon, across and over the Common Elements for the use and benefit of police, fire, medical and other emergency personnel and their vehicles to attend to health, safety and other emergencies which may occur on the Common Elements.

(c) There are hereby created easements appurtenant to each Unit in and through the structural portions of such other Units within the boundaries of which are located any wires, pipes, ducts, conduits, circuits or related facilities serving the dominant Unit for the purpose of locating, maintaining, repairing and replacing when necessary such facilities in the locations in which they were originally installed.

(d) There is hereby created an easement appurtenant to each Unit for the exclusive use and possession of the space between the Owner's Unit's boundary and the interior surface of the windows and door on the perimeter walls of the Unit, any enclosed storage area adjacent to the Unit as shown on the Plat and originally constructed by Declarant for the exclusive use of such Unit and the patio or balcony area and the entry area contiguous to the Unit as shown on the Plat and originally constructed by Declarant for the exclusive use of the Owner or Occupant of such Unit.

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(e) Each Unit and the Common Elements shall be subject to an easement for encroachments, including, but not limited to encroachments of walls, ceilings, 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, by Declarant, a valid easement for any encroachment and for the maintenance thereof is hereby created and shall exist so long as the encroachment exists, so long as they stand, shall and does exist. In the event that the improvement creating any such encroachment is repaired or reconstructed, a similar encroachment shall be permitted and a valid easement for said encroachment continue to exist for the encroachment as repaired or reconstructed, and Owners and any other Person acquiring an interest in the Property are deemed to acquiesce and agree to the existence of such easements by accepting a deed or other instrument conveying an interest in the Property.

7.2 Use of Common Elements.

(a) Subject to and governed by the provisions of the Condominium Constituent Documents, each Owner shall have a non-exclusive right to use the Common Elements in common with all other Owners as necessary or desirable for the purposes of ingress and egress to, and use, occupancy and enjoyment of, the respective Unit owned by such Owner. Such right to use the Common Elements shall extend to each Owner and Occupant and the agents, servants, tenants, family members and invitees of each Owner.

(b) In addition to the general non-exclusive right to use set forth in Section 7.2(a) above, each Owner shall have the right to the exclusive use of one (1) parking space on the Common Elements for each Unit owned by said Owner. Each Owner's reserved parking space shall be designated by the Board. The Board may from time to time change the designated spaces, but at all times the Board shall use all reasonable efforts to ensure that each Owner's reserved space is as near to that Owner's Unit's entry area as possible. The right to exclusive use of a designated parking space shall be, and is hereby declared to be, a right appurtenant to ownership of a Unit, and such right shall not be transferable separately from the ownership of the entire Unit; provided that, so long as each and every Unit at all times has one (1) parking space appurtenant thereto, Owners may, with the consent of the Association, exchange assigned parking spaces, but such exchanges shall become effective only after being properly recorded in the records of the Association. The Board shall have the authority to manage the remaining unassigned parking spaces for the benefit of the Association and may, in its sole discretion, designate all or part of such unassigned parking spaces as guest parking or lease all or part of such unassigned parking spaces to Owners. The use of all parking spaces shall be subject to

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such rules and regulations as may be imposed by the Board. Except as otherwise provided in this Section 7.2, the Board shall have full authority to operate, regulate, restrict the use of, manage and use for and on behalf of all Owners all parking spaces situated on the Property.

(c) In addition to the exclusive use parking spaces, certain other areas of the Common Elements adjoining a Unit such as enclosed storage areas, balconies or patios appurtenant to a Unit and originally designed and constructed by Declarant for the exclusive use of such Unit's Owner are reserved for the exclusive control, possession and use of the Owner of the Unit.

7.3 Restrictions on Exclusive Use Rights. The exclusive use rights created for Owners herein common with every other Owner shall be appurtenant to and pass with the title to each Owner's Lot but shall be subject to:

(a) The right of the Association to establish non-discriminatory rules and regulations for the use of the Common Elements, including without limitation, charging reasonable admission or other fees for the use of recreational facilities situated upon the Common Elements. Unofficial Document

(b) The right of the Association to suspend an Owner's voting rights in the Association and right to use the recreational facilities situated upon the Common Elements (i) for any period during which an assessment against such Owner's Unit remains unpaid; and (ii) for a period not to exceed sixty (60) days for any other violation of this Declaration.

(c) The right of the Association to grant easements or rights-of-way over, on or under the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as the Association may deem necessary or desirable.

(d) The right of Declarant and its employees, contractors, sales agents, representatives and customers to the non-exclusive use, without extra charge, of the Common Elements for ingress and egress to Units and maintenance of sales, display and exhibit facilities in connection with development of the Property and sale of Units.

(e) The easements provided in Section 7.1 of this Declaration.

7.4 Delegation of Use. Any Owner may delegate, in accordance with the Declaration, his or her right of enjoyment to the Common Elements and facilities to the members of his or her family, his or her guests or invitees, or his or her tenants.

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An Owner may not use the recreational facilities on the Common Elements during the term of any lease for such Owner's Unit.

7.5 Easements Created By Plat. The easements created by and through this Declaration are not in lieu of or a limitation upon the easements created by and through the Plat, but instead are in addition to such easements. In the event of a conflict between the scope of an easement established by the Plat and a similar easement established by this Declaration, the broader shall prevail.

ARTICLE VIII

DAMAGE, DESTRUCTION OR CONDEMNATION

8.1 Damage, Destruction or Condemnation. In the event of damage to any portion of the Common Elements (except for damage or destruction caused by the wilful or negligent act or omission of an Owner or any Owner's Occupants, guests, invitees or family members, which damage or destruction is governed by Section 9.2) or any taking by exercise of eminent domain, or the transfer or conveyance of any portion of the Common Elements to a public authority in lieu of such exercise, the Association shall repair or reconstruct the Common Elements, or those portions of the Common Elements remaining after taking a part thereof by eminent domain, to an attractive, sound, functional and desirable condition, including, after taking, the replacement to the extent feasible of any improvements so taken. Insofar as reasonably possible, taking into account the extent and portions of the Property damaged, destroyed or taken, the repair and reconstruction shall be in conformance with the original plans and specifications, or if the Board determines that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes or other governmental rules or regulations then in effect, such repair or reconstruction shall be of a kind and quality substantially the same as the condition in which such Property existed before the damage, destruction or condemnation, but only so long as any material non-adherence to the original plans and specifications is approved by First Mortgagees holding at least 51% of the First Mortgages.

ARTICLE IX

MAINTENANCE, REPAIRS AND REPLACEMENTS

9.1 Owner Responsibilities. Each Owner shall provide and be responsible for, at the Owner's own expense, all of the maintenance, repairs and replacements of improvements, including without limitation, interior non-bearing partition walls within the Owner's Unit, and of all windows, window screens, doors and locks, kitchen, bathroom and lighting fixtures, air conditioning and heating units and utility lines serving only such Owner's

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Unit, and any portions of the Common Elements which the Board pursuant to Section 9.2 requires an Owner to maintain. Each Owner shall have the responsibility for termite and pest control within the Owner's Unit. In the event that any Owner shall fail to maintain and repair Unit and related improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said Unit and to repair, maintain and restore the Unit and the exterior of the Building and any other improvements erected therein. The cost of such repair, maintenance and restoration work shall be a personal obligation of the Unit Owner payable upon demand and a lien upon the Unit. If any maintenance, repair, replacement or reconstruction involves more than one Unit, and if the Owners of the affected Units do not agree as to who should perform the work, or as to the allocation of the cost thereof, the decision shall be made by the Board and the decision shall be final and binding upon the Owners.

9.2 Association Responsibilities. Except as may otherwise be provided herein, maintenance, repairs and replacements of the Common Elements (including the painting and repair of the exteriors of all Units such as Building walls, trim, drain pipes, roofs and similar exterior surfaces) shall be provided by the Association as part of the common expenses, except those certain portions of the Common Elements which are used primarily by the Owner of a particular Unit, such as but not limited to doors, windows, window screens and the like, may be designated by the Board as items to be maintained in good order and repair by Owners at their individual expense according to standards and requirements set by the Board. If, due to the act or neglect of an Owner or such Owner's invitee, guest or other visitor, or an Occupant, damage is caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements are required which would otherwise be a common expense, then such Owner shall pay for such damage and for such maintenance, repairs and replacements as may be determined by the Board, to the extent not covered by the Association's insurance, with the cost thereof to be a lien upon such Owner's Unit until paid. An authorized representative of the Board, or of the manager or managing agent of the Property, and all contractors and repairmen employed or engaged by the Board or such manager or managing agent, shall be entitled to reasonable access to each of the Units as may be required in connection with maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Units or the Common Elements.

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ARTICLE XARCHITECTURAL CONTROL

10.1 Alterations. An Owner may without the prior written approval of the Board make interior alterations within the Owner's Unit only if such alterations are not visible from the Common Elements or other Units and do not affect the structural integrity or operating systems of the Building, and such Owner shall be responsible for any damage to other Units or the Common Elements as the result of such alterations. No other alterations of or changes to any Unit or any additions or improvements thereto shall be made by an Owner without the prior written approval of the Board. The Board may require an Owner to provide complete plans and specifications for any proposed alteration or change requiring Association approval and may charge a reasonable fee for professional services connected with reviewing and approving such plans and specifications. The Board, in considering any request for approval, may consider the architectural compatibility of such proposal with the Regime and any reasonable architectural guidelines adopted by the Board for uniform application to all Units.

10.2 Decorating. Each Owner, at the Owner's own expense, shall be solely responsible for all of the interior furnishing and decorating of the Owner's own Unit, including painting, wall papering, washing, cleaning, Unofficial Documenting, floor covering, draperies, window shades, curtains, lamps and other furniture and interior decorating. Redecorating of a Unit to the extent made necessary by damage to existing decorating caused by maintenance, repair or replacement work on the Common Elements by the Association shall be done by the Association as part of the common expenses. Except for customary patio furniture on patios or balconies, nothing shall be stored, placed, erected, hung or permitted on any patio, balcony, fenced yard area, roof, the Association controlled Common Elements or exteriors of any Unit. Exterior decorating of a Unit, including without limitation canopies and awnings, must have prior written approval of the Board, which may, in making its decision, consider the general compatibility of any such proposed decorating with other Units and the surrounding residential area in general.

ARTICLE XIUSE AND OCCUPANCY RESTRICTIONS

11.1 Restrictions. The following use and occupancy restrictions are hereby imposed upon the Regime subject to such rules and regulations as the Board may adopt and such non-discriminatory waivers as the Board may grant:

(a) No Unit shall be used other than for a Single Family Residence, except that Declarant reserves the right to

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maintain sales offices, model units and signs on the Property, together with rights of ingress and egress therefrom, until all Units have been sold and conveyed by Declarant.

(b) No sign of any kind shall be displayed in, on or about any Unit so as to be visible from outside the Unit, except such signs as may be used by Declarant in connection with the development and sale of the Regime and Units.

(c) No animals, livestock or poultry of any kind shall be raised, bred or kept in a Building or on the Property except for ordinary household pets kept in a Unit, subject to rules and regulations adopted by the Board, if such pets are not kept, bred or maintained for any commercial purpose. Notwithstanding the foregoing, no pets may be kept which, in the opinion of the Board, are an annoyance or are obnoxious to Owners or Occupants.

(d) No Owner shall permit or suffer anything to be done or kept within or about the Owner's Unit which could obstruct or interfere with the rights of other Owners or Occupants, or annoy other Owners or Occupants by reason of noise or otherwise, nor commit or permit any nuisance ^{Unofficial Document} in or about such Owner's Unit or commit or suffer any illegal act to be committed therein.

(e) Each Owner in the use and occupancy of such Owner's Unit shall comply with all applicable governmental laws, ordinances, orders, rules and regulations.

(f) No religious, professional, commercial or industrial operations of any kind shall be conducted in or upon any Unit or the Common Elements except such temporary uses as shall be permitted to Declarant while improvements are being constructed on Units and sold by Declarant.

(g) No Owner shall park or cause to be parked any automobile, van, motor home or truck upon the Property or any roadway adjacent thereto except within a marked parking space in an area designated for such purpose by the Association (except for the temporary parking of vehicles used in connection with the maintenance or repair of improvements in a Unit or the Common Elements or for the moving of Owners or Occupants into or out of a Unit). No vehicle of any kind not in operating condition shall be kept on the Property for more than fifteen (15) days.

(h) No Owner shall install or use any spotlight, flood light or other high intensity lighting in or about any Unit which allows light to be directed or reflected into any other Unit or the Common Elements.

(i) No windbells, windchimes or similar sound creating devices shall be permitted on the Property.

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(j) No window air conditioners or other portable cooling devices of any kind shall be installed in a Unit in a manner visible from any other Unit or the Common Elements.

(k) No reflective materials, including but not limited to aluminum foil, reflective screens or glass, mirrors or similar type items, shall be installed or placed on the outside or inside of any windows.

(l) No television, radio, shortwave or other antenna, pole or tower shall be placed, constructed or maintained in or about any Unit visible from any other portion of the Property. Notwithstanding the foregoing, the Board may install (or permit to be installed) upon the Common Elements a television and/or radio antenna (including without limitation a "dish-type" antenna) designed and intended to serve all Owners and Occupants of the Property (or as many of such Owners or Occupants as elect to use such service).

(m) All trash and garbage shall be kept in containers as may be approved by the Board or the City. No garbage or trash shall be kept in any Unit which is visible from or emits odor discernible upon any other portion of the Property.

(n) No outside ^{Unofficial Document}晒slines or other facilities for drying or airing clothes shall be erected, placed or maintained in or about any Unit so as to be visible from any other portion of the Property, and no clothes, towels or other apparel or goods shall be left on or suspended from any windows or any patio or balcony railings.

(o) No Owner shall breach or otherwise damage any fire wall situated between such Owner's Unit and the adjoining Unit or Units.

Without limiting the foregoing restrictions, each Owner shall maintain and keep his or her Unit and any portion of the Common Elements subject to his or her exclusive control at all times in a safe, sound and sanitary condition and repair and shall correct any condition and refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Units or the Common Elements.

11.2 Board's Right of Entry. The Board or its authorized agents may enter any Unit in which a violation of these use restrictions exists and may correct such violation at the expense of the Owner of such Unit. Such expenses, and such fines as may be imposed pursuant to the Bylaws or rules and regulations of the Association, shall be added to and constitute a specific assessment against and a lien upon such Unit in accordance with the provisions of Section 6.2 hereof.

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11.3 Renting of Units. Notwithstanding anything herein to the contrary, an Owner may rent or lease any and all Units (but not less than an entire Unit) owned by such Owner, with the Occupant being entitled to the same privileges and subject to the same restrictions as the Owner of the Unit would be subject. No Owner may rent or lease his or her Unit for transient or hotel purposes, and all lease agreements, including those for a month-to-month tenancy, shall be in writing and state that the terms of the lease are subject in all respects to the Condominium Constituent Documents and that failure to comply with the provisions of such documents shall constitute a default under the lease agreement. Each Owner renting or leasing his or her Unit shall remain jointly and severally liable with the Occupant for the payment of any assessments required hereunder and compliance with the Condominium Constituent Documents, including any fines or penalties levied as a result of a violation thereof.

ARTICLE XII

RIGHTS OF FIRST MORTGAGEES

12.1 Subordination of Assessment Liens. A First Mortgagee who comes into possession of a mortgaged Unit by virtue of foreclosure of the Mortgage Unofficial Document through any equivalent proceeding such as but not limited to the taking of a deed or assignment in lieu of foreclosure or acquiring title at a trustee's sale under a first deed of trust, or any third-party purchaser at a foreclosure sale or trustee's sale, will not be liable for such Unit's unpaid dues, charges or assessments which may have accrued prior to the time such First Mortgagee or third-party purchaser comes into possession of such Unit, and shall acquire title free and clear of any lien authorized by or arising out of the provisions of this Declaration to secure the payment of any assessments or other charges accrued prior to the time such First Mortgagee or third-party purchaser comes into possession of such Unit. Any such unpaid assessments or other charges against the Unit foreclosed shall be deemed a common expense to be charged pro-ratably against all of the Units. Nevertheless, in the event the Owner against whom the original assessment was made is the purchaser or redemptionor, the lien shall continue in effect and may be enforced by the Association, or by the Board, for the respective Unit's assessment due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid assessment shall continue to exist as the personal obligation of the defaulting Owner of the respective Unit to the Association, and the Board may attempt to collect the same from said Owner even after he or she is no longer a member of the Association. A First Mortgagee shall not be personally liable for the payment of any assessment or charge or compliance with the Condominium Constituent Documents except for those matters which are enforceable by injunctive or other equitable action not requiring the payment of money, except that at such time as

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the First Mortgagee shall come into possession of or become an Owner, the First Mortgagee shall be subject to all of the terms and conditions of the Condominium Constituent Documents, including, but not limited to, the obligation to pay all assessments and charges coming due thereafter, in the same manner as any other Owner. Additionally an action to abate the breach of any of the covenants, conditions and restrictions of the Condominium Constituent Documents may be brought against a purchaser acquiring title to a Unit through sheriff's or trustee's sale (or through any equivalent proceedings), and the successors in interest to said purchasers, even though the condition causing the breach existed prior to the time the purchaser acquired an interest in such Unit.

12.2 Mortgagees' Consent to Amendments. Unless at least three-fourths ($3/4$) of the First Mortgagees (based upon one (1) vote for each First Mortgage owned), including in the case of the partition or subdivision of any Unit, the holder of the First Mortgage for such Unit, and two-thirds ($2/3$) of the Owners, or such higher percentage as may be required in this Declaration or by applicable law, have given their prior written approval, neither the Owners or the Association shall be entitled to:

(a) By act or omission seek to abandon or terminate this Declaration or the Regime hereby established, except as may be provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

(b) Except as provided in Article XV concerning expansion of the regime, change the pro rata percentage of interest in the Common Elements or the obligation of any individual Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the pro rata share of ownership of each Unit in the Common Elements.

(c) Partition or subdivide any Unit.

(d) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements; provided, however, the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.

(e) Use hazard insurance proceeds payable or paid due to losses to the Property or portion thereof (whether to Units or to Common Elements) for other than the repair, replacement and reconstruction of such Property.

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12.3 Rights of First Refusal and Right to Encumber.

(a) None of the Condominium Constituent Documents shall provide that the right of an Owner to sell, transfer or otherwise convey his or her Unit will be subject to any right of first refusal, or similar restriction, in favor of the Association or other Owners.

(b) Any Owner may encumber his or her Unit with or by a First Mortgage (and with or by other liens and mortgages although the provisions hereof with respect to a First Mortgage shall not apply to such other liens and mortgages). It shall be the duty of each Owner whose Unit is encumbered by a First Mortgage promptly to notify the Association of the name and address of the First Mortgagee, and the Association shall maintain a record of such First Mortgages and First Mortgagees. Each Owner shall likewise promptly notify the Association as to the release or discharge or any First Mortgage on such Owner's Unit.

12.4 Taxes. All taxes, assessments and charges which may become liens prior to a First Mortgage under local law shall relate only to individual Units and not to the Property as a whole.

12.5 Insurance Proceeds and Condemnation Awards. No provision of the Condominium Constituent Documents shall give an Owner priority over any rights of the First Mortgagee of a Unit pursuant to its First Mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of a Unit and/or Common Elements.

12.6 Mortgaged Property. All amenities pertaining to the Regime (such as parking, recreation and service areas) are a part of the Regime, and a Unit's appurtenant rights therein shall be encumbered by and subject to any mortgage on such Unit.

12.7 Default Notices. A First Mortgagee shall be entitled upon request made to the Association to written notification from the Association of any breach by the Mortgagor under such First Mortgagee's Mortgage of the Condominium Constituent Documents where such breach is not cured within thirty (30) days. All First Mortgagees shall be entitled to written notification by the Association upon the commencement of any condemnation proceedings against all or any part of the Property.

12.8 Examination of Books and Notices. First Mortgagees shall have the right upon reasonable written request to: (a) examine the books and records of the Association at reasonable times; (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of the fiscal year of the Association; and (c) to receive written notice of all meetings of the Association and to designate a representative to attend and observe all such meetings.

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12.9 Exercise of Rights. During the pendency of any proceeding to foreclose a First Mortgage (including any period of redemption) or from the time a trustee under a first deed of trust has given notice of sale pursuant to power of sale conferred under a deed of trust and pursuant to law, the First Mortgagee, or a receiver appointed in any such action, may but need not exercise any or all of the rights and privileges of the Owner in default including, but not limited to, the right to vote as a member of the Association in the place and stead of the defaulting Owner. First Mortgagees shall at all times have the right to enforce against Owners, the Association and all other persons, any and all provisions of this Declaration including, without limitation, this Article XII. Enforcement by First Mortgagees may be by injunction, mandatory or prohibitory, or any other lawful procedure.

12.10 Restriction on Amendments to Article XII. Notwithstanding and prevailing over all other provisions hereof, no amendment to this Declaration shall be made or become effective which in any way affects, diminishes or impairs any of the rights, privileges or powers granted to any First Mortgagee in this Article XII without the prior written consent of all such First Mortgagees.

ARTICLE XIII

Unofficial Document

DECLARANT'S RESERVED RIGHTS

13.1 Easements. Declarant hereby reserves the following easement rights in, on and over the Common Elements to be exercised for such period of time as Declarant is the Owner of any Unit and continues to actively market such Unit or Units for sale.

(a) Easement for the purpose of completing improvements on the Common Elements and construction of Units.

(b) Easement for the purpose of making repairs required pursuant to the Declaration or under contracts of sale made by the Declarant with Unit purchasers.

(c) Easement to construct and maintain facilities in and on the Common Elements reasonably necessary to construct and market the Units, including without limitation, sales and management offices, model units, parking areas and advertising signs.

Declarant shall repair any damage caused by the Declarant to the Common Elements in the exercise of Declarant's reserved rights described above.

13.2 Declarant's Exemption. Notwithstanding anything contained herein to the contrary, the restrictions contained in this Declaration shall not be construed or otherwise deemed to

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limit or prohibit any act of Declarant, its employees, agents or subcontractors or other persons designated by the same, during the period of the construction of improvements on the Property or any portion of the Property or the marketing of the sale of Units.

ARTICLE XIV

AMENDMENT

14.1 Material Amendments. Except for any amendments made as a result of reallocation of interests in the Common Elements pursuant to a plan of expansion or phased development as provided in Article XV and except as provided in and limited by Section 14.3 and Section 14.4 hereinbelow, the consent of Owners of Units to which at least seventy-five percent (75%) of the votes in the Association are allocated, the approval of holders of first Mortgages on Units which have at least seventy-five percent (75%) of the votes of Units subject to such first Mortgages and, so long as there is a Class B member, the approval of the Federal Housing Administration and the Veterans Administration shall all be required to amend any material provisions of this Declaration, the Articles or the Bylaws which establish, provide for, govern or regulate any of the following: Unofficial Document

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Elements or portions of Units;
- (d) Insurance or fidelity bonds;
- (e) Rights to use of the Common Elements;
- (f) Responsibility for maintenance and repair of the various portions of the Property;
- (g) Expansion or contraction of the Regime or the addition, annexation or withdrawal of property to or from the Regime;
- (h) Boundaries of any Unit;
- (i) Percentage interests in the Common Elements;
- (j) Convertibility of Units into Common Elements or of Common Elements into Units;
- (k) Leasing of Units;

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(l) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his or her Unit;

(m) Subject to the additional restriction of Section 12.10, any provisions which are for the express benefit of the holders, insurers or guarantors of First Mortgages.

An amendment to any such document shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. Any holder of a First Mortgage who receives a written request to approve an amendment but fails to deliver or post to the requesting person a negative response within thirty (30) days thereafter shall be deemed to have approved the proposed amendment.

14.2 Other Amendments. The consent of Owners of Units to which at least seventy-five (75%) of the votes in the Association are allocated shall be required to amend any provision of this Declaration not subject to the amendment provisions of Section 14.1 or 14.3, and so long as there is a Class B member, the approval of the Federal Housing Administration and the Veterans Administration shall be required to any such other amendment.

14.3 Declarant's Right to Amend. Notwithstanding anything to the contrary in this Unofficial Document XIV, until the Declarant has sold all of the Units (i) the Declarant shall retain the right to amend any provision of the Condominium Constituent Documents without obtaining the approval or consent of any other persons where such amendment is necessary or desirable to conform with Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration or Veterans Administration requirements or guidelines, (ii) no amendment to the Condominium Constituent Documents materially affecting the Declarant or in any manner affecting rights, powers or privileges retained by the Declarant under any of said documents shall be effective without the prior written consent of record of the Declarant, and (iii) so long as there is a Class B member, the approval of the Federal Housing Administration and the Veterans Administration shall be required for any amendment made pursuant to this Section 14.3.

14.4 Association's Right to Amend to Conform with Condominium Act. Notwithstanding anything to the contrary in this Article XIV, the consent of Owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated may pursuant to A.R.S. § 33-1201 effective on January 1, 1986 amend this Declaration to conform with the requirements of the Arizona Condominium Act, A.R.S. § 33-1201 et seq., effective January 1, 1986 so as to subject the Association to the provisions

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of such Act, but any such amendment must, so long as there is a Class B member, be approved by the Federal Housing Administration and the Veterans Administration.

14.5 Effective Date of Amendments. An amendment to this Declaration under Sections 14.1 or 14.2 shall become effective upon recordation of an instrument duly executed and acknowledged by the president and attested by the secretary of the Association setting forth the amendment and stating that the amendment was duly adopted by the Association and all necessary consents, if any, were duly given. An amendment to this Declaration under Section 14.3 shall become effective upon recordation of an instrument duly executed and acknowledged on behalf of the Declarant setting forth the amendment. An amendment to this Declaration under Section 14.4 shall become effective upon recordation of an instrument setting forth the amendment and duly executed and acknowledged by an officer of the Association on behalf of the Association.

ARTICLE XV

EXPANSION OF REGIME

15.1 Expansion. Not an Official Document. Notwithstanding any other provision to the contrary herein and without obtaining the consent of any Owner or any Mortgagee except as required under Section 15.1(g) hereinbelow, the Declarant, or its successors in interest, may at any time and from time to time amend this Declaration to expand the Regime to include all or any part of the real property described on Exhibit B attached hereto (the "Expansion Property") pursuant to the following conditions:

(a) All improvements on the Expansion Property must be substantially completed before addition to the existing Regime, and such improvements must be architecturally consistent with and substantially similar in terms of quality of construction to the improvements on the existing Regime.

(b) All taxes and other assessments relating to the Expansion Property covering any period prior to the addition of the Expansion Property to the existing condominium regime must be paid or otherwise satisfactorily provided for by the Declarant, and any liens arising in connection with the Declarant's ownership of or construction of improvements upon the Expansion Property must not adversely affect the rights of existing Owners or the priority of First Mortgages on Units in the existing Regime.

(c) Voting rights for Units in the Expansion Property shall become effective upon annexation (but this shall not affect the provisions of Paragraph 4.3(b) relating to the conversion of Class B memberships to Class A memberships), and

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assessments upon such Units shall commence as provided by the terms of Section 6.5.

(d) Upon annexation, the undivided interests of the Units in the Common Elements shall be adjusted so that each Owner including Owners of Units on the Expansion Property shall have an interest equal to a fraction whose numerator is "1" and whose denominator is the total number of Units including those on the Expansion Property.

(e) Declarant's right under this Article XV to expand the condominium regime shall expire on January 1, 1991.

(f) An expansion shall be deemed effective and the Expansion Property deemed annexed to the Regime as of the date on which the last of the following two (2) conditions are satisfied and, so long as there is a Class B member, the Federal Housing Administration and the Veterans Administration have approved the expansion:

(i) Recordation of an amendment to this Declaration describing the Expansion Property, declaring that the Expansion Property is by and through such amendment being submitted to the Regime and subjected to the easements, covenants, conditions and restrictions of the Declaration and setting forth such other provisions as the Declarant shall deem necessary or desirable, including without limitation, the revision of Owners' interests in the Common Elements as provided in Section 15.1(d) above. The Declarant and its successors in interest are hereby irrevocably appointed agent for each Owner and for each holder of a Mortgage or other lien upon a Unit to execute and deliver such documents as may be necessary or required by law or any title insurance company, lender or other person to legally accomplish the addition of Expansion Property to the existing Regime, and

(ii) Conveyance of the first Unit with Expansion Property to a purchaser from Declarant.

(g) If the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration or Veterans Administration holds, insures or guarantees any mortgage in the existing Regime at the time of expansion, then:

(i) Any of the foregoing entities so holding, insuring or guaranteeing any such Mortgage shall be furnished with evidence of title, in a form satisfactory to it, disclosing any lien, easement or other encumbrance affecting the Expansion Property or which will affect the existing Regime after annexation of the Expansion Property, and

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(ii) The prior written consent of each of such entities holding, insuring or guaranteeing a Mortgage shall be obtained.

15.2 Waiver of Declarant's Right to Expand. Declarant may waive and relinquish its right under this Article XV to expand the Regime to include all or portions of the Expansion Property therein by recording a notice of such waiver describing that portion of the Expansion Property for which the right is being waived and relinquished. The waiver and relinquishment shall be deemed effective and irrevocable upon recordation of such instrument, and the property described therein (the "Released Property") shall thereafter no longer be subject to inclusion within the Regime under this Article XV. Waiver of the right to include pursuant to this Article XV a portion of the Expansion Property within the Regime shall not affect (i) the right to include the remaining portion of the Expansion Property within the Regime, or (ii) the right of Declarant thereafter to waive such right with respect to other portions of the Expansion Property, or (iii) the right to include in the Regime thereafter the Released Property through exercise of any statutory or common law right relating to the expansion of a condominium regime.

ARTICLE XVI

MISCELLANEOUS

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16.1 Notices. Notices provided for in this Declaration, or the Bylaws or rules and regulations of the Association shall be in writing and shall be addressed to the Association or the Board, as the case may be, at an address to be established by the Board, or at such other address as hereinafter provided. The Association or the Board may designate a different address or addresses for notices to then respectively by giving written notice of such change of address to all Owners at such time. All notices to Owners shall be to their respective Unit addresses, but any Owner may also designate a different address or addresses for notices by giving written notice of change of address to the Association. Notices addressed as above shall be deemed delivered when mailed by United States mail, postage prepaid, or when delivered in person with written acknowledgment of the receipt thereof. Upon written request to the Board, a Mortgagee of a Unit shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners of the Unit subject to such Mortgage.

16.2 Captions and Exhibits; Construction. Captions given to various sections herein are for convenience only and are not intended to define, expand, restrict, modify or otherwise affect the meaning of any of the substantive provisions hereof. Exhibits referred to herein are incorporated as though fully set

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forth where such reference is made. The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the operation of a horizontal property regime under the provisions of Arizona law complying with the applicable rules, regulations and guidelines of the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration and Veterans Administration.

16.3 Severability. If any provision of the Condominium Constituent Documents, or the application thereof in any circumstance, is held invalid, the validity of the remainder of the Condominium Constituent Documents, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances, shall not be affected thereby, and the remainder of the Condominium Constituent Documents shall be construed as if such invalid part were never included therein.

16.4 Perpetuities and Restraints on Alienation. If all or any portion of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until 21 years after the death of the survivor of the now living descendants of Mrs. Joseph Kennedy, mother of the late President John F. Kennedy.

16.5 Rights and Obligations. Each grantee of Declarant, by the acceptance of a deed of conveyance, and each purchaser under a contract for such deed of conveyance or an agreement of sale, accepts the same subject to ^{Unofficial Document} all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land and equitable servitudes, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee or purchaser in like manner as though the provisions of this Declaration were expressly set forth in each and every deed of conveyance or purchase contract.

16.6 Power of Attorney. Whenever the Association is granted rights, privileges or duties in this Declaration, the Board shall have the authority to act for the Association in accordance with the Articles and Bylaws. Further, unless otherwise specifically restricted by the provisions of this Declaration, wherever the Association is empowered to take any action or do any act, including but not limited to action or acts in connection with the Common Elements, the Owners individually and collectively hereby constitute and appoint the Association as their attorney-in-fact for the purposes of taking such action or doing such acts, including but not limited to executing, acknowledging and delivering any instruments or documents necessary, appropriate or helpful

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for such purposes. It is acknowledged that this power of attorney is irrevocable and coupled with an interest and by the acceptance of a deed for a Unit or by signing a contract for purchase of a Unit or by succeeding in any other manner to the ownership of a Unit, each Owner shall be deemed and construed to have ratified and expressly granted the above power of attorney.

16.7 New Arizona Condominium Act. The new Arizona condominium act set forth in Title 33, chapter 9, Arizona Revised Statutes, becoming effective January 1, 1986 shall apply to this Regime to the extent the provisions thereof are not in conflict with the provisions of this Declaration and all rights, powers or privileges which may thereby accrue to any person shall be accompanied by all correlative obligations, liabilities and restrictions of said chapter 9.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed as of the day and year first above stated.

TOWNE CHANDLER JOINT VENTURE,
a joint venture formed under the
Arizona Uniform Partnership Act

Unofficial Document TOWNE DEVELOPMENT OF CHANDLER,
INC., a Arizona corporation

By Arthur W. Wigners
Its President

STATE OF WISCONSIN)
County of MILWAUKEE) ss.

The foregoing instrument was acknowledged before me this 20th day of December, 1985, by Arthur W. Wigners, Jr., the President of Towne Development of Chandler, Inc., a corporation, on behalf of the corporation as a joint venture partner of Towne Chandler Joint Venture, a joint venture formed under the Arizona Uniform Partnership Act.

William B. Knauder
Notary Public

My Commission Expires:
2/5/89

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[Legal Description of Property]

Unofficial Document

Exhibit A
(Page 1 of 1)

Collar, Williams & White Engineering, Inc.

85 615132

DONALD H. COLLAR, P.E.
President
ROBERT E. WAGONER, P.E., R.L.S.
Vice President

Consulting Engineers
2702 N. 44th Street, Suite 205-B
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ROBERT E. MOHNING, P.E.
LES F. OLSON, P.E., R.L.S.
DON L. FERRIS JR., P.E., R.L.S.
JAMES B. BAKKEDAM, P.E.
ROBERT S. MITCHELL, P.E., R.L.S.
KEN DYER, P.E.
WM. ROSS NELSON, R.L.S.
GERALD RASMUSSEN, R.L.S.
RANDY DELBRIDGE, R.L.S.

Description

For

Joshua Village Condominiums

CWW No. 840815-1

PARCEL 1

December 23, 1985

Being a portion of the Northwest 1/4 of Section 26, T. 1 S., R. 4 E., of the G. & S. R. B. & M., Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the West 1/4 corner of said Section 26;

THENCE S 89°59'50" E, along the East-West Mid-Section line of said Section 26, 55.02 feet to a point lying 55.00 feet Easterly, as measured at right angles, from the West line of said Section 26;

THENCE N 01°28'00" E, 644.37 feet, Unofficial Document the True Point of Beginning;

THENCE N 01°28'00" E, 224.36 feet;

THENCE N 46°28'00" E, 28.28 feet;

THENCE S 88°32'00" E, 85.00 feet to a point marking the beginning of a tangent curve, having a radius of 567.00 feet to the right;

THENCE along the arc of said curve through a central angle of 24°58'37", having an arc distance of 247.17 feet;

THENCE S 20°12'32" E, 29.57 feet to a point marking the beginning of a non-tangent curve, the central point of which bears S 69°06'38" E, 462.00 feet;

THENCE southerly along the arc of said curve through a central angle of 21°25'52", having an arc distance of 172.81 feet;

THENCE S 00°32'30" E, 44.22 feet;

THENCE S 89°27'30" W, 57.03 feet;



Exhibit A

(Page 1 of 4)

Scottsdale Office:
2922 N. 70th Street
Scottsdale, Arizona 85251
(602) 947-5433

85 615132

Description for
Joshua Village Condominiums
PARCEL 1
CWM No. 840815-1
December 23, 1985
Page Two

THENCE N 80°28'40" W, 133.03 feet;
THENCE N 42°12'40" W, 46.33 feet;
THENCE N 88°32'00" W, 110.17 feet TO THE POINT OF BEGINNING.

Comprising 2.01615 Acres, more or less, subject to all easements
of record.

Unofficial Document

Exhibit A
(Page 2 of 4)

85 615132

Collar, Williams & White Engineering, Inc.

DONALD H. COLLAR, P.E.
President
ROBERT A. WAGGONER, P.E., R.L.S.
Vice President

Consulting Engineers
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JAMES B. BAKEDALE, P.E.
ROBERT S. MITCHELL, P.E., R.L.S.
KEN DYER, P.E.
WM. ROSS NELSON, R.L.S.
GERALD RASMUSSEN, R.L.S.
RANDY DELBRIDGE, R.L.S.

Description

For

Joshua Village Condominiums

CWW No. 840815-1

PARCEL 1A

December 23, 1985

Being a portion of the Northwest 1/4 of Section 26, T. 1 S.,
R. 4 E., of the G. & S. R. B. & M., Maricopa County, Arizona, more
particularly described as follows:

COMMENCING at the West 1/4 corner of said Section 26;

THENCE S 89°59'50" E, along the East-West Mid-Section line of said
Section 26, 446.04 feet;

THENCE N 00°00'10" E, 70.00 feet;

THENCE N 47°15'09" E, 198.14 feet;

THENCE N 00°00'10" E, 24.83 feet; to the True Point of Beginning;
to a point marking the beginning of a non-tangent curve, the central
point of which bears N 23°02'27" E, 312.00 feet;

THENCE northwesterly along the arc of said curve through a central
angle of 66°25'03", having an arc distance of 361.67 feet;

THENCE N 00°32'30" W, 116.30 feet to a point marking the beginning of a
tangent curve, having a radius of 462.00 feet to the right;

THENCE along the arc of said curve through a central angle of
21°25'52", having an arc distance of 172.21 feet;

THENCE N 20°12'32" W, 29.57 feet to a point marking the beginning of a
non-tangent curve, the central point of which bears S 26°26'37" W,
567.00 feet;

THENCE southeasterly along the arc of said curve through a central
angle of 05°28'59", having an arc distance of 64.16 feet;



Exhibit A

(Page 3 of 4)

Scottsdale Office:
2922 N. 70th Street
Scottsdale, Arizona 85251
(602) 947-5433

85 615132

Description for
 Joshua Village Condominiums
 PARCEL 1A
 CWW No. 840815-1
 December 23, 1985
 Page Two

THENCE S 71°48'59" W, 25.66 feet to a point marking the beginning of a non-tangent curve, the central point of which bears S 69°35'38" E, 438.00 feet;
 THENCE southerly along the arc of said curve through a central angle of 10°22'06", having an arc distance of 79.26 feet;
 THENCE S 79°57'44" E, 104.09 feet;
 THENCE S 00°32'30" E, 150.60 feet;
 THENCE S 89°27'30" W, 109.77 feet;
 THENCE S 00°32'30" E, 27.00 feet to a point marking the beginning of a tangent curve, having a radius of 288.00 feet to the left;
 THENCE along the arc of said curve through a central angle of 64°22'16", having an arc distance of 323.56 feet;
 THENCE S 00°00'10" W, 26.28 feet TO THE POINT OF BEGINNING.

Comprising 0.76545 Acres, more or less, subject to all easements of record.

Collar, Williams & White Engineering, Inc.

85 615132

DONALD H. COLLAR, P.E.
President
ROBERT L. WAGONER, P.E., R.L.S.
Vice President

Consulting Engineers
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ROBERT S. MITCHELL, P.E., R.L.S.
KEN DYER, P.E.
WM. ROSSHELSON, R.L.S.
GERALD RASMUSSEN, R.L.S.
RANDY DEBRIDGE, R.L.S.

Description

For

Joshua Village Condominiums

CWW NO. 840815-1

PARCEL 2

December 23, 1985

Being a portion of the Northwest 1/4 of Section 26, T. 1 S., R. 4 E., of the G. & S. R. B. & M., Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the West 1/4 corner of said Section 26;

THENCE S 89°59'50" E, along the East-West Mid-Section line of said Section 26, 55.02 feet to a point lying 55.00 feet Easterly, as measured at right angles, from the West line of said Section 26;

THENCE N 01°28'00" E, 310.50 feet; to the True Point of Beginning;

THENCE N 01°28'00" E, 333.87 feet;

THENCE S 88°32'00" E, 110.17 feet;

THENCE S 42°12'40" E, 46.33 feet;

THENCE S 80°28'40" E, 133.03 feet;

THENCE N 89°27'30" E, 57.03 feet;

THENCE S 00°32'30" E, 72.08 feet to a point marking the beginning of a tangent curve, having a radius of 312.00 feet to the left;

THENCE along the arc of said curve through a central angle of 26°13'13", having an arc distance of 142.78 feet;

THENCE S 63°14'17" W, 96.03 feet;

THENCE N 88°16'56" W, 163.08 feet;

THENCE S 77°34'36" W, 126.33 feet TO THE POINT OF BEGINNING.

Comprising 2.1889 Acres, more or less, subject to all easements of record.



Exhibit B
(Page 1 of 2)

Scottsdale Office:
2922 N. 74th Street
Scottsdale, Arizona 85251
(602) 947-5433

Collar, Williams & White Engineering, Inc. 85 615132

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JAMES B. BAIRD, P.E.
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GERALD RASMUSSEN, R.L.S.
RANDY DELMORGE, R.L.S.

Description

For

Joshua Village Condominiums

CWW No. 840815-1

PARCEL 3

December 23, 1985

Being a portion of the Northwest 1/4 of Section 26, T. 1 S., R. 4 E., of the G. & S. R. B. & M., Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the West 1/4 corner of said Section 26;
THENCE S 89°59'50" E, along the East-West Mid-Section line of said Section 26, 55.02 feet to a point lying 55.00 feet Easterly, as measured at right angles, from the West line of said Section 26;
THENCE N 01°28'00" E, 60.01 feet; to the True Point of Beginning;
THENCE N 01°28'00" E, 250.49 feet;
THENCE N 77°34'36" E, 126.33 feet;
THENCE S 88°16'56" E, 163.08 feet;
THENCE N 63°14'17" E, 96.03 feet to a point marking the beginning of a non-tangent curve, the central point of which bears N 63°14'17" E, 312.00 feet;
THENCE southeasterly along the arc of said curve through a central angle of 40°11'50", having an arc distance of 218.89 feet;
THENCE S 00°00'10" W, 24.83 feet;
THENCE S 47°15'09" W, 198.14 feet;
THENCE S 00°00'10" W, 30.00 feet to a point lying 40.00 feet Northerly, as measured at right angles, from said East-West Mid-Section line;
THENCE N 89°59'50" W, 370.00 feet;
THENCE N 44°15'55" W, 27.92 feet TO THE POINT OF BEGINNING.

Comprising 3.1001 Acres, more or less, subject to all easements of record.



Scottsdale Office:
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Exhibit B
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