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FIRST SERVICE TITLE AGENCY, INC.

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 UDC>Universal Development L.P.
 c/o D. Randall Stokes, Esq.
 Lewis and Roca
 100 West Washington, 23rd Floor
 Phoenix, Arizona 85003-1899

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PROP RSTR (RA)

DECLARATION OF COVENANTS, CONDITIONS
 AND RESTRICTIONS
 FOR
 PARADISE MANOR

RECORDED IN OFFICIAL RECORDS
 OF MARICOPA COUNTY, ARIZONA
 FEB 24 '87 - 8 00
 KEITH POLFITZ, County Recorder
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**CERTIFICATE OF
 FIRST AMENDMENT TO
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 FOR PARADISE MANOR**

PARADISE MANOR ASSOCIATION ("Association") hereby amends the Declaration of Covenants, Conditions and Restrictions for Paradise Manor, recorded at recording number 87-108160, of the records of Maricopa County, Arizona Recorder ("Declaration"), along with any amendments that may exist thereto, as follows:

The first sentence of Section 8.1.4 is amended as follows (the remainder of the Section shall remain the same):

“Annual Assessments for each fiscal year shall be determined annually by the Board of Directors but shall be due and payable in equal monthly installments on or before the first day of each month.”

The President of the Association hereby certifies that this amendment has been approved by the required percentage of the membership in accordance with the requirements of the Declaration.

DATED this 10th day of September, 2003.

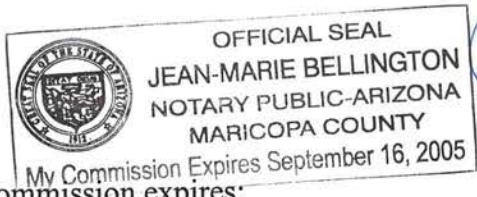
Paradise Manor Association, an Arizona Nonprofit Corporation

By: Donna K. Koester

Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 10th day of September, 2003, before me the undersigned Notary Public, personally appeared DONNA K. KOESTER who acknowledged to me that she is the President of the Association and that she executed the foregoing agreement on behalf of the Association for the purposes expressed therein.



Jean-Marie Bellington
Notary Public

My Commission expires:

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
PARADISE MANOR

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1 to time in accordance with the provisions thereof and with the
2 applicable provisions of this Declaration, the Bylaws and the
statutes and regulations of the State of Arizona.

3 1.3 "Annual Assessments" shall mean those Assessments
4 computed and levied as provided in Section 8.2 of this
Declaration.

5 1.4 "Assessments" shall mean the Annual Assessments
and the Special Assessments.

6 1.5 "Association" shall mean Paradise Manor
7 Association, an Arizona non-profit corporation, and its
8 successors and assigns (provided, however, that if such corpo-
9 rate name is not available for use, another name may be
selected by Developer in connection with the incorporation of
the Association).

10 1.6 "Board" shall mean the group or body of persons
11 elected in accordance with the provisions of the Articles, the
12 Bylaws and the statutes and regulations of the State of
13 Arizona, in which group or body is vested the management of the
affairs of the Association, and shall be equivalent in meaning
to the term "board of directors," as defined in A.R.S. Section
10-1002(6), as in effect at the date hereof.

14 1.7 "Bylaws" shall mean the bylaws of the
15 Association, as the same may be amended from time to time in
16 accordance with the provisions thereof and with the applicable
provisions of this Declaration, the Articles and the statutes
and regulations of the State of Arizona.

17 1.8 "Common Area" shall mean all real property
18 (including the improvements thereto) owned by the Association
19 for the common use and enjoyment of the Owners. The Common
20 Area to be owned by the Association at the time of the convey-
ance of the first Lot to a retail purchaser shall be Tracts A
through P, inclusive, as established by and depicted on the
Plat.

21 1.9 "Common Expenses" shall mean the actual and esti-
22 mated expenses of operating the Association, including any rea-
23 sonable reserves, all as may be found to be necessary and
appropriate by the Board pursuant to this Declaration or pur-
suant to the Articles or the Bylaws.

24 1.10 "Declarant" shall mean First Service Title
25 Agency, Inc., an Arizona corporation, serving in its capacity
26 as trustee of its Trust No. 1050, and its successors and
assigns.

1 1.11 "Declaration" shall mean this Declaration of
2 Covenants, Conditions and Restrictions, as the same may be
amendgd from time to time.

3 1.12 "Developer" shall mean UDC-Universal Development
4 L.P., a Delaware limited partnership doing business in the
5 State of Arizona as UDC Homes Limited Partnership, and any
6 assignee of the rights and duties granted or reserved to the
Developer herein, which assignment shall be evidenced by a duly
executed and acknowledged Recorded instrument. The term
"Developer" shall in no event mean or refer to a retail Lot
buyer.

7 1.13 "Eligible Mortgage Holder" shall mean any holder
8 (as evidenced by a Recorded instrument) of a First Mortgage who
9 or which shall have made written request to the Association for
10 notice of any proposed action that, pursuant to Section 12.2 or
11 Section 12.11, requires the consent of a specified percentage
12 of Eligible Mortgage Holders (which written request must con-
tain the name and address of the Eligible Mortgage Holder and
the Lot number or street address of the Lot against which the
First Mortgage held by said Eligible Mortgage Holder is
Recorded).

13 1.14 "First Mortgage" shall mean a Mortgage Recorded
14 against a Lot which has priority over any and all other
Mortgages Recorded against that Lot.

15 1.15 "Lot" shall mean and refer to a lot into which
16 the Property is subdivided as set forth in the Plat. In no
event shall the term "Lot" mean or refer to all or any part of
the Common Area.

17 1.16 "Maximum Annual Assessment" shall mean the
18 amount determined for each fiscal year of the Association in
accordance with Subsection 8.1.5 of this Declaration.

19 1.17 "Member" shall mean any Person entitled to
20 membership in the Association, as provided herein, provided,
21 however, that there shall be only one Class "A" membership for
each Lot, as further provided in Article III below.

22 1.18 "Mortgage" shall mean a deed of trust, as well
23 as a mortgage, which, in either case, is Recorded against a Lot
or any other part of the Property.

24 1.19 "Mortgages" shall mean a beneficiary or holder
25 of a deed of trust, as well as a mortgage under a mortgage,
26 which, in either case, is Recorded against a Lot or any other
part of the Property.

1 1.20 "Occupant" shall mean any Person other than an
2 Owner who occupies or is in possession of a Lot, whether as a
lessee under a lease or otherwise.

3 1.21 "Owner" shall mean the Person or Persons who
4 individually or collectively: (a) own fee title to a Lot (as
5 evidenced by a Recorded instrument); or (b) hold the seller's
6 or vendor's interest under a contract for conveyance, contract
7 for deed, agreement for sale or similar contract through which
8 a seller has conveyed to a purchaser equitable title in prop-
9 erty and under which the seller is obligated to convey to the
10 purchaser the remainder of the seller's title in the property,
11 whether legal or equitable, on payment in full of all sums due
12 under the contract. The term "Owner" shall not include:
13 (i) any Person who holds an interest in a Lot merely as secu-
14 rity for the performance of an obligation; or (ii) a lessee,
tenant or other Occupant of a Lot. Developer shall be the
"Owner" of each Lot with respect to which Developer holds the
interest required by this Section 1.21 and, in addition, shall
be deemed to be the "Owner" of each Lot to which title is held
by a trustee (other than the trustee of a deed of trust) for
the benefit of Developer. Notwithstanding Subsection 1.21(a),
in the case of a Lot, the fee title to which is vested in a
trustee under a deed of trust pursuant to Chapter 6.1 of Title
33 of the Arizona Revised Statutes, the "Owner" of that Lot
shall be deemed to be the owner of the trustor's interest under
the deed of trust.

15 1.22 "Person" (whether or not such term is
16 capitalized herein) means a natural person, corporation,
partnership, trustee or other legal entity.

17 1.23 "Phase" shall mean any one of the portions of
18 the Property described and identified by a phase number or
19 letter (or number and letter) on Exhibit "B" attached hereto
20 and incorporated herein by reference. The numbers or letters
21 (or numbers and letters) assigned to Phases hereby are and
shall be for reference only and shall not control the order of
development or sale of Lots within any Phase or from Phase to
Phase. Developer shall retain full discretion as to the order
and timing of the development and sales of Lots within any
Phase or from Phase to Phase.

22 1.24 "Plat" shall mean that certain plat of Paradise
23 Manor recorded in Book 107 of Maps, page 47, in the office of
Maricopa County, Arizona Recorder, as and if amended.

24 1.25 "Property" shall mean the real property
25 described in Exhibit "A" attached hereto and shall further
26 refer to such additional property, if any, as may hereafter be

1 annexed thereto pursuant to Article VI hereof or as is now or
 2 may hereafter be owned in fee simple by the Association.

3 1.26 "Record", "Recording", "Recorded" and
 4 "Recordation" shall mean placing or having placed an instrument
 5 of public record in the official records of Maricopa County,
 6 Arizona, or of such other governmental authority, office or
 7 official with which or whom the applicable laws of the State of
 8 Arizona prescribe that documents affecting title to real prop-
 9 erty in the area including the Property are to be placed of
 10 public record.

11 1.27 "Residential Unit" shall mean any structure
 12 constructed on a Lot which is intended for use and occupancy as
 13 a residence by a single household.

14 1.28 "Special Assessments" shall mean those
 15 Assessments levied in accordance with Section 8.3 hereof.

16 ARTICLE II

17 PROPERTY RIGHTS

18 Every Owner shall have a non-exclusive right and ease-
 19 ment of enjoyment in, to and over the Common Area, subject to
 20 any restrictions or limitations contained herein or in any
 21 instrument conveying to the Association or subjecting to this
 22 Declaration such property, and subject further to the reason-
 23 able rules and regulations of the Association. Any Owner may
 24 assign his, her or its right of enjoyment to (and share the
 25 same with) the members of his or her household and assign the
 26 same to and share the same with his, her or its tenants and
 invitees subject to the provisions of this Declaration and to
 reasonable regulation by the Board and otherwise in accordance
 with such procedures as the Board may adopt.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. The Association shall have two (2)
 classes of membership, Class "A" and Class "B," as follows:

3.1.1 Class "A". There shall be one Class "A"
 membership in the Association for each Lot. Each such
 membership shall be held by the Owner (from time to time) of
 such Lot and shall be appurtenant to and may not be separated
 from ownership of such Lot. The foregoing is not intended to
 include Persons who hold an interest merely as security for the
 performance of an obligation, and the giving of a security
 interest shall not terminate an Owner's membership. No Owner,

1 whether one or more Persons, shall have more than one
2 membership per Lot owned. In the event any Lot is owned by two
3 or more Persons, whether by joint tenancy, tenancy in common,
4 community property or otherwise, the membership as to such Lot
5 shall be joint, provided, however, that such Persons shall
6 jointly designate to the Association in writing one of their
7 number who shall have the power to vote said membership, and,
8 in the absence of such designation and until such designation
9 is made, the Board shall make such designation and such design-
10 nation shall be binding for all purposes. In no event shall
11 more than one (1) Class "A" membership exist for each Lot.
12 Notwithstanding the foregoing, so long as the Class "B"
13 membership is in existence, no Class "B" Member shall at the
14 same time be a Class "A" Member nor shall a Class "B" Member
15 have any Class "A" votes, and the membership and number of
16 votes of the Class "B" Member(s) shall be determined in accor-
17 dance with Subsections 3.1.2 and 3.2.2.

18 3.1.2 Class "B". Class "B" Members shall be
19 Developer and any assignee of all or any part of Developer's
20 Class "B" membership rights.

21 3.2 Voting The voting rights of the Class "A" and
22 Class "B" Members are as follows:

23 3.2.1 Class "A". Each Class "A" Member shall be
24 entitled on all issues to one (1) vote for each Lot with
25 respect to which such Member holds the interest required for
26 membership by Subsection 3.1.1 above. When more than one
Person holds such interest in any Lot, there shall be only one
(1) vote with respect to such Lot, which vote shall be exer-
cised by the Person designated to exercise the power to cast
such vote, as provided in Subsection 3.1.1. Any attempt to
cast a vote appurtenant to a Lot in a manner inconsistent with
that designation shall result in the suspension of the power to
cast such vote until such time as such vote is cast in accor-
dance with that designation. Any Owner of a Lot which is
leased or which is subject to a valid, outstanding and recorded
executory agreement of sale may, in the lease, agreement of
sale or other written instrument, assign the voting right
appurtenant to the Lot to the lessee of the Lot or to the pur-
chaser of the Lot under such agreement of sale, as applicable,
provided that a copy of such instrument is furnished to the
Secretary of the Association prior to any meeting.

27 3.2.2 Class "B". The Class "B" Member or Members
28 shall be entitled to three (3) votes for each Lot owned by such
29 Class "B" Member or Members. Developer shall have the right,
30 at any time and from time to time, to assign all or any part of
31 its voting rights appurtenant to its Class "B" membership
32 rights (as well as all or any other rights appurtenant thereto)

1 to one or more persons or entities acquiring, for purposes of
 2 development and sale, any part of the Property. Further,
 3 Developer shall have the right, at any time and from time to
 4 time, to designate an individual or individuals to exercise
 5 Developer's voting rights (whether appurtenant to Class "A" or
 6 Class "B" membership), provided, however, that such designation
 7 shall not act as an assignment by Developer of its membership
 8 or voting rights hereunder. Upon the earlier to occur of:
 9 (i) January 1, 1991; or (ii) the time at which the total number
 10 of Class "A" votes outstanding (as determined pursuant to
 11 Subsection 3.2.1) equals (or exceeds) the total number of Class
 12 "B" votes outstanding (as determined pursuant to the preceding
 13 provisions of this Subsection-3.2.2), the Class "B" membership
 14 shall terminate and be deemed converted to a Class "A"
 15 membership, whereupon the membership and voting rights of
 16 Developer (and any assignee of Developer's Class "B" membership
 17 rights) shall be determined in accordance with Subsections
 18 3.1.1 and 3.2.1.

19 ARTICLE IV

20 MAINTENANCE

21 4.1 Association's General Responsibilities. The
 22 Association shall maintain and keep in good repair the Common
 23 Area (and certain other areas, as more expressly provided in
 24 this Section 4.1), the costs of such maintenance to be Common
 25 Expenses of the Association (subject to any insurance then in
 26 effect). This maintenance shall include, but not be limited to:

4.1.1 maintenance, repair and replacement of all
 landscaping and other flora, structures and improvements
 situated upon the Common Area, including any perimeter or
 boundary walls;

4.1.2 maintenance, repair and replacement of
 landscaping and flora in or upon public rights-of-way within or
 immediately adjacent to the Property;

4.1.3 maintenance, repair and replacement of
 landscaping and signs within areas designated on the Plat as
 "landscape easements," "landscape and wall easements" or "land-
 scape and sign easements" (or similar designations);

4.1.4 maintenance, repair and replacement of the
 side facing a street or portion of the Common Area of any
 boundary or perimeter wall situated within areas designated on
 the Plat as "wall easements" (or similar designations); and

4.1.5 maintenance and repair of any drainage
 easements upon or across the Common Area.

1 Notwithstanding the foregoing, maintenance of the side facing
2 any public right-of-way of any boundary or perimeter walls
3 situated upon the Property along public rights-of-way shall be
4 the responsibility of the Association, while the maintenance of
5 the side of such boundary or perimeter walls (and of boundary
6 or perimeter walls between Common Area and Owner's Lot) facing
7 an Owner's Lot shall be the responsibility of such Owner.

8 4.2 Front Yard Landscaping. In addition, the
9 Association shall be responsible for maintaining and keeping in
10 good repair on each and every Lot, as a Common Expense of the
11 Association, the landscaping and flora situated in or upon the
12 "front yard" of each and every Lot. For purposes hereof, the
13 "front yard" of a Lot shall mean and refer to such portion of
14 that Lot as is adjacent to or abutting public or private
15 roadways or adjacent to or abutting any part of the Common
16 Area, except where such portion of that Lot is screened from
17 view from such roadways or Common Area by a wall or other
18 structure.

19 4.3 Maintenance of Owner's Structures. Each Owner
20 shall be responsible for the maintenance, cleaning, painting,
21 repair and general care of the Residential Unit and any other
22 structure existing or constructed upon such Owner's Lot, and,
23 in particular, each Owner shall cause the exterior of said
24 Residential Unit or other structure to be maintained in good
25 condition and repair and in an attractive state consistent with
26 general community standards within the Property. In the event
that the Association shall determine, by the affirmative vote
of a majority of the votes of each class of Members represented
in person or by valid proxy at a meeting called for such purpose,
that any Owner is in breach of such Owner's obligation to
cause the exterior of the Residential Unit or other structure
on such Owner's Lot to be maintained in good condition and
repair and in an attractive state consistent with general community
standards within the Property, the Association shall promptly
give such Owner written notice of such determination, including
a reasonably detailed list or description of the repairs,
maintenance or other work required to cure such Owner's breach,
and in the event the Owner shall not have cured such breach
within thirty (30) days after the date of said written notice,
the Association shall cause the repairs, maintenance or other
work to be performed so as to cure such Owner's breach, and the
Association's costs in doing so, together with interest from the
date of expenditure at the rate set forth in Section 12.8 of this
Declaration, shall constitute a lien on such Owner's Lot, which
lien shall have the priority and may be enforced in the manner
described in Section 8.4 of this Declaration. The Association
shall have an easement on, over, across and through each lot
to permit it to carry out its duties and obligations under this
Article IV.

1 4.4 Publicly-Dedicated Areas. Except as expressly
2 provided in this Article IV (and, in particular, in
3 Subsection 4.1.2), and except as may otherwise be required by
4 applicable law, the Association shall have no responsibility to
5 maintain any areas within the Property (including, but not
6 limited to, public streets) which are dedicated to or the
7 responsibility of a municipality or other governmental entity.

8 4.5 No Discrimination. The provision of services in
9 accordance with this Article shall not be deemed to be discrim-
10 ination in favor of or against any Owner.

11 ARTICLE V

12 INSURANCE AND FIDELITY BONDS; CASUALTY LOSSES

13 5.1 Insurance to be Obtained by the Association.

14 5.1.1 Hazard Insurance.

15 a. The Board, acting on behalf of the
16 Association, shall obtain and maintain at all times insurance
17 for all insurable improvements on the Common Area against loss
18 or damage by fire or other hazards, casualties and risks
19 embraced within the coverage of the standard "extended cover-
20 age" policy available from time to time in the State of
21 Arizona, against all other perils customarily covered for simi-
22 lar types of projects (including those covered by the standard
23 "all risk" endorsement available from time to time in the State
24 of Arizona), and against loss or damage due to vandalism and
25 malicious mischief. Said insurance shall be in an amount equal
26 to 100% of the current replacement cost, from time to time,
without deduction for depreciation, of all such insurable
improvements (excluding land, foundations, excavations and
other items usually excluded from such insurance coverage, but
including fixtures and building service equipment and personal
property and supplies owned by the Association), with such
amount to be redetermined annually by the Board with the assis-
tance of the insurer or insurers providing such coverage.

b. The policy or policies providing the insur-
ance required by this Subsection 5.1.1 shall provide that:
(i) any insurance trust agreement will be recognized; (ii) the
insurer shall waive any right of subrogation against the
Owners, the Board or the Association, and their respective
agents, employees, guests and household members; (iii) such
insurance shall not be cancelled, invalidated or suspended by
reason of any acts or omissions of any Owner (or of such
Owner's invitees, agents, employees or household members), or
of any member, officer or employee of the Board without a prior
written demand to the Board that any such act or omission be

1 cured and without providing a sixty (60) day period within
2 which the Board may cure such act or omission (or cause the
3 same to be cured); (iv) such insurance coverage shall be pri-
4 mary, and shall in no event be brought into contribution with
5 any insurance maintained by individual Owners or their
6 Mortgagees; and (v) the coverage afforded by such policy or
7 policies shall not be prejudiced by any act or omission of any
8 Owner or Occupant (or their agents) when such act or omission
9 is not within the control of the Association.

6 c. The policy or policies providing the insur-
7 ance required by this Subsection 5.1.1 shall also contain (if
8 available at no additional cost or at such additional cost as
9 is not demonstrably unreasonable) the following endorsements
10 (or their equivalents): (i) "agreed amount" and "inflation
11 protection" endorsements; (ii) "increased cost of construction"
12 endorsement; (iii) "contingent liability from operation of
13 building laws or codes" endorsement; and (iv) "demolition cost"
14 endorsement.

11 d. The policy or policies providing the insur-
12 ance required by this Subsection 5.1.1 shall also contain a
13 steam boiler and machinery endorsement providing coverage in an
14 amount not less than the lesser of \$2,000,000 or the insurable
15 value of the building(s) housing such boiler and machinery, if
16 any.

14 e. Unless a higher maximum deductible amount is
15 required by applicable law, each policy providing the insurance
16 coverage required by this Subsection 5.1.1 shall provide for a
17 deductible not to exceed the lesser of \$10,000 or one percent
18 (1%) of the face amount of such policy.

17 5.1.2 Liability Insurance. The Board, acting on
18 behalf of the Association, shall obtain and maintain at all
19 times a comprehensive general liability policy insuring the
20 Association, each member of the Board and each Owner (and, so
21 long as Developer, or any Person with whom Developer contracts
22 directly for the performance of all or a substantial portion of
23 Developer's rights and obligations hereunder, or for the con-
24 struction of substantial improvements on the Property, retains
25 an interest in the Property or any Lot, insuring Developer and
26 such Person, if identified by Developer to the Association,
provided that any added premium cost or other expense resulting
from naming Developer or such Person as insureds shall be borne
by Developer or such other Person), against any liability to
the public or to any Owner or Occupant (and such Owner's or
Occupant's invitees, agents, employees and household members)
for death, bodily injury and property damage arising out of or
incident to the ownership or use of the Common Area or arising
out of or incident to the performance by the Association of its

1 maintenance and other obligations hereunder. The Board, with
2 the assistance of the insurer(s) providing such coverage, shall
3 review annually the amounts of coverage afforded by said com-
4 prehensive general liability policy or policies and adjust such
5 amounts of coverage as the Board deems appropriate, but in no
6 event shall said policy or policies provide coverage less than
7 One Million Dollars (\$1,000,000.00) for death, bodily injury
8 and property damage for any single occurrence. The policy or
9 policies providing such insurance shall, by specific endorse-
10 ment or otherwise, preclude denial by the insurer(s) providing
11 such insurance of a claim under such policy or policies because
12 of negligent acts or omissions of the Association or any
13 Owner(s) (or of Developer or any other Person named as an
14 insured or additional insured thereunder).

15 5.1.3 Flood Insurance. In the event any part of
16 the Common Area is in a "special flood hazard area," as defined
17 by the Federal Emergency Management Agency (or its successors),
18 the Board, acting on behalf of the Association, shall obtain
19 (and maintain at all times during which any part of the Common
20 Area is in such a "special flood hazard area") a "master" or
21 "blanket" policy of flood insurance covering all insurable
22 improvements on the Common Area and covering any personal prop-
23 erty situated from time to time within such improvements (to
24 the extent such personal property is normally covered by the
25 standard flood insurance policy available from time to time in
26 the State of Arizona). Said insurance shall be in an amount
not less than the lesser of: (a) 100% of the current replace-
ment cost, from time to time, of all such insurable improve-
ments (and such insurable personal property) located in the
"special flood hazard area"; or (b) the maximum coverage avail-
able for such insurable improvements and insurable personal
property under the National Flood Insurance Program. Unless a
higher maximum deductible amount is required by applicable law,
the policy providing such insurance shall provide for a deduct-
ible not to exceed the lesser of \$5,000 or one percent (1%) of
the face amount of such policy.

20 5.1.4 General Provisions Governing Insurance.
21 The insurance required to be obtained under Subsections 5.1.1,
22 5.1.2 and 5.1.3 shall be written in the name of the Association
23 as trustee for each of the Owners and for each Mortgagee (as
24 their respective interests may appear) and shall be governed by
25 the provisions hereinafter set forth:

26 a. All policies shall be written with one or
more companies authorized to provide such insurance in the
State of Arizona;

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1 b. Exclusive authority to adjust losses under
2 policies in force on property owned or insured by the
Association shall be vested in the Board;

3 c. In no event shall the insurance coverage
4 obtained and maintained by the Board hereunder be brought into
5 contribution with insurance purchased by individual Owners,
Occupants or their Mortgagees, and the insurance carried by the
Association shall be primary;

6 d. Subject to the requirement of item (ii) of
7 Subsection 5.1.1(b) above, the Board shall be required to make
8 every reasonable effort to secure insurance policies that will
9 provide for a waiver of subrogation by the insurer as to any
claims against the Board or the Owners and their respective
tenants, servants, agents and guests (if securing same will
impose on the Association no additional cost or only such rea-
sonable cost as the Board may approve, in its discretion);

10 e. Each policy providing insurance coverage
11 required by Subsections 5.1.1, 5.1.2 and 5.1.3 shall require
12 the applicable insurer to give not less than ten (10) days
13 written notice to the Association, and to each Mortgagee which
14 shall have given such insurer written notice of such
Mortgagee's interest in a Lot (which notice must include the
name and address of such Mortgagee), of any cancellation,
refusal to renew or material modification of such policy.

15 5.1.5 Fidelity Bonds. The Board, acting on
16 behalf of the Association, shall obtain and maintain at all
17 times adequate fidelity bond coverage to protect against dis-
18 honest acts on the part of officers, directors and employees of
19 the Association and all others who handle, or are responsible
20 for handling, funds held or administered by the Association,
21 whether or not such officers, directors, employees or others
22 receive compensation for services they render to or on behalf
23 of the Association. Any independent management agent which
24 handles funds for the Association shall also obtain (and pay
25 for) such fidelity bond coverage with respect to its own
26 activities (and those of its directors, officers and employees,
whether or not such directors, officers or employees receive
compensation for services rendered). Such fidelity bonds:
(a) shall name the Association as obligee; (b) shall be issued
by one or more companies authorized to issue such bonds in the
State of Arizona; and (c) shall be in an amount sufficient to
cover the maximum total of funds reasonably expected by the
Board to be in the custody of the Association or such agent at
any time while such bond is in force, but in no event shall the
amount of such fidelity bond coverage be less than the sum of
three (3) months' Annual Assessments on all Lots, plus the
total of funds held in the Association's reserves. Each such

1 fidelity bond shall provide that the issuer thereof shall pro-
2 vide not less than ten (10) days written notice to the
3 Association and to each Eligible Mortgage Holder before such
4 bond may be cancelled or substantially modified for any reason.

5 5.1.6 Workers' Compensation Insurance. The
6 Board, acting on behalf of the Association, shall obtain and
7 maintain workers' compensation insurance if and to the extent
8 necessary to meet the requirements of applicable law.

9 5.1.7 Cost of Insurance. All premiums for the
10 insurance or bonds required to be obtained by the Board by this
11 Section 5.1 shall be Common Expenses (except that, as provided
12 in Subsection 5.1.5 above, the cost of the fidelity bond
13 required to be furnished by any independent management agent
14 shall be paid by such agent, and, as provided in
15 Subsection 5.1.2 above, any added cost of naming Developer, or
16 any Person with whom or which Developer contracts directly for
17 the performance of all or a substantial portion of Developer's
18 obligations hereunder, or for the construction of improvements
19 on the Property, shall be borne by Developer or such other
20 Person). The Board shall not be liable for failure to obtain
21 or maintain any of the insurance coverage required by this
22 Section 5.1, or for any loss or damage resulting from such
23 failure, if such failure is due to the unavailability of such
24 insurance coverage from reputable companies authorized to pro-
25 vide such insurance in the State of Arizona, or if such insur-
26 ance coverage is available only at an unreasonable cost.

1 5.1.8 Subsequent Changes in Insurance
2 Requirements. It is the intention of this Article V (and, in
3 particular, of this Section 5.1), to impose upon the
4 Association the obligation to obtain and maintain in full force
5 and effect at least those types and amounts of insurance as are
6 required, at the time this Declaration is recorded, by the
7 Federal National Mortgage Association, Federal Home Loan
8 Mortgage Corporation, Veterans Administration and Federal
9 Housing Administration. However, notwithstanding any provision
10 of this Declaration to the contrary, should any or all of said
11 agencies subsequently amend or modify their respective require-
12 ments regarding the insurance coverage required to be main-
13 tained by the Association, the Board, acting on behalf of the
14 Association, shall, promptly upon receiving notice of such
15 amendment or modification from any such agency, from any Owner
16 or Eligible Mortgage Holder or from Developer, obtain such
17 additional, modified or amended policy or policies of insurance
18 as may be necessary to conform to such amended or modified
19 requirements. Should such requirements of any such agency con-
20 flict with the requirements of any other such agency or with
21 applicable provisions of law, the Board, acting on behalf of
22 the Association, shall diligently work with such agency or

1 agencies to resolve such conflict and shall thereafter obtain
2 and maintain such additional, modified or amended policy or
3 policies of insurance as may be necessary to conform with the
4 requirements of such agencies, taking into account the resolu-
5 tion of said conflict. In the event the Board, after exercise
6 of such diligence, is unable to resolve such conflict, the
7 Board, acting on behalf of the Association, shall exercise its
8 good faith business judgment and obtain and maintain in full
9 force and effect such insurance coverage as the Board, in the
10 exercise of such judgment, deems to conform as closely as pos-
11 sible with the applicable requirements of all such agencies,
12 and of law, taking into account such conflict.

5.2 Insurance to be Obtained by the Owners.

8 5.2.1 Public Liability Insurance. It shall be
9 the individual responsibility of each Owner to provide, as such
10 Owner sees fit and at such Owner's sole expense, such compre-
11 hensive public liability insurance as such Owner may desire
12 against loss or liability for damages and any expense of
13 defending against any claim for damages which might result from
14 the ownership, use or occupancy of such Owner's Lot.

12 5.2.2 Hazard and Contents Insurance. It shall be
13 the individual responsibility of each Owner to provide, as such
14 Owner sees fit and at such Owner's sole expense, such fire,
15 liability, theft and any other insurance as such Owner may
16 desire covering the Residential Unit and any other structure on
17 such Owner's Lot, as well as any and all fixtures and personal
18 property upon such Lot or in such Residential Unit or other
19 structure(s).

5.3 Casualty Losses.

5.3.1 Damage and Destruction.

19 a. Immediately after any damage or destruction
20 by fire or other casualty to all or any part of the property
21 required to be insured by the Association under Section 5.1
22 above, the Board or its duly authorized agent shall:
23 (i) proceed with the filing and adjustment of all claims aris-
24 ing under such insurance; (ii) obtain reliable and detailed
25 estimates of the cost of repair or reconstruction of the dam-
26 aged or destroyed property; and (iii) upon receipt of the pro-
ceeds of such insurance and except as is otherwise provided in
this Subsection 5.3.1, use such proceeds to repair or
reconstruct the damaged or destroyed property. Repair or
reconstruction, as used in this Article V, means repairing or
restoring the property in question to substantially the same
condition as that in which it existed prior to the fire or
other casualty (or, where applicable, replacing the damaged or

1 destroyed property with property substantially similar to the
2 damaged or destroyed property as it existed prior to such damage or destruction).

3 b. Any major damage or destruction to the prop-
4 erty required to be insured by the Association under Section
5 5.1 above shall be repaired or reconstructed unless: (i) at a
6 special meeting of the Members of the Association duly noticed
7 and convened within sixty (60) days after the occurrence of
8 such damage or destruction, the Members determine, by a vote of
9 Owners owning not less than seventy-five percent (75%) of all
10 Lots, not to so repair or reconstruct; and (ii) Eligible
11 Mortgage Holders representing at least fifty-one percent (51%)
12 of all Lots subject to First Mortgages held by Eligible
13 Mortgage Holders concur in such determination not to so repair
14 or reconstruct. If for any reason either the amount of the
15 insurance proceeds to be paid as a result of such damage or
16 destruction, or reliable and detailed estimates of the cost of
17 repair or reconstruction, or both, are not made available to
18 the Association within said period, then the period shall be
19 extended until such information shall be made or become avail-
20 able; provided, however, that such extension shall not exceed
21 an additional sixty (60) days. The Board shall determine
22 whether any minor damage or destruction to the Common Area
23 should be repaired or reconstructed.

24 c. In the event that it is determined in the
25 manner described above that the damage or destruction of any
26 part of the Common Area shall not be repaired or reconstructed
and no alternative improvements are authorized, then and in
that event such property shall be maintained by the Association
in a neat and attractive condition as an undeveloped portion of
the Common Area.

18 5.3.2 Excess or Deficiency of Proceeds. If the
19 damage or destruction for which the insurance proceeds are paid
20 is to be repaired or reconstructed and such proceeds are not
21 sufficient to pay the cost thereof, the Board shall, without
22 the necessity of a vote of the Members, levy an equal assess-
23 ment against the Owner of each Lot. Additional assessments may
24 be made in like manner at any time during or following the com-
25 pletion of any repair or reconstruction. Any assessments
26 levied pursuant to this Subsection 5.3.2 shall be deemed to be
a part of the Assessments and shall be secured by the lien cre-
ated by Section 8.4 below. If the funds available from insur-
ance exceed the cost of repair, such excess shall be used to
meet Common Expenses.

25 5.3.3 Repair or Reconstruction of Residential
26 Units. In the event of the destruction of a Residential Unit
or other structure on a Lot, or of damage to such Residential

1 Unit or other structure which, in the reasonable judgment of
 2 the Board, materially affects the exterior appearance thereof,
 3 the Board shall have the right, at its option, exercisable by
 4 written notice to the Owner of the Lot upon which such
 5 Residential Unit or other structure is situated, to require
 6 such Owner to repair or reconstruct (or cause to be repaired or
 7 reconstructed), at such Owner's expense (subject to any insur-
 8 ance proceeds as such Owner may then or thereafter receive in
 9 respect of such destruction or damage), such Residential Unit
 10 or other structure within such period of time as shall be spec-
 11 ified by the Board in such notice (which period of time shall
 12 in no event be less than eight (8) months from the date of such
 13 destruction or damage). The Board may exercise such right and
 14 establish such time period notwithstanding such Owner's failure
 15 to maintain hazard or casualty insurance upon such Owner's Lot
 16 or any structures thereon and notwithstanding any unavailabili-
 17 ty or delay in receipt of proceeds of any insurance policy or
 18 policies, although the Board may take such matters into account
 19 in establishing or extending the time period within which such
 20 repair or reconstruction must be completed. Any such repair or
 21 reconstruction work shall be performed in compliance with all
 22 applicable provisions hereof, and the Owner of such Lot shall
 23 take such steps as are reasonably necessary to prevent damage
 24 to surrounding property and injury to persons as may result
 25 from or arise in connection with the destroyed or damaged
 26 Residential Unit or other structure or the repair or recon-
 struction activities with respect thereto.

ARTICLE VI

RESTRICTIONS ON ANNEXATION OF ADDITIONAL PROPERTY

17 6.1 Limitations on Annexations. As of the date this
 18 Declaration is Recorded, neither Declarant nor Developer
 19 intends to annex any additional residential property or common
 20 area to the Property, and additional residential property and
 21 common area may be annexed to the Property only: (a) by the
 22 affirmative vote of two-thirds (2/3) of the votes of each class
 23 of Members represented in person or by valid proxy at a meeting
 24 of Members duly called for that purpose; and (b) with the
 25 approval of the applicable percentage of Eligible Mortgage
 26 Holders, as provided in Section 12.2 hereof; and (c) with the
 express written consent of each owner of all or any part of the
 property proposed to be annexed.

23 6.2 FHA and VA Approval. In addition to the require-
 24 ments imposed by Section 6.1 above, so long as the Class "B"
 25 membership is in existence no additional property may be
 26 annexed to the Property without the prior approval of the
 Federal Housing Administration and the Veterans
 Administration.

1 6.3 Recordation of Annexation Instrument. Upon
2 approval to the extent required by this Article VI of any
3 annexation of property to the Property, the President and
4 Secretary of the Association shall execute, acknowledge and
5 Record an instrument effecting and evidencing such annexation
6 (which instrument shall also be duly executed and acknowledged
7 by each owner of all or any part of the property being
8 annexed), and such annexation shall be deemed effective only
9 upon such Recordation. Such instrument (or a separate instru-
10 ment Recorded against any property annexed to the Property pur-
11 suant to this Article VI and executed by the owner of such
12 annexed property) may subject the annexed property to such
13 additional covenants, conditions and restrictions as the owner
14 thereof may deem appropriate or desirable (subject, however, to
15 approval thereof by the Association and to such other approval
16 rights as may be granted hereby to other parties in connection
17 with such annexation), provided, however, that any and all such
18 additional covenants, conditions and restrictions shall be sub-
19 ordinate and subject to the provisions of this Declaration.

11 6.4 Effect of Annexation. Upon the effective date of
12 an annexation pursuant to this Article VI, as provided above:
13 (a) the property so annexed shall immediately be and become a
14 part of the Property and subject to all of the provisions
15 hereof; (b) any Lot then or thereafter constituting a part of
16 the annexed property, and the Owner of any such Lot, shall
17 thereupon be subject to all of the provisions of this
18 Declaration (including, but not limited to, the provisions of
19 Articles II, III and VIII hereof); (c) any part or parts of the
20 property annexed which is or are designated or declared to be
21 Common Area shall thereupon be subject to the provisions of
22 this Declaration (including, but not limited to, the provisions
23 of Articles II and IV hereof); and (d) improvements then or
24 thereafter situated upon the annexed property shall be subject
25 to the provisions of this Declaration and shall be reasonably
26 consistent, in terms of quality of construction, with the
improvements situated upon other portions of the Property prior
to such annexation.

ARTICLE VII

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

22 7.1 The Common Area. The Association, subject to the
23 rights of the Owners set forth in this Declaration, shall be
24 responsible for the management and control of the Common Area
25 and shall keep the Common Area in good, clean, attractive and
26 sanitary condition, order and repair, pursuant to the terms and
conditions hereof.

1 7.2 Personal Property and Real Property for Common
2 Use. The Association, through action of the Board, may
3 acquire, hold and dispose of tangible and intangible personal
4 property and real property, except that, subject to the provi-
5 sions of Sections 12.2, 12.10 and 12.11, no dedication, sale or
6 transfer of all or any part of the Common Area shall be made or
7 effective unless approved by not less than two-thirds (2/3) of
8 the votes of each class of Members represented in person or by
9 valid proxy at a meeting of Members duly called for such pur-
10 pose. The Board, acting on behalf of the Association, shall
11 accept any real or personal property, leasehold or other prop-
12 erty interests within, adjacent to or related to all or any
13 part of the Property as may be conveyed or assigned to the
14 Association by Developer (or any assignee of Developer's rights
15 hereunder) (including, but not limited to, such parts of the
16 Common Area as may now or hereafter be held by Developer).

17 7.3 Rules and Regulations. The Association, through
18 the Board, may make and enforce reasonable rules and regula-
19 tions governing the use of the Property, which rules and regu-
20 lations shall be consistent with the rights and duties
21 established by this Declaration. Sanctions for violation of
22 such rules and regulations or of this Declaration may be
23 imposed by the Board and may include suspension of the right to
24 vote and the right to use the recreational facilities on the
25 Common Area, and, where approved by a majority vote of each
26 class of Members represented in person or by valid proxy at a
meeting of Members duly called for such purpose, may also
include reasonable monetary fines. No suspension of an Owner's
right to vote or of the right of such Owner (or any Occupant of
such Owner's Lot) to use the recreational facilities on the
Common Area due to a violation of the rules and regulations of
the Association may be for a period longer than sixty (60) days
(except where such Owner or Occupant fails or refuses to cease
or correct an on-going violation or commits the same or another
violation, in which event such suspension may be extended for
additional periods not to exceed sixty (60) days each until
such violation ceases or is corrected).

1 7.4 Availability of Books, Records and Other
2 Documents. The Association shall maintain complete and current
3 copies of this Declaration, the Articles, the Bylaws and all
4 rules and regulations of the Association (as well as any amend-
5 ments to the foregoing) and of the books, records and financial
6 statements of the Association, and, upon the prior written
7 request to the Association by any Owner or by any holder,
8 insurer or guarantor of a First Mortgage, shall make the same
9 available for inspection, at reasonable times and under reason-
10 able circumstances, by such Owner or such holder, insurer or
11 guarantor.

1 7.5 Audited Financial Statements. In the event any
2 holder, insurer or guarantor of a First Mortgage submits to the
3 Association a written request for an audited financial state-
4 ment of the Association for the most recently concluded fiscal
5 year of the Association, the Association shall promptly deliver
6 such an audited financial statement to such holder, insurer or
7 guarantor, and in the event no such audited financial statement
8 has been prepared for the most recently concluded fiscal year,
9 the Association shall cause the same to be prepared and deliv-
10 ered to such holder, insurer or guarantor as soon as reasonably
11 possible. The cost of having such an audited financial state-
12 ment prepared shall be a Common Expense.

13 7.6 Implied Rights. The Association may exercise any
14 other right or privilege given to it expressly by this
15 Declaration, the Articles or the Bylaws, and every other right
16 or privilege reasonably to be implied from the existence of any
17 right or privilege given to it herein or reasonably necessary
18 to effectuate any such right or privilege.

19 ARTICLE VIII

20 ASSESSMENTS

21 8.1 Creation of Assessment Right.

22 9.1.1 Right of Assessment by Board; Allocation
23 Among Lots. In order to provide funds to enable the
24 Association to meet its financial and other obligations and to
25 create appropriate reserves, there is hereby created a right of
26 assessment exercisable on behalf of the Association by the
Board. Annual Assessments and Special Assessments shall be
allocated equally among all Lots (subject to Subsection 8.1.6)
and shall be for Common Expenses, except that if any Common
Expense is caused by the misconduct of any Owner (or by any
Occupant of such Owner's Lot), the Association may assess that
Common Expense exclusively against such Owner and such Owner's
Lot.

 8.1.2 Covenant to Pay. Each Owner, by acceptance
of his, her or its deed with respect to a Lot, is deemed to
covenant and agree to pay the Assessments, together with inter-
est from the date due at a rate equal to ten percent (10%) per
annum, and together with such costs and reasonable attorneys'
fees as may be incurred in seeking to collect such Assessments.

 8.1.3 Personal Obligation to Pay. Each of the
Assessments with respect to a Lot, together with interest,
costs and reasonable attorneys' fees as provided in
Subsection 8.1.2 above, shall also be the personal obligation
of the Person who or which was the Owner of such Lot at the

1 time such Assessment arose with respect to such Lot, provided,
2 however, that the personal obligation for delinquent
3 Assessments shall not pass to a successor in title of such
4 Owner unless expressly assumed by such successor.

5 8.1.4 Due Dates. Annual Assessments for each
6 fiscal year shall be due and payable in equal semiannual
7 installments on or before the first day of January and the
8 first day of July of such fiscal year. Special Assessments, if
9 any, shall be paid in such manner and on such dates as may be
10 fixed by the Board. In addition to any other powers of collec-
11 tion or enforcement granted hereunder, in the event any
12 Assessments with respect to a Lot are delinquent, the Board
13 shall have the right, in its sole discretion, to accelerate the
14 date on which all Assessments with respect to such Lot are due
15 and payable. For purposes of this Declaration, Assessments
16 shall be deemed "paid" when actually received by the
17 Association or by its manager or agent designated by the
18 Association to collect the same (provided, however, that if any
19 Assessments are paid by check and the bank or other institution
20 upon which such check is drawn thereafter dishonors and refuses
21 to pay such check, those Assessments shall not be deemed "paid"
22 and shall remain due and payable).

23 8.1.5 Maximum Annual Assessment. The Annual
24 Assessments provided for herein shall not at any time exceed
25 the Maximum Annual Assessment, as determined in accordance with
26 this Subsection 8.1.5. For the fiscal year ending December 31,
1987, the Maximum Annual Assessment shall be One Thousand
Twenty Dollars (\$1,020.00) per year for each Lot. Thereafter,
unless a greater increase is approved by the affirmative vote
of two-thirds (2/3) of the votes of each class of Members rep-
resented in person or by valid proxy at a meeting of Members
duly called for such purpose, the Maximum Annual Assessment for
any fiscal year shall be equal to the Maximum Annual Assessment
for the immediately preceding fiscal year increased at a rate
equal to the greater of: (a) the percentage increase for the
applicable fiscal year over the immediately preceding fiscal
year in the Consumer Price Index--All Urban Consumers--All
Items (1967 = 100 Base) published by the Bureau of Labor
Statistics of the U.S. Department of Labor (or its successor
governmental agency), or, if such index is no longer published
by said Bureau or successor agency, in the index most similar
in composition to such index; or (b) five percent (5%).
Notwithstanding the foregoing, the Board may, without the
approval of the Members, increase the Maximum Annual Assessment
for any fiscal year by an amount sufficient to permit the Board
to meet any increases over the preceding fiscal year in:
(1) premiums for any insurance coverage required by this
Declaration to be maintained by the Association; or

1 (ii) charges for utility services necessary to the
2 Association's performance of its obligations under this
3 Declaration, in either case (i) or (ii) notwithstanding the
4 fact that the resulting increase in the Maximum Annual
5 Assessment is at a rate greater than otherwise permitted under
6 the preceding sentence. Nothing herein shall obligate the
7 Board to levy, in any fiscal year, Annual Assessments in the
8 full amount of the Maximum Annual Assessment for such fiscal
9 year, and the election by the Board not to levy Annual
10 Assessments in the full amount of the Maximum Annual
11 Assessments for any fiscal year shall not prevent the Board
12 from levying Annual Assessments in subsequent fiscal years in
13 the full amount of the Maximum Annual Assessment for such sub-
14 sequent fiscal years (as determined in accordance with this
15 Subsection 8.1.5). In the event that, for any fiscal year, the
16 Board elects to levy an Annual Assessment at less than the full
17 amount of the Maximum Annual Assessment for such fiscal year,
18 the Board may, if in its reasonable discretion the circum-
19 stances so warrant, subsequently levy a supplemental Annual
20 Assessment during said fiscal year so long as the total of the
21 Annual Assessments levied during such fiscal year does not
22 exceed the Maximum Annual Assessment for such fiscal year.

23 8.1.6 Dates Assessments Become Payable: Phasing
24 for Assessment Purposes. Assessments shall be payable in
25 respect of a Lot (including any Lot owned by Developer) from
26 the date upon which title to said Lot, or any other Lot within
the Phase containing said Lot, shall first be conveyed to a
retail purchaser, and such Assessments shall be payable regard-
less of whether a Residential Unit or other structure shall be
situated upon such Lot on such date. As to any Lot owned by
Developer with respect to which Assessments shall have com-
menced as provided in the preceding sentence, the Assessments
payable by Developer with respect to such Lot shall be an
amount equal to twenty-five percent (25%) of the Assessments
which would otherwise be payable hereunder with respect to such
Lot if it were owned by an Owner other than Developer. No
Assessments shall be payable with respect to a Lot so long as
Developer shall own all of the Lots within the Phase containing
said Lot. As to any Lot conveyed by Developer to a retail pur-
chaser, Assessments as to such Lot shall be prorated as of the
close of escrow with respect to such Lot (or, if no escrow is
utilized, as of the date of recordation of the deed conveying
such Lot to such retail purchaser). The numbers or letters (or
numbers and letters) assigned to the Phases are for reference
only, and Developer shall retain full discretion as to the
order and timing of its development and sales of Lots within
any Phase or from Phase to Phase.

25 8.1.7 No Relief from Obligation upon
26 Abandonment. No Owner shall be relieved of his, her or its

1 obligation to pay any of the Assessments by abandoning or not
2 using his, her or its Lot or the Common Area, or by leasing or
3 otherwise transferring occupancy rights with respect to his,
4 her or its Lot.

5 8.1.8 Certificates. The Association shall, upon
6 the written request of any Owner or the holder, insurer or
7 guarantor of any Mortgage and upon payment of such reasonable
8 charge as may be determined by the Board, furnish to the
9 requesting party a certificate, executed by an officer of the
10 Association, stating the date to which Assessments with respect
11 to such Owner's Lot (or the Lot against which such Mortgage is
12 Recorded) have been paid and the amount, if any, of any
13 Assessments which have been levied with respect to said Lot but
14 which remain unpaid as of the date of such certificate; said
15 certificate shall be binding upon the Association as to the
16 matters set forth therein as of the date thereof.

17 8.2 Computation of Assessment: Annual Budget. The
18 Board shall prepare and adopt an estimated annual budget for
19 each fiscal year of the Association, which annual budget shall
20 serve as the basis for determining the Annual Assessments for
21 the applicable fiscal year (subject to the limitations of
22 Subsection 8.1.5 hereof). Such budget shall take into account
23 the estimated Common Expenses and cash requirements of the
24 Association for the year. The annual budget shall also take
25 into account the estimated net available cash income for the
26 year, if any, from the operation or use of any of the Common
Area. The annual budget shall provide for a reserve for con-
tingencies for the year (and for subsequent fiscal years) and a
reserve for replacements, all in such reasonably adequate
amounts as shall be determined by the Board. The Board shall
cause a copy of the budget and a statement of the amount of the
Annual Assessments to be levied against each Lot for the fol-
lowing fiscal year to be delivered or mailed to each Owner not
more than sixty (60) days following the meeting of the Board at
which such budget shall have been adopted. Subject to the pro-
visions of Subsection 8.1.5 and of Section 8.3, neither the
annual budget (or amended budget) adopted by the Board, nor any
Assessment levied pursuant thereto, shall be required to be
ratified or approved by the Members. If, at any time during a
fiscal year of the Association the Board deems it necessary to
amend the budget for such year, the Board may do so and may
levy an additional Annual Assessment for such year (subject to
the limitations imposed by Subsection 8.1.5) or may call a
meeting of the Members to request that the members approve a
Special Assessment pursuant to Section 8.3. Within sixty (60)
days after adoption of an amended budget (if the Board elects
to levy an additional Annual Assessment), the Board shall cause
a copy of the amended budget and a statement of the additional
Annual Assessments to be levied against the Lots to be deliv-

1 ered or mailed to each Owner; if, instead, the Board elects to
2 call a meeting of Members to seek approval of a Special
3 Assessment, the Board shall cause a copy of the amended budget
4 to be delivered or mailed to each Owner with the notice of such
5 meeting, and if a Special Assessment is duly approved by the
6 Members at such meeting, shall cause a statement of the Special
7 Assessment to be levied against each Lot to be promptly mailed
8 or delivered to each Owner.

9 8.3 Special Assessments. In addition to the Annual
10 Assessments authorized in Section 8.1, the Association may levy
11 Special Assessments from time to time, provided, however, that
12 any Special Assessment shall be effective only with the
13 approval of not less than two-thirds (2/3) of the votes of each
14 class of Members represented in person or by valid proxy at a
15 meeting of Members duly called and convened to consider such
16 Special Assessment. Special Assessments shall be allocated
17 equally among all Lots (subject to Subsection 8.1.6).

18 8.4 Lien for Assessments; Foreclosure. The
19 Assessments (together with any other charges, fines, penalties
20 or other amounts levied against a Lot or the Owner or Occupant
21 thereof pursuant to this Declaration or the Articles, Bylaws or
22 rules and regulations of the Association) shall constitute a
23 lien on each Lot prior and superior to all other liens,
24 except: (a) all taxes, bonds, assessments and other levies
25 which, by law, would be superior thereto; and (b) the lien or
26 charge of any First Mortgage made in good faith and for value.
Such liens may be foreclosed in the manner provided by law for
the foreclosure of mortgages. The sale or transfer of any Lot
pursuant to a mortgage foreclosure or any proceeding in lieu
thereof shall extinguish the lien of the Assessments as to pay-
ments which became due prior to such sale or transfer, but no
such sale or transfer shall relieve such Lot from liability for
any Assessments becoming due after such sale or transfer, or
from the lien thereof. The Association shall have the power to
bid for any Lot at any sale to foreclose the Association's lien
on the Lot, and to acquire and hold, lease, mortgage and convey
the same. During the period any Lot is owned by the
Association following any such foreclosure no right to vote
shall be exercised with respect to said Lot and no Assessment
(whether Annual or Special) shall be assessed or levied on or
with respect to said Lot, provided, however, that the
Association's acquisition and ownership of a Lot under such
circumstances shall not be deemed to convert the same into
Common Area. Suit to recover a money judgment for unpaid
Assessments, rent, interest and attorneys' fees shall be
maintainable without foreclosing or waiving the lien securing
the same. Recording of this Declaration constitutes record
notice and perfection of the liens granted or established

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1 hereby, and further Recordation of any claim of a lien for
2 Assessments or other amounts hereunder shall not be required.

3 8.5 Notice and Quorum for Meetings to Consider
4 Special Assessments and Certain Increases in Annual
5 Assessments. Notwithstanding any other provision hereof or of
6 the Articles, the Bylaws or the rules and regulations of the
7 Association, written notice of any meeting called for the pur-
8 pose of: (a) approving the establishment of any Special
9 Assessment, as required by Section 8.3 hereof; or (b) approving
10 any increase in the Maximum Annual Assessment greater than that
11 permitted by application of the formula as set forth in
12 Subsection 8.1.5 hereof, shall be sent to all Members not less
13 than thirty (30) days nor more than sixty (60) days prior to
14 the date of said meeting. At the first meeting thus called to
15 consider the particular Special Assessment or increase in the
16 Maximum Annual Assessment, a quorum shall consist of sixty
17 percent (60%) of the votes in each class of Members (whether
18 represented in person or by valid proxy), provided, however,
19 that if a quorum, as so determined, is not present at said
20 first meeting, a second meeting may be called (subject to the
21 same notice requirements as set forth above) to consider the
22 same issue, and a quorum at said second meeting shall be one-
23 half (1/2) of the required quorum at the first meeting, as
24 described above. Such second meeting may not be held more than
25 sixty (60) days after the first meeting.

26 8.6 Developer's Obligation for Operating
Deficiencies. So long as the Class "B" membership exists,
Developer shall pay and contribute to the Association, within
thirty (30) days after the end of each fiscal year of the
Association, or at such other times as may be requested by the
Board, such funds as may be necessary, when added to the
Assessments levied by the Association pursuant to this
Declaration, to provide for: (a) the operation and maintenance
of the Common Area and the recreational facilities located
thereon; (b) the maintenance of adequate reserve accounts; and
(c) the performance by the Association of all other obligations
of the Association under this Declaration or under the Articles
or the Bylaws.

8.7 Surplus Monies. Unless otherwise expressly
determined by the Board, any surplus monies of the Association
shall be held by the Association and placed in one or more
reserve accounts as determined by the Board, and shall not be
paid to the Owners or credited against their liabilities for
Assessments.

ARTICLE IX

ARCHITECTURAL STANDARDS;
ARCHITECTURAL CONTROL COMMITTEE

1
2
3
4 9.1 Appointment of Architectural Committee; Standing
5 to Enforce. All property which is now or hereafter subjected
6 to this Declaration shall be subject to architectural and envi-
7 ronmental review as provided herein. This review shall be in
8 accordance with this Article and such standards as may be
9 promulgated by the Board or the Architectural Committee which
10 is hereby established. The Board shall have the authority and
11 standing on behalf of the Association to enforce in any court
12 of competent jurisdiction its decisions, decisions of the
13 Architectural Committee, and any of the other provisions of
14 this Declaration. The Board shall appoint the members of the
15 Architectural Committee, none of whom shall be required to
16 reside on the Property. The Architectural Committee shall have
17 such number of members (but not less than three (3)) as the
18 Board may elect, from time to time. Each member of the
19 Architectural Committee shall serve in such capacity until:
20 (a) such member is removed by the Board; or (b) such member
21 resigns such position or dies. Prior to the Board's appoint-
22 ment of the initial members of the Architectural Committee, and
23 at any time when there are no persons serving on the
24 Architectural Committee (whether due to death, resignation or
25 removal), the Board shall have and exercise any and all rights,
26 powers, duties and obligations of the Architectural Committee.

15 9.2 Jurisdiction of the Architectural Committee;
16 Promulgation of Standards. The Architectural Committee shall
17 have exclusive jurisdiction over all original construction and
18 any modifications, additions or alterations to improvements on
19 any portion of the Property (including, but not limited to, the
20 construction or installation of, or modifications, additions or
21 alterations to: (a) fences; (b) heating, ventilating, air
22 conditioning and cooling units; (c) solar panels; (d) paint; or
23 (e) any other construction, modification, addition or altera-
24 tion affecting the exterior appearance of any Residential
25 Unit). The Architectural Committee shall promulgate
26 Architectural Standards and Application Procedures. It shall
make the same available to Owners, builders and developers who
seek to engage in development of or construction upon any
portion of the Property and shall conduct its operations in
accordance therewith.

24 9.3 Submission and Review of Plans. No original con-
25 struction, modification, alteration or addition subject to the
26 Architectural Committee's jurisdiction shall be commenced until
it has been approved or is deemed approved by the Architectural
Committee as provided herein. Any Owner or other Person

1 seeking to construct any new improvements or to make any modi-
2 fication, alteration or addition to any existing improvement
3 upon any portion of the Property subject to this Article (or to
4 cause same to be constructed or made) shall first submit to the
5 Architectural Committee detailed plans, specifications and
6 elevations relating to the proposed construction. The
7 Architectural Committee shall have thirty (30) days after
8 submission of such plans, specifications and elevations to
9 approve or disapprove of the proposed construction, modifica-
10 tion, alteration or addition or to request additional informa-
11 tion, and, if the Architectural Committee disapproves, to give
12 such Owner or other Person reasonably detailed written reasons
13 for such disapproval. In the event the Architectural Committee
14 fails either to approve or disapprove the proposed construction
15 (or to request additional information) within said thirty (30)
16 day period, such proposed construction shall be deemed approved.

9.4 Changes to Interiors of Residential Units.

10 Nothing contained herein shall be construed to limit the right
11 of an Owner to remodel the interior of his, her or its
12 Residential Unit (or other structure on such Owner's Lot) or to
13 paint the interior of his, her or its Residential Unit (or such
14 other structure) any color desired, except to the extent such
15 remodeling or painting is visible from outside such Residential
16 Unit (or such other structure) or affects the exterior appear-
17 ance of such Residential Unit (or such other structure).

9.5 General.

14 No approval by the Architectural
15 Committee of any proposed construction, modification, addition
16 or alteration shall be deemed to replace or be substituted for
17 any building permit or similar approval required by any appli-
18 cable governmental authority, nor shall any such approval be
19 deemed to make the Architectural Committee (or the Board or the
20 Association) liable or responsible for any damage or injury
21 resulting or arising from any such construction, modification,
22 addition or alteration.

9.6 Nonapplicability to Developer.

19 The provisions of
20 this Article IX shall not apply to any portions of the Property
21 owned by Developer or any person affiliated with Developer so
22 long as any improvements constructed thereon (or any additions,
23 modifications or alterations to any such improvements) are
24 constructed or made in a good and workmanlike fashion and are
25 generally comparable in terms of quality of construction to
26 other improvements theretofore constructed by Developer or any
27 person affiliated with Developer on the Property (or on other
28 property adjacent to or near the Property).

ARTICLE X

USE RESTRICTIONS

1
2
3 10.1 Residential and Recreational Purpose. The
4 Property shall be used only for residential, recreational and
5 related purposes. No Lot or any other part of the Property
6 shall be used, directly or indirectly, for any business, com-
7 mercial, manufacturing, industrial, mercantile, vending or
8 other similar purpose, except for use by Developer (or an
9 affiliate or assignee of Developer), for a period not to exceed
10 five (5) years from the conveyance by Developer of the first
11 Lot to a retail purchaser, directly in connection with its con-
12 struction and sales activities with respect to the Property
13 (including, but not limited to, maintenance and operation of
14 model homes, sales offices, and signs advertising the Property).

15 10.2 Garages and Driveways. The interior of all
16 garages constructed on the Property shall be maintained by the
17 respective Owners and Occupants thereof in a neat, clean and
18 sightly condition. Garages shall be used for parking vehicles
19 and storage only, and shall not be used or converted for living
20 or recreational activities. All driveways shall be of concrete
21 construction.

22 10.3 Temporary Structures. No temporary residence,
23 structure or garage shall be placed or erected upon any part of
24 the Property (except as may otherwise be permitted by Section
25 10.4 or Section 10.21). Except with the express written
26 approval of Developer, no Residential Unit or other structure
on any Lot shall be occupied in any manner while in the course
of original construction or prior to issuance by the appropriate
local governmental authority of a certificate of occupancy
(or other similar document) with respect to such Residential
Unit or other structure.

19 10.4 New Construction. All buildings or structures
20 erected on the Property shall be of new construction and the
21 buildings and structures shall not have been moved to the
22 Property from other locations (except for temporary construction
23 and/or sales facilities placed or maintained on the
24 Property by Developer or an affiliate or assignee of Developer
25 in connection with the construction and sales activities of
26 Developer or such affiliate or assignee of Developer).

23 10.5 Signs. No billboards or signs of any type or
24 character shall be erected or permitted on any part of the
25 Property or on any Lot, except for signs used by Developer (or
26 an affiliate or assignee of Developer) to advertise the
Property during the construction and sales period. Nothing
herein shall be deemed to prohibit attachment to the exterior

1 of a Residential Unit of a single nameplate and a single
2 address plate identifying the occupant and the address of such
3 Residential Unit (or upon the Lot containing the Residential
4 Unit) of a single "For Sale" or "For Lease" sign, provided that
5 such nameplates and address plates shall be subject to the
6 rules and regulations of the Board or such committee as the
7 Board may designate, and except that such "For Sale" or "For
8 Lease" sign shall not have dimensions exceeding eighteen (18)
9 inches by twenty-four (24) inches. Further, nothing herein
10 shall be deemed to prohibit installation and maintenance of
11 directional signs, subdivision identification signs, street
12 signs or similar signs as may be approved by the Board for
13 installation or maintenance by the Association.

14 10.6 Heating, Ventilating and Air Conditioning
15 Units. No heating, air conditioning or evaporative cooling
16 units or equipment shall be placed, constructed or maintained
17 upon the Property, including, but not limited to, upon the roof
18 or exterior walls of any structure on any part of the Property
19 unless: (a) where such unit or equipment is installed upon the
20 roof of any structure upon the Property, such unit or equipment
21 is fully screened from view from adjacent properties by a
22 parapet wall which conforms architecturally with such struc-
23 ture; or (b) in all other cases, such unit or equipment is
24 attractively screened or concealed from ground level view from
25 adjacent properties, which means of screening or concealment
26 shall (in either case (a) or (b)) be subject to the regulations
and approval of the Board.

16 10.7 Solar Collecting Panels or Devices. Developer
17 recognizes the benefits to be gained by permitting the use of
18 solar energy as an alternative source of electrical power for
19 residential use. At the same time, Developer desires to pro-
20 mote and preserve the attractive appearance of the Property and
21 the improvements thereon, thereby protecting the value gen-
22 erally of the Property and the various portions thereof, and of
23 the various Owners' respective investments therein. Therefore,
24 solar collecting panels and devices may be placed, constructed
25 or maintained upon any Lot within the Property (including upon
26 the roof of any structure upon any Lot), so long as either:
(a) such solar collecting panels and devices are placed,
constructed and maintained so as not to be visible from ground
level view from adjacent properties; or (b) such solar collec-
ting panels and devices are placed, constructed and maintained
in such location(s) and with such means of screening or con-
cealment as the Board may reasonably deem appropriate to limit,
to the extent possible, the visual impact of such solar collec-
ting panels and devices when viewed by a person six feet tall
standing at ground level on adjacent properties.

1 10.8 Antennas and Towers. No television, radio,
2 shortwave or other antenna, pole or tower shall be placed,
3 constructed or maintained upon the Property (including, but not
4 limited to, upon the roof or exterior walls of any Residential
5 Unit), unless: (a) where such antenna, pole or tower is
6 installed upon the roof of a Residential Unit, such antenna,
7 pole or tower is fully screened and concealed from view from
8 adjacent properties by a parapet wall which conforms architecturally
9 with the structure of such Residential Unit; or (b) in
10 all other cases, such antenna, pole or tower is fully and
11 attractively screened or concealed from view from adjacent
12 properties, which means of screening or concealment shall (in
13 either case (a) or (b)) be subject to the regulations and
14 approval of the Board and. Notwithstanding the foregoing, the
15 Board may install (or permit to be installed) upon the Common
16 Area a television and/or radio "dish-type" antenna designed and
17 intended to serve all Owners and Occupants of the Property (or
18 as many of such Owners and Occupants as elect to use such service).

19 10.9 Basketball Goals or Similar Structures. No basketball
20 goal or similar structure or device (whether mounted on
21 a pole, wall or roof) shall be placed or constructed upon the
22 front yard, front elevation or front roof surface of any structure
23 on any part of the Property (except upon the Common
24 Area). For purposes of the foregoing sentence, the term
25 "front" shall be deemed to mean visible from ground level view
26 from the street(s) running immediately in front of or along the
side of a Residential Unit or other structure.

10.10 Tanks. No tanks of any kind (including tanks
for the storage of fuel) shall be erected, placed or maintained
on the Property unless such tanks are buried underground.
Nothing herein shall be deemed to prohibit use or storage upon
the Property of propane or similar fuel tanks with a capacity
of ten (10) gallons or less used in connection with a normal
residential gas barbecue, grill or fireplace.

10.11 Vehicles.

10.11.1 No private passenger automobiles or pickup
trucks shall be parked upon the Property or any roadway adjacent
thereto except within a garage, in a private driveway appurtenant
to a Residential Unit, or within areas designated for such purpose
by the Board.

10.11.2 No other vehicles (including, but not limited to, mobile
homes, motor homes, boats, recreational vehicles, trailers, trucks,
campers, permanent tents or similar vehicles or equipment) shall
be kept, placed or maintained upon the Property or any roadway
adjacent thereto, except:

1 (a) within a fully enclosed garage appurtenant to a Residential
2 Unit; or (b) in such areas and subject to such rules and regu-
lations as the Board may designate and adopt.

3 10.11.3 No vehicle (including, but not limited to,
4 those enumerated in Subsections 10.11.1 and 10.11.2 above)
5 shall be constructed, reconstructed or repaired upon the
Property or any roadway adjacent thereto except within a fully
enclosed garage.

6 10.11.4 No motor vehicles of any kind which are
7 not in operating condition shall be parked in any unenclosed
8 parking areas (including, but not limited to, private driveways
appurtenant to a Residential Unit).

9 10.12 Underground Facilities. No cesspool or well
10 may be dug or installed without the prior written approval of
11 the Board. No part of the Property shall be used for purposes
12 of boring, mining, exploring for or removing oil or other
hydrocarbons, minerals, gravel or earth (except to the limited
extent required in connection with the normal construction
activities of Developer or an affiliate or assignee of
Developer during the construction period).

13 10.13 Outdoor Burning. There shall be no outdoor
14 burning of trash or other debris, provided, however, that the
15 foregoing shall not be deemed to prohibit the use of normal
residential barbecues or other similar outside cooking grills
or outdoor fireplaces.

16 10.14 Sanitation. Garbage and refuse facilities,
17 containers and the like shall be attractively screened and cam-
18 ouflaged in such manner as to conceal them from the view of
19 neighboring Lots, Residential Units, property, roads or
20 streets. All equipment for the storage or disposal of garbage
21 or other waste shall be kept in a clean and sanitary condi-
22 tion. All rubbish, trash and garbage shall be kept only in
containers meeting applicable municipal sanitation requirements
(and any applicable reasonable rules and regulations of the
Association), shall be regularly removed from the Property and
shall not be allowed to accumulate thereon.

23 10.15 Fences, Interferences and Obstructions.

24 10.15.1 All fences shall be of block construction
25 (except as may be otherwise permitted with the prior written
26 consent of the Board) and shall be painted or colored to match
the exterior of the structure(s) enclosed by or upon the same
Lot as such fence. No fence shall exceed six and one-half (6
1/2) feet in height, provided that no fence within fifteen (15)
feet of the front property line of a Lot shall exceed three (3)

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1 feet in height. The foregoing shall not apply to boundary
2 walls or fences constructed by Developer along property lines
3 bounding public rights-of-way, provided, however, that such
4 boundary walls or fences shall be constructed so as to comply
5 with applicable municipal zoning and other laws and
6 ordinances. No fence shall be permitted to interfere with
7 existing recorded restrictions, drainageways or easements.
8 Except as otherwise provided by applicable law or governmental
9 rule or regulation, and subject to any applicable restrictions
10 or requirements set forth in any recorded plat of all or any
11 part of the Property, fences may be constructed in or over a
12 recorded utility easement, provided, however, that should the
13 utility companies ever require access to such easement, it
14 shall be the responsibility of the Owner of the applicable Lot
15 or Residential Unit, at his, her or its sole expense, to remove
16 and replace such fence.

9
10 10.15.2 No structure, shrubbery or other vegeta-
11 tion shall be permitted to exist on any Lot or other portions
12 of the Property, the height or location of which shall be
13 deemed by the Board either to constitute a traffic hazard or to
14 be unattractive in appearance or unreasonably detrimental to
15 adjoining property. As an aid to freer movement of vehicles at
16 and near street intersections and in order to protect the safety
17 of pedestrians and the operators of vehicles and/or prop-
18 erty, the Board may impose further limitations on the height of
19 fences, walls, gateways, ornamental structures, hedges,
20 shrubbery and other fixtures, and construction and planting on
21 corner Lots or other parcels at the intersection of two or more
22 streets or roadways.

16
17 10.16 Nuisance. No rubbish or debris of any kind
18 shall be placed or permitted to accumulate for any unreasonable
19 length of time on any portion of the Property, and no odors
20 shall be permitted to arise therefrom, so as to render the
21 Property or any portion thereof unsanitary, unsightly or offen-
22 sive or detrimental to any other portion of the Property in the
23 vicinity thereof or to its occupants. No nuisance shall be
24 permitted to exist or operate upon any portion of the Property
25 so as to be offensive or detrimental to any Owner or Occupant.
26 Without limiting the generality of any of the foregoing provi-
sions, no exterior speakers, horns, whistles, bells or other
sound devices, except ordinary home intercom systems or secu-
rity devices used exclusively for security purposes, shall be
located, used or placed on the Property. The Board in its dis-
cretion shall have the right to determine the existence of any
such nuisance. Furthermore, the Board shall have the right to
remove any nuisance at the expense of the Owner responsible for
the nuisance (or at the expense of the Owner whose tenant,
Occupant or guest is responsible for the nuisance).

1 10.17 Drainage Alteration; Easements. No vegetation
2 (except suitable ground cover) may be planted or permitted to
3 remain on areas subject to drainage easements, as shown on
4 recorded plats, in such manner as to interfere with drainage or
5 which shall be deemed by the Board to be a detriment to utili-
6 ties located under or near such vegetation. Except as other-
7 wise provided herein, or by applicable governmental rule,
8 regulation or ordinance, the owner of property subject to
9 recorded easements shall be responsible for maintaining said
10 property.

11 10.18 Clothes-Drying Facilities. Outside
12 clotheslines or other outside facilities for drying or airing
13 clothes shall not be erected, placed or maintained on any part
14 of the Property unless they are erected, placed or maintained
15 exclusively within a fenced yard or otherwise concealed and
16 shall not be visible to a person six feet tall standing at
17 ground level on neighboring property.

18 10.19 Pets. No animals, livestock or poultry of any
19 kind shall be raised, bred or kept on the Property, provided,
20 however, that nothing herein shall be construed as prohibiting
21 the keeping of a reasonable number of ordinary household pets
22 in or on a Lot, subject to rules and regulations adopted by the
23 Board, provided that such pets are not kept, bred or maintained
24 for any commercial purpose. Notwithstanding the foregoing, no
25 pets may be kept upon the Property (or on or in any Lot) which,
26 in the opinion of the Board, result in any annoyance or are
obnoxious to Owners or Occupants of other Lots in the vicinity.

17 10.20 Leasing; Obligations of Tenants and Other
18 Occupants.

19 10.20.1 No Owner may lease less than his, her or
20 its entire Lot. No Lot may be leased for a period of less than
21 thirty (30) days. All leases shall be in writing and shall
22 provide that the terms of the lease shall be subject in all
23 respects to the provisions of this Declaration, the Articles,
24 the Bylaws and the rules and regulations of the Association.
25 Upon leasing his, her or its Lot, an Owner shall promptly
26 notify the Association of the commencement and termination
dates of the lease and the names of each tenant or other Person
who will occupy the Lot during the term of the lease. All ten-
ants shall be subject to the terms and conditions of this
Declaration, the Articles, the Bylaws and the rules and regula-
tions of the Association as though such tenant were an Owner
(except that such tenant shall not have the voting rights
appurtenant to such Lot except pursuant to an express written
assignment complying with Subsection 3.2.1 hereof). Each Owner
shall cause his, her or its tenants or other Occupants to com-
ply with this Declaration, the Articles, the Bylaws and the

1 rules and regulations of the Association and shall be responsi-
2 ble and liable for all violations and losses caused by such
3 tenants or Occupants, notwithstanding the fact that such ten-
4 ants or Occupants of the Lot are also fully liable for any
5 violation of each and all of those documents. The provisions
6 of this Section 10.20 shall not apply to Developer's use of
7 Lots owned by (or leased to) Developer as a model home or
8 office or for marketing purposes pursuant to Section 10.1.

9
10 10.20.2 In the event that a tenant or other
11 Occupant violates any provision of this Declaration, the
12 Articles, the Bylaws and the rules and regulations of the
13 Association, the Association shall have the power to bring an
14 action or suit against such tenant or other Occupant to recover
15 sums due for damages or injunctive relief, or for any other
16 remedy available at law or equity. The Association's costs in
17 doing so, including, but not limited to, reasonable attorneys'
18 fees, together with interest as provided in Section 12.8
19 hereof, shall be reimbursed by the tenant or other Occupant to
20 the Association (or, in the absence of reimbursement by the
21 tenant or other Occupant, or at the election of the Board, by
22 the Owner of the Lot occupied by such tenant or other Occupant)
23 and constitute a lien on the applicable Lot which shall have
24 the priority, and may be enforced in the manner, described in
25 Section 8.4 hereof.

26 10.20.3 The Board shall also have the power to
suspend the right of the tenant or other Occupant to use the
recreational facilities on or constituting a part of the Common
Area for any violation by the tenant or other Occupant of any
duty imposed under this Declaration, the Articles, the Bylaws
or the rules and regulations of the Association and, where
approved by Members holding a majority of the votes in each
class of Members represented in Person or by valid proxy at a
meeting of Members duly called for such purpose, to impose rea-
sonable monetary fines upon the tenant or the Owner of the
applicable Lot, or both. No suspension hereunder of the right
of a tenant or other Occupant to use the recreational facil-
ities on or constituting part of the Common Area may be for a
period longer than sixty (60) days except where the tenant or
other Occupant fails or refuses to cease or correct an on-going
violation or commits the same or another violation, in which
event such suspension may be extended for additional periods
not to exceed sixty (60) days each until such violation ceases
or is corrected; the foregoing limitation shall not affect or
prevent termination of the applicable lease if permitted by the
terms of said lease or otherwise by applicable law.

10.21 Storage and Tool Sheds or Structures. No stor-
age or tool sheds or similar structures shall be placed,
erected or maintained upon any part of the Property except:

1 (a) where such storage or tool shed or similar structure is
2 constructed as an integral part of a Residential Unit
3 (including materials, color and the like); or (b) where such
4 storage or tool shed or similar structure is temporarily placed
5 on the Property by Developer (or an affiliate or assignee of
6 Developer) in connection with construction activities of
7 Developer (or such affiliate or assignee of Developer).

8 10.22 Miscellaneous. The Board, in its good faith
9 discretion, is hereby authorized to grant such waivers of the
10 restrictions contained in this Article IX as it shall deem
11 appropriate in the circumstances, so long as the use permitted
12 by such waiver shall not result in an unsafe, unsanitary or
13 aesthetically displeasing condition and shall not result, in
14 the Board's discretion, in a substantial departure from the
15 common plan of development contemplated by this Declaration.
16 In addition, all portions of the Property shall continue at all
17 times to be subject to any and all applicable zoning laws and
18 ordinances, provided, however, that where the provisions of
19 this Declaration are more restrictive than such laws or
20 ordinances, the provisions of this Declaration shall control.

21 ARTICLE XI

22 PARTY WALLS

23 11.1 General Rules of Law to Apply. Each wall
24 (including fence walls) which is built by or on behalf of
25 Developer on the dividing line between two Lots (or between a
26 Lot and Common Area) shall constitute a party wall, and, to the
extent not inconsistent with the provisions of this Article XI,
the general rules of law regarding party walls and liability
for property damages due to negligent or willful acts or
omissions shall apply thereto.

11.2 Repair and Maintenance. No Owner or Occupant of
any Lot (or any guest, invitee, employee or agent of such Owner
or Occupant) shall do or permit any act (or omit to do any act)
that will or does damage, destroy or impair the structural
soundness or integrity of any party wall, or which would cause
any party wall to be exposed to the elements, and, in the event
any such Owner, Occupant, guest, invitee, employee or agent
does or permits any such act (or so omits to do any act), such
Owner's or Occupant's liability with respect to such damage,
destruction, impairment or exposure shall be determined in
accordance with applicable law.

11.3 Sharing of Repair and Maintenance. In the event
any repair, maintenance or reconstruction of any party wall
shall be necessary (other than due to the negligence or willful
act or omission of the Owner or Occupant of one Lot, or such

1 Owner's or Occupant's guests, invitees, employees or agents)
2 the cost thereof shall be borne equally by the Owners and/or
3 Occupants of the Lots having in common such party wall, and in
4 the event any Owner (or Occupant) fails or refuses timely to
5 pay such Owner's (or Occupant's) share of such cost, the other
6 Owner (or Occupant) shall have the right to pay in full such
7 cost and recover from such Owner (or Occupant) such Owner's (or
8 Occupant's) share of such cost (together with interest as
9 provided in Section 12.8 of this Declaration).

6 ARTICLE XII

7 GENERAL PROVISIONS

8 12.1 Term. The covenants, conditions and restric-
9 tions of this Declaration: (a) shall run with and bind the
10 Property; (b) shall inure to the benefit of and shall be
11 enforceable by the Association or by the owner of any property
12 subject to this Declaration, their respective legal representa-
13 tives, heirs, successors and assigns; and (c) shall remain in
14 full force and effect until January 1, 2037, at which time said
15 conditions, covenants and restrictions, unless revoked by an
16 affirmative vote of Members owning not less than seventy-five
17 percent (75%) of all Lots, shall automatically be extended for
18 successive periods of twenty-five (25) years each, until
19 revoked in the manner provided above. Notwithstanding any such
20 revocation of this Declaration, each Owner of a Lot (and such
21 Owner's Occupants, tenants, guests and invitees) shall never-
22 theless have a permanent easement across the Common Area for
23 access to such Lot and for access to and use of such recrea-
24 tional facilities as may exist on the Common Area at the time
25 of such revocation.

17 12.2 Amendment. Except as otherwise provided herein
18 (and subject to the provisions of Sections 12.10, 12.11, 12.12,
19 and 12.13), this Declaration may be amended only by the affir-
20 mative vote (in person or by proxy) or written consent of
21 Members owning at least seventy-five percent (75%) of all
22 Lots. No amendment to this Declaration shall be effective
23 unless and until such amendment shall be recorded with the
24 Recorder. In addition to and notwithstanding the foregoing:
25 (a) so long as the Class "B" membership exists, no amendment to
26 this Declaration shall be effective without the prior approval
of the Federal Housing Administration and the Veterans
Administration; and (b) no amendment of a material nature to
this Declaration (or to the Articles or the Bylaws) shall be
effective unless approved by Eligible Mortgage Holders
representing at least fifty-one percent (51%) of all Lots
subject to First Mortgages held by Eligible Mortgage Holders.
A change to any of the following would be considered to be a
change of a material nature:

1 12.2.1 provisions relating to voting rights in the
2 Association;

3 12.2.2 provisions relating to Assessments,
4 Assessment liens or subordination of Assessments;

5 12.2.3 provisions relating to reserves for mainte-
6 nance and repairs;

7 12.2.4 provisions relating to Owners' rights to
8 use the Common Area;

9 12.2.5 boundaries of any Lot;

10 12.2.6 conversion of any Lot into Common Area or
11 vice versa;

12 12.2.7 addition or annexation of property to, or
13 withdrawal of property from, the Property, or addition or
14 annexation of any property to, or withdrawal of any property
15 from, the Common Area;

16 12.2.8 provisions relating to insurance or fidel-
17 ity bonds;

18 12.2.9 provisions relating to the leasing of Lots
19 (or Residential Units thereon);

20 12.2.10 provisions relating to the right of an
21 Owner to sell or transfer such Owner's Lot;

22 12.2.11 restoration or repair of any structures or
23 improvements on the Common Area following a hazard damage or
24 condemnation in a manner other than as specified in this
25 Declaration;

26 12.2.12 any action to dissolve or otherwise termi-
27 nate the Association or the legal status of the Property after
28 substantial destruction or condemnation of improvements on the
29 Property occurs; or

30 12.2.13 any provisions that expressly benefit the
31 holders, insurers or guarantors of Mortgages.

32 In the event a proposed addition, amendment or change to this
33 Declaration, the Articles or the Bylaws is deemed by the Board
34 as not being of a material nature, the Association shall never-
35 theless provide written notice to each Eligible Mortgage Holder
36 of the proposed addition, amendment or change (and of the
37 Board's determination that the same is not of a material
38 nature), and each Eligible Mortgage Holder which shall not have

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1 made written negative response to such notice within thirty
2 (30) days after the date of such notice shall automatically be
deemed to have approved the proposed addition, amendment or
chance.

3 12.3 Indemnification. The Association shall indem-
4 nify each and every officer and director of the Association
(including, for purposes of this Section, former officers and
5 directors of the Association) against any and all expenses,
including attorneys' fees, reasonably incurred by or imposed
6 upon any officer or director of the Association in connection
with any action, suit, or other proceeding (including settle-
7 ment of any suit or proceeding, if approved by the Board
serving at the time of such settlement) to which he or she may
8 be a party by reason of being or having been an officer or
director of the Association, except for their own individual
9 willful misfeasance, malfeasance, misconduct or bad faith. The
officers and directors shall have no personal liability with
10 respect to any contract or other commitment made by them, in
good faith, on behalf of the Association (except indirectly to
11 the extent that such officers or directors may also be Members
of the Association and therefore subject to Assessments here-
12 under to fund a liability of the Association), and the
Association shall indemnify and forever hold each such officer
13 and director free and harmless from and against any and
all liability to others on account of any such contract or com-
14 mitment. Any right to indemnification provided for herein
shall not be exclusive of any other rights to which any officer
15 or director, or former officer or director of the Association,
may be entitled. If the Board deems it appropriate, in its
16 sole discretion, the Association may advance funds to or for
the benefit of any director or officer (or former director or
17 officer) of the Association who may be entitled to indemnifica-
tion hereunder to enable such Person to meet on-going costs and
18 expenses of defending himself or herself in any action or pro-
ceeding brought against such Person by reason of his or her
19 being, or having been, an officer or director of the
Association. In the event it is ultimately determined that a
20 current or former officer or director to whom, or for whose
benefit, funds were advanced pursuant to the preceding sentence
21 does not qualify for indemnification pursuant to this
Section 12.3 or otherwise under the Articles, Bylaws or appli-
22 cable law, such current or former officer or director shall
promptly upon demand repay to the Association the total of such
23 funds advanced by the Association to him or her, or for his or
her benefit, with interest (should the Board so elect) at a
24 rate not to exceed ten percent (10%) per annum from the date(s)
advanced until paid.

25 12.4 Easements for Utilities. There is hereby
26 reserved to the Association the power to grant blanket ease-

1 ments upon, across, over and under all of the Common Area for
2 installation, replacement, repair, and maintenance of master
3 television antenna systems, security and similar systems, and
4 all utilities, including, but not limited to, water, sewers,
5 telephones, cable television, gas and electricity, and for
6 delivering or providing public or municipal services such as
7 refuse collection and fire and other emergency vehicle access
8 (which easements shall also include appropriate rights of
9 ingress and egress to facilitate such installation, replace-
10 ment, repair and maintenance, and the delivery or provision of
11 such public, municipal or emergency services), provided, that
12 no such easement shall interfere with a Residential Unit or its
13 reasonable use or with Developer's construction and sales
14 activities and such easements shall require the holder of the
15 easement to repair any damage caused to the property of any
16 Owner. Should any entity furnishing a service covered by the
17 general easement herein provided request a specific easement by
18 separate recordable document, the Association shall have the
19 right to grant such easement on said property in accordance
20 with the terms hereof.

11 12.5 No Partition. No Person acquiring any interest
12 in the Property or any part thereof shall have a right to, nor
13 shall any person seek, any judicial partition of the Common
14 Area, nor shall any Owner sell, convey, transfer, assign, hy-
15 pothecate or otherwise alienate all or any of such Owner's
16 interest in the Common Area or any funds or other assets of the
17 Association except in connection with the sale, conveyance or
18 hypothecation of such Owner's Lot (and only appurtenant
19 thereto), or except as otherwise expressly permitted herein.
20 This Section shall not be construed to prohibit the Board from
21 acquiring and disposing of tangible personal property nor from
22 acquiring or disposing of title to real property (other than
23 disposition of title to the Common Area) which may or may not
24 be subject to this Declaration.

19 12.6 Severability; Interpretation; Gender.
20 Invalidation of any one of these covenants or restrictions by
21 judgment or court order shall in no way affect any other provi-
22 sions which shall remain in full force and effect. The provi-
23 sions hereof shall be construed and interpreted with reference
24 to the laws of the State of Arizona. Where the context hereof
25 so requires, any personal pronouns used herein, whether used in
26 the masculine, feminine or neuter gender, shall include all
27 genders, and the singular shall include the plural and vice
28 versa. Titles of Articles and Sections are for convenience
29 only and shall not affect the interpretation hereof.

25 12.7 Perpetuities. If any of the covenants, condi-
26 tions, restrictions or other provisions of this Declaration
shall be unlawful, void or voidable for violation of the rule

1 against perpetuities, then such provisions shall continue only
2 until twenty-one (21) years after the death of the last survivor
3 of the now living descendants of Ronald Reagan, President
4 of the United States.

5 **12.8 Enforcement.** The Association shall have the
6 standing and power to enforce the provisions of this
7 Declaration, the Articles, the Bylaws and the rules and regula-
8 tions of the Association, and the provisions of any other
9 recorded document pertaining to any Lot or Lots, and its costs
10 in doing so, including, but not limited to, reasonable attor-
11 neys' fees, together with interest thereon from the date the
12 costs are expended at a rate equal to ten percent (10%) per
13 annum, shall constitute a lien on all Lots owned by the Owner
14 or Owners against whom the action is taken (or against whose
15 Occupants the action is taken), which lien shall have the pri-
16 ority and may be enforced in the manner described in
17 Section 8.4. Further, any Owner shall have the standing and
18 the right to bring an action against the Association for any
19 violation or breach by the Association of any provision hereof
20 or of the Articles or the Bylaws. In addition, any Owner or
21 Owners shall have the standing and power to enforce the provi-
22 sions of this Declaration, the Articles and the Bylaws, and the
23 prevailing party or parties in any action by an Owner or Owners
24 to enforce any such provisions shall be entitled to recover
25 from the other party or parties its or their costs in such
26 action (including reasonable attorneys' fees), together with
interest thereon at the rate of ten percent (10%) per annum,
and shall further be entitled to have all such costs (including
such interest) included in any judgment awarded to the
prevailing party or parties in such action. Failure by the
Association or by any Owner to take any such enforcement action
shall in no event be deemed a waiver of the right to do so
thereafter.

18 **12.9 Property Held in Trust.** Any and all portions of
19 the Property which are now or hereafter held in a subdivision
20 or similar trust or trusts (or similar means of holding title
21 to property), the beneficiary of which trust(s) is Developer,
22 shall be deemed for all purposes hereunder to be owned by
23 Developer and shall be treated for all purposes hereunder in
24 the same manner as if such real property were owned in fee by
25 Developer. No conveyance, assignment or other transfer of any
26 right, title or interest in or to any of such real property by
Developer to any such trust (or the trustee thereof) or to
Developer by any such trust (or the trustee thereof) shall be
deemed for purposes of this Declaration to be a sale of such
real property of any right, title or interest therein.

25 **12.10 FHA/VA Approval.** So long as the Class "B"
26 membership is in existence, the following actions shall not be

1 taken without the prior approval of the Federal Housing
2 Administration and the Veterans Administration: (a) annexation
3 of additional properties to the Property; (b) dedication of any
4 part or all of the Common Area; or (c) amendment of this
5 Declaration.

6 12.11 Notices to Certain Mortgage Holders, Insurers
7 or Guarantors. The Association shall give timely written
8 notice of any of the following actions, events or occurrences
9 to any holder, insurer or guarantor of a Mortgage who or which,
10 prior to such action, event or occurrence, shall have made
11 written request to the Association for such notice (which
12 written request shall state the name and address of such
13 holder, insurer or guarantor and the Lot number or street
14 address of the Lot to which the applicable Mortgage pertains):

15 12.11.1 Any condemnation or casualty loss that
16 affects either a material portion of the Property or the Lot
17 securing the applicable Mortgage;

18 12.11.2 Any delinquency lasting sixty (60) days or
19 more in payment of any assessments or other charges owed to the
20 Association by the Owner of the Lot securing the applicable
21 Mortgage, or any other breach or default hereunder by the Owner
22 of the Lot securing the applicable Mortgage which is not cured
23 within sixty (60) days after notice thereof from the
24 Association to such Owner;

25 12.11.3 Any lapse, cancellation or material modi-
26 fication of any insurance policy or fidelity bond maintained by
the Association; or

12.11.4 Any proposed action which requires the
consent of a specified percentage of Eligible Mortgage Holders,
as provided in Section 12.2 hereof.

12.12 Dissolution or Termination of the Association
13 or Legal Status of the Property. No action to dissolve or
14 otherwise terminate the Association or the legal status of the
15 Property for any reason other than the substantial destruction
16 or condemnation of the Property shall be taken without the con-
17 sent of Eligible Mortgage Holders representing not less than
18 sixty-seven percent (67%) of all Lots subject to First
19 Mortgages held by Eligible Mortgage Holders.

20 12.13 Amendments Requested by Governmental Agency.
21 Notwithstanding any other provision of this Declaration,
22 Developer shall have the right to amend all or any part of this
23 Declaration to such extent and with such language as may be
24 requested by the Federal Housing Administration, Veterans
25 Administration, Federal National Mortgage Association, Federal
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1 Home Loan Mortgage Corporation or other similar governmental or
2 quasi-governmental agency which issues, guarantees, insures or
3 purchases Mortgages (or securities or other debt instruments
4 backed or secured by Mortgages), or otherwise governs transac-
5 tions involving Mortgages or instruments evidencing same, as a
6 condition to such agency's approval of this Declaration or of
7 the residential development encompassing the Property. Any
8 such amendment shall be effected by Developer's Recording an
9 instrument executed by Developer and appropriately acknowl-
10 edged, specifying the governmental or quasi-governmental agency
11 requesting such amendment and setting forth the appropriate
12 amendatory language. Recording of such amendment shall consti-
13 tute conclusive proof of such governmental or quasi-
14 governmental agency's request for such amendment. Such
15 amendment shall be effective, without the consent or approval
16 of any other Person, on and as of the date the same is
17 Recorded, and shall thereupon and thereafter be binding upon
18 any and all Owners or other Persons having any interest in all
19 or any part of the Property. Except as expressly provided in
20 this Section, neither Developer nor any other Person(s) shall
21 have the right to amend this Declaration except in accordance
22 with and pursuant to the other provisions and requirements of
23 this Declaration.

13 12.14 Number of Days. In computing the number of
14 days for purposes of any provision of this Declaration or the
15 Articles or Bylaws, all days shall be counted including
16 Saturdays, Sundays and holidays; provided however, that if the
17 final day of any time period falls on a Saturday, Sunday or
18 legal holiday, then the final day shall be deemed to be the
19 next day which is not a Saturday, Sunday or legal holiday.

17 12.15 Developer's Right to Use Similar Name. The
18 Association hereby irrevocably consents to the use by any other
19 nonprofit corporation which may be formed or incorporated by
20 Developer of a corporate name which is the same or deceptively
21 similar to the name of the Association provided one or more
22 words are added to the name of such other corporation to make
23 the name of the Association distinguishable from the name of
24 such other corporation. Within five (5) days after being
25 requested to do so by the Developer, the Association shall sign
26 such letters, documents or other writings as may be required by
the Arizona Corporation Commission in order for any other non-
profit corporation formed or incorporated by the Developer to
use a corporate name which is the same or deceptively similar
to the name of the Association.

24 12.16 Notice of Violation. The Association shall
25 have the right to Record a written notice of a violation by any
26 Owner or Occupant of any restriction or provision of this
Declaration, the Articles, the Bylaws or the rules and regula-

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tions of the Association. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (a) the name of the Owner or Occupant; (b) the legal description of the Lot against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Lot Owner or Occupant to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Occupant, and to any subsequent purchaser of the Lot that there is such a violation. If, after the Recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the actual violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Lot against which the notice of violation was Recorded, the Recording date of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured, or if such be the case, that it did not exist. Notwithstanding the foregoing, failure by the Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

IN WITNESS WHEREOF, the undersigned have executed this Declaration as of the day and year first set forth above.

DEVELOPER:

UDC-UNIVERSAL DEVELOPMENT L.P., a Delaware limited partnership doing business in the State of Arizona as UDC Homes Limited Partnership

By UDC CORPORATION, a Delaware corporation, General Partner

By 
Its 

87 108169

DECLARANT:

FIRST SERVICE TITLE AGENCY, INC.,
an Arizona corporation, as Trustee
of its Trust No. 1050 and not personally

By *Todd P. Roberts*
TODD P. ROBERTS
Its Vice President

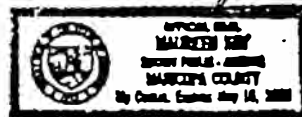
STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 19th day of January, 1987, before me, the undersigned officer, personally appeared Richard C. Deal who acknowledged himself to be President of UDC CORPORATION, a Delaware corporation, which is General Partner of UDC-UNIVERSAL DEVELOPMENT L.P., a Delaware limited partnership doing business in the State of Arizona as UDC Homes Limited Partnership, and that he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said Corporation and said Partnership by himself.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Maurice Kay
Notary Public

My commission expires:



STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 28th day of January, 1987, before me, the undersigned officer, personally appeared TODD P. ROBERTS who acknowledged himself to be Vice President of FIRST

87 108160

1 SERVICE TITLE AGENCY, INC., an Arizona corporation, as Trustee
2 of its Trust No. 1050 and not personally, and that he, in such
3 capacity, being authorized so to do, executed the foregoing
instrument for the purposes therein contained by signing the
name of said Corporation by himself.

4 IN WITNESS WHEREOF, I hereunto set my hand and offi-
5 cial seal.

6 *Mary E. Pochree*
7 _____
Notary Public

8 My commission expires:
9 2.8.87



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Exhibit "B"

Phases and Lots within Paradise Manor according to the Plat (as that term is defined in Section 1.24 of the Declaration of Covenants, Conditions and Restrictions to which this Exhibit "B" is attached):

<u>Phase Number</u>	<u>Lots Included Within the Phase</u>
1	17-30, inclusive; and 72-90, inclusive
2	104-130, inclusive
3	1-16, inclusive; and 91-103, inclusive; and 131-136, inclusive
4	31-71, inclusive

Job No. 860803
January 12, 1987 1-11-87



CLOUSE ENGINEERING, INC.
ENGINEERS AND SURVEYORS

5818 NORTH 32ND STREET

TEL. 888-4690

PHOENIX, ARIZONA 85018

JAN 15 1987

LEGAL DESCRIPTION

PARADISE MANOR

87 108160

That part of the S.W.1, Section 5, T. 3 N., R. 4 E., G. & S. R. B. & M., Maricopa County, Arizona, described as follows.

Beginning at the S.E. corner of the S.W.1 S.W.1 S.E.1 S.W.1, said Section 5; thence N. 00° 59' 40" W. 328.49 feet to the N.E. corner of the S.W.1 S.W.1 S.E.1 S.W.1, said Section 5; thence S. 88° 45' 19" W. 332.61 feet to the N.W. corner of the S.W.1 S.W.1 S.E.1 S.W.1, said Section 5; thence N. 00° 59' 43" W. 329.01 feet to the N.W. corner of the N.W.1 S.W.1 S.E.1 S.W.1, said Section 5; thence S. 88° 50' 28" W. 15.00 feet to the S.E. corner of Roadrunner Estates East Unit Five, a subdivision recorded in Book 199, Page 42, Maricopa County Records; thence N. 00° 59' 43" W. 1316.11 feet to the N.E. corner of the said Roadrunner Estates East Unit 5, said point being on the South line of Tatum Park, a subdivision recorded in Book 294, Page 27, Maricopa County Records; thence N. 89° 11' 30" E. along the South line of the said Tatum Park and along the South line of Paradise Valley Mirada IV-A, a subdivision recorded in Book 243, Page 20, Maricopa County Records, a distance of 680.26 feet to the N.W. corner of Paradise Valley Mirada IV-B, a subdivision recorded in Book 249, Page 16, Maricopa County Records; thence S. 00° 59' 38" E. along the West line of the said Paradise Valley Mirada IV-B and along the West line of The Covey Unit Two, a subdivision recorded in Book 205, Page 42, Maricopa County Records, a distance of 1967.95 feet to the S.W. corner of the said Covey Unit Two and a point on the South line of the said S.W.1, Section 5; thence S. 88° 40' 05" W. along the South line of the said S.W.1, Section 5, a distance of 332.61 feet to the point of beginning.

Note: The above described parcel contains 1,221,563 square feet or 28.0432 acres.

Exhibit "A"