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DECLARATION OF HORIZONTAL PROPERTY PROP

RESTRICTIONS FOR TOWN AND COUNTRY BILTMORE TOWNHOMES

## WITNESSETH:

WHEREAS, TOWN AND COUNTRY CONDOMINIUMS, INC., an Arizona corporation (hereinafter called the "Declarant"), is the sole lessee of certain real property situated in the City of Phoenix, County of Maricopa, State of Arizona and more fully described on Exhibit A attached hereto and incorporated fully herein by this reference (hereinafter sometimes called the "Parcel"); and

WHEREAS, the Parcel has heretofore been developed, used and occupied as a rental apartment complex; and

WHEREAS, the Declarant desires hereby to convert, submit and subject the Parcel and all the rest of the Property (as hereinafter defined) to a horizontal property regime pursuant to Sections 33-551 through 33-561, Arizona Revised Statutes; and

WHEREAS, the Declarant further desires to establish for its own benefit and for the mutual benefit of all future owners or occupants of the Property, or any part thereof, certain easements and rights in, over and upon said Property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, the Declarant further desires and intends that the Owners, Mortgagees, occupants and all other persons

I do hereby certify that the within named instrument was recorded at request of 13. A WITT FURK

JAN 4 - 1900 - 4.45 WITNESS my hand and official seal the day and year aforesaid

BILL HENRY, Maricopa County Recorder, By WITNESS Deputy 29.5

hereinafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the rights, easements, privileges and restrictions hereinafter set forth, all of which shall run with the land and be binding upon the said Property, and all parties having or acquiring any right, title, or interest in or to said Property, or any part thereof, and shall inure to the benefit of each Owner thereof, and all of which are declared to be in furtherance of a plan to promote and protect the cooperative use, conduct and maintenance of such Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness thereof:

NOW, THEREFORE, said TOWN AND COUNTRY CONDOMINIUMS, INC., as the sole lessee of the parcel and the improvements thereon, for the uses and purposes herein set forth does hereby declare as follows:

- <u>Definitions</u>. As used herein, unless the context otherwise requires:
- 1.1 "Act" means Section 33-551 through Section 33-561, Arizona Revised Statutes.
- 1.2 "Association" means TOWN AND COUNTRY OWNERS'
  ASSOCIATION, an Arizona nonprofit corporation, its successors and assigns, formed or to be formed by the Declarant, and unless otherwise provided, shall mean and include the Board of Directors, officers and other authorized agents of such Association.
- 1.3 "Building" means each of the buildings located or to be located on the Parcel which constitute or are to constitute part of the Property.
- 1.4 "Common Elements" means the "general common elements", as that term is defined in Section 33-551(6), Arizona Revised Statutes, including without limitation the

Parcel, the roofs of the Buildings, any laundry rooms, storage rooms, mechanical rooms, and other utilities which the Association owns or leases or is obligated to maintain (excluding any portion of any such system which exclusively serves each Unit), Parking Spaces not assigned to any Unit, driveways, walkways, outside stairways and landings, landscaping of the Common Elements, pools, tennis courts and other recreational facilities and all other portions of the Property, except the Units.

- 1.5 "Declarant" means TOWN AND COUNTRY CONDOMINIUMS, INC., its successors and assigns in the lease and ownership of the Property for the purpose of the original development, subleasing and sale thereof to whom the rights and powers of the Declarant hereunder have been expressly transferred of record.
- 1.6 "Declaration" means this instrument by which the Property is submitted to a horizontal property regime, as from time to time amended.
- 1.7 "Lease" means that certain Lease of the Property from ARIZONA FASTERN STAR HOME to HIGHLAND BILTMORE PROPERTIES, LTD., dated as of July 27, 1979, and recorded at Docket 13951, page 77, et seq., records of Maricopa County, Arizona, and assigned to TOWN AND COUNTRY CONDOMINIUMS, INC., the terms of which Lease are incorporated fully herein by this reference.
- 1.8 "Majority" or "Majority of Owners" means the

  Owners of Units to which more than fifty percent (50%) of
  the undivided ownership of the Common Flements is appurtenant,
  irrespective of the total number of Owners. Likewise, any
  specified fraction or percentage of the Owners means the

  Owners of Units to which that fraction or percentage of
  undivided ownership of the Common Elements is appurtenant.

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

  "Mortgagee" means a person secured by a Mortgage, including the trustee and beneficiary under any deed of trust; and "Mortgagor" means the party executing a Mortgage. "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property.
- 1.10 "Occupant" means a person or persons, other than an Owner, in rightful possession of a Unit.
- 1.11 "Owner" means the Sublessee of any Unit which is a part of the Property. The term "Owner" does not include any Person having an interest only in the bare fee title to the Parcel or any part thereof, unless fee title to any Unit is acquired pursuant to foreclosure of a Mortgage as hereinafter provided in paragraph 34.
- 1.12 "Parcel" means the parcel or tract of real estate described above in this Declaration, which is hereby submitted to a horizontal property regime.
- 1.13 "Parking Space" means each of the separate parking spaces in the parking areas established from time to time by the Association.
- 1.14 "Person" means a natural individual, corporation, partnership, trustee or other entity capable of holding any interest in real property.
- 1.15 "Plats" means the various plats of survey of the Property, as hereinbefore and hereinafter more fully described and identified, all of which are attached hereto as Fxhibits

B through F and are incorporated fully herein by this reference.

- Units comprising the horizontal property regime hereby created, together with all buildings, fixtures and other improvements of whatsoever kind thereon, all rights and privileges belonging or in any way pertaining thereto and all furniture, furnishings, fixtures, machinery, equipment and appliances and personal property located thereon, intended for the mutual use, benefit and enjoyment of the Owners; and such term shall in general have the same meaning as set forth in Section 33-551, Arizona Revised Statutes, as related to the horizontal property regime hereby created. The Association shall be Owner of all of the Common Elements other than the Parcel, of which it shall be the lessee under the Lease and the Sublessor to the Owners of the Units under the Sublease.
- 1.17 "Record" or "Recording" refers to record or recording in the office of the County Recorder of Maricopa County, Arizona.
- 1.18 "Sale" or "transfer" of a "Unit" or of the "Subleasehold estate to any Unit" means any process by which a Unit is transferred to a new Sublessee.
- 1.19 "Sublessee" means the unconditional assignee or transferee of record of the entire Subleasehold interest and estate in any Unit who shall have assumed the obligations of a Sublessee hereunder, but excluding those having any interest merely as security for the performance of an obligation. Such assignment and assumption shall be effective if and only if accomplished by executing and recording an instrument of assignment and assumption of the form and substance set forth in the Sublease. "Sublease" means the instrument

recorded or to be recorded pursuant to the Lease and this Declaration evidencing and setting forth the terms and conditions of the Sublease of each and all of the Units, which Sublease is, or upon recordation will be deemed to be, incorporated fully herein by this reference.

- 1.20 "Apartment Unit" or "Unit" means each of the 61 portions of the Property contained in the Buildings which consist of one or more rooms and any patio or balcony designed or intended for independent use as a dwelling unit, as shown on the Plats attached hereto as Exhibits B through F, inclusive. A Unit is an "Apartment" within the meaning of Section 33-551(1), Arizona Revised Statutes, and includes an undivided interest in the Common Elements as set forth in paragraph 3 hereof. Unless fee title to a Unit is acquired pursuant to foreclosure of a Mortgage as hereinafter provided in paragraph 34, each Unit is based on a Sublease from the Association of the portions of the Parcel constituting Common Elements and the individual air space units and a lease of the applicable portions of the buildings, improvements and other portions of the Property which are owned or to be owned by the Association.
- 2. Submission of Property. Declarant hereby submits and subjects the Property to a horizontal property regime pursuant to Sections 33-551 through 33-561, Arizona Revised Statutes, to be hereafter known as TOWN AND COUNTRY BILTMORE TOWNHOMES, and does hereby declare that all of the Units and all other interests in the Property, including without limitation the fee and leasehold interests and all other interests of any kind in the Property or any part thereof, shall be owned, leased, sold, conveyed and encumbered or otherwise held or disposed of subject in all respects to the terms, conditions and other provisions of this Declaration.

- 3. Description of the Building, the Units and the Common Elements. The entire horizontal property regime shall be constituted of the Common Elements and the Units.
- 3.1 <u>Buildings</u>. Reference is hereby made to the Plats for a description of the cubic content space of each of the Buildings in the horizontal property regime and its location on the Parcel.
- 3.2 Units. There are or are planned to be a total of 61 Units in the Buildings. Reference is hereby made to the Plats attached hereto as Exhibits B through F, for a description of the cubic content space of each Unit and its location or planned location within the Buildings. Each Unit shall include the space enclosed and bounded by the interior unfinished surfaces of the ceiling or any extension of the elevation thereof, floor and any extension of the elevation thereof, perimeter walls and windows thereof (or, if there is no perimeter wall, then the interior boundary thereof), and the patio or balcony fences or any extension of the vertical interior surface thereof, together with any airconditioning/heating system and other utility which exclusively serves such Unit; provided, however, that no portion of the roof, bearing walls or other structural components of the Building in which each Unit is located, and no pipes, wires, conduits, ducts, flues, shafts, or public utility, water or sewer lines situated within such Unit and forming part of any system serving one or more other Units or the Common Elements shall be deemed to be a part of a Unit.
- 3.3 <u>Common Elements</u>. The description of the Common Elements included in and comprising part of each Building is the description referred to in subparagraph 3.1 less the descriptions of the Units referred to in subparagraph 3.2. The description of the other Common Elements is as set forth in subparagraph 1.4.

- 3.4 <u>Interest in the Common Elements</u>. The percentage interest which each Unit bears to the entire horizontal property regime, which interest shall constitute an undivided interest in the Common Elements which is appurtenant to each such Unit, shall be as provided in Schedule G attached hereto and incorporated fully herein by this reference.
- Association. The Association has been, or will be, formed to constitute the "Council of Co-Owners", as that term is defined in Section 33-551, Arizona Revised Statutes, and to serve as the Lessee under the Lease, the Lessor under the Sublease and the governing body for all of the Owners for the protection, improvement, alteration, expansion, augmentation, disposal, divestment, redescription, maintenance, repair, replacement, administration and operation of the Property, the assessment and collection of Rental and Consumer Expenses, the payment of rent and other sums due under the Lease, the payment of losses, disposition of hazard insurance proceeds, and other matters as provided in the Act, in this Declaration, in the Articles of Incorporation (hereinafter termed the "Articles") and in the Bylaws (hereinafter called the "Bylaws"), of the Association, in the Lease and in the Sublease. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the provisions of this Declaration, the Articles, the Bylaws, the Lease and the Sublease. Each Owner shall be a Member of the Association as soon and so long as he shall be an Owner. Such membership shall automatically terminate when an Owner ceases for any reason to be an Owner, and the new Owner shall likewise automatically succeed to such membership in the Association. A membership in the Association shall not be transferred, pledged or alienated in any way,

except upon the transfer of the entire Subleasehold estate to the Unit to which it appurtains (and then only to the new Owner) or by intestate succession, testamentary disposition, foreclosure of a mortgage of record or other legal process transferring the entire Subleasehold estate to such Unit to a new Sublessee (and then only to the Sublessee to whom such Subleasehold estate is transferred). Notwithstanding the foregoing, in the event that an Owner has granted an irrevocable proxy or otherwise pledged or alienated the voting right of his Unit regarding special matters to a Mortgagee as additional security, only the vote of such Mortgagee will be recognized in regard to such special matters, if a copy of such proxy or other instrument pledging or alienating such vote has been filed with the Board of Directors. In the event that more than one such instrument has been filed, the Board of Directors shall recognize the rights of the first Mortgagee to so file, regardless of the priority of the Mortgages themselves. Any attempt to make a prohibited transfer of a membership is void and will not be recognized by or reflected upon the books and records of the Association. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the transferee of such Unit, the Association shall have the right to record a transfer upon the books of the Association and issue a new membership to the new Owner, and thereupon the old membership outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

4.1 <u>Classes of Membership</u>; <u>Voting Rights of Classes</u>.

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and, except as hereafter provided in the case of election of directors, shall be entitled to one vote for each Unit of which such Owner is the Sublessee. When more than one Person are Sublessees of any Unit, all such Persons shall be members, and the voting for such Unit shall be exercised as such Persons among themselves determine, but one and only one undivided vote may be cast with respect to any Class A Unit.

Class B. The Class B member shall be the Declarant, who initially shall hold 61 Class B memberships (one for each Unit of which Declarant is initially the Sublessee) and shall be entitled to three (3) votes for each such Unit. Each such vote may be cast in such proportions on any matter as Declarant may determine. Class B memberships shall cease and be converted to Class A memberships, without further act or deed, upon the happening of any of the following events:

- (a) Upon the transfer of the entire Subleasehold estate to any Unit by Declarant, or as a
  result of a foreclosure or trustee's sale of such
  Subleasehold estate, other than in connection with
  an assignment by Declarant of all or substantially
  all of its rights under this Declaration (including
  pursuant to a pledge or assignment by Declarant to
  any lender as security), with respect to the Unit
  or Units so sold or otherwise disposed of; or
- (b) With respect to all remaining Class B memberships, upon the first to occur of the following:
  - (i) When Subleasehold estates to ninetyfive percent (95%) of the Units shall have been transferred to Persons other than the Declarant, so that the Declarant is Subleasee of three (3) Units or less; or
    - (ii) On January 1, 1985; or

(c) At such earlier time as Declarant may elect in its sole discretion by recording written notice of such election with the County Recorder of Maricopa County, Arizona.

So long as any Class B membership remains outstanding, the Class A memberships shall not be entitled to cast any vote with respect to the election of directors of the Association.

- 4.2 Qualifications of Directors. Each director shall be an Owner or the spouse of an Owner (or if an Owner is a corporation, partnership or trust, a director may be an officer, partner or beneficiary of such Owner). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director, and his place on the Board shall be deemed vacant. The requirements of this subparagraph shall not apply to directors elected by the Class B member.
- 4.3 Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Property, or any question of interpretation or application of the provisions of this Declaration, the Articles, the Bylaws, the Lease or the Sublease, the determination thereof by the Board shall be final and binding on each and all of such Owners.
- 4.4 Action by Owners. To the extent permitted by the Act, all actions required to be taken by the Owners, acting as a Council of Co-Owners for the Property, shall be taken by the Association acting through its directors, officers, and members, as provided in its Articles of Incorporation, such actions to include, without limitation, adoption or ratification of the Bylaws and rules and regulations for the horizontal property regime created hereby.

- 4.5 Additional Provisions in Articles of Incorporation and By-laws of the Association. The Articles of Incorporation and By-laws of the Association may contain any provision not inconsistent with law, this Declaration, the Lease or the Sublease, relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and members.
- 5. Use of Common Elements. Each Owner shall have the non-exclusive right to use the Common Elements in common with all other Owners as may be required for the purposes of access and ingress and egress to and from and the use, occupancy and enjoyment of the respective Unit held by such Owner and of the Common Elements for their intended purposes, as herein provided. Such right shall extend to each occupant and the agents, servants, tenants, family members and invitees of each Owner. Such right shall be subject to such reasonable limitations and restrictions as may from time to time be promulgated by the Board, and shall be subject to and governed by the provisions of this Declaration, the Articles and the Bylaws, the Lease and the Sublease. The Board shall have authority to lease, convey easements or grant concessions consistent with the overall character and use of the Property with respect to parts of the Common Elements or to change the character, description and use thereof, subject to the provisions of this Declaration, the Articles, the Bylaws, the Lease or the Sublease. Without limiting the foregoing, the Board shall have authority by means of reasonable rules and regulations, to allocate Parking Spaces among the Units on an equitable basis and to restrict the use thereof for the benefit of the Units to which such Parking Spaces are allocated. Any income derived by the Association shall be held and used for the benefit of the members of the Association

pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe. Notwithstanding any other provision hereof to the contrary, Declarant shall be entitled to exclusive access to and occupancy of all or any portion of any Building or other Common Element or parking areas until such time as the remodeling thereof is complete and Declarant shall have certified the readiness of such Building, Common Element or portion thereof or parking area to the Board of Directors.

Rental and Common Expenses. Each Owner, other than the Declarant, shall pay the rental applicable to his Unit under the Lease and Sublease (hereinafter called the "Rental") and his proportionate share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in conformance with this Declaration, the Articles, the Bylaws, the Lease or the Sublease (which expenses are herein sometimes referred to as "Common Expenses"), including specifically, but not by way of limitation, insurance, all utilities for the Common Elements, the maintenance and repair of the Common Elements and any and all replacements and additions thereto, reasonable reserves for contingencies, replacements or other proper purposes and payments, including Rental, required or permitted to be made under the Lease or the Sublease. Each Owner's proportionate share of such Common Expenses shall be the same as the proportionate interest in the Common Elements appurtenant to the Unit or Units held by said Owner as set forth in paragraph 3.4 hereof. -

Payment of Rental and Common Expenses, including any prepayment thereof required by contract for sale or assignment of the Subleasehold estate to any Unit, shall be in such amounts, at such times and in such manner as may be provided

in this Declaration, the Articles and Bylaws, the Lease or the Sublease or as determined by the Board of Directors from time to time. Such payment, together with interest at the rate of ten percent (10%) per annum, costs, and reasonable attorneys fees, shall constitute the personal obligation of the person who was the Owner of such Unit at the time such payment fell due. The personal obligation for delinquent payments of Rental or Common Expenses shall not pass to any subsequent Sublessee unless expressly assumed by him. If any Owner shall fail or refuse to make any such payment of Rental or Common Expenses when due, the amount thereof, together with interest, costs and reasonable attorney's fees, shall constitute a lien on such Owner's Subleasehold estate to such Unit and on any rents or proceeds therefrom; provided, however, that such lien shall be subordinate to the lien of a prior recorded First Mortgage on the applicable Unit, acquired in good faith and for value, except for the amount of the unpaid Rental and Common Expenses which accrues from and after the date on which such First Mortgagee acquires the Subleasehold estate to or comes into possession of the applicable Unit, and if any lien for unpaid assessments prior to such date has not been extinguished by the process by which such First Mortgagee acquired such estate or possession, such First Mortgagee shall not be liable for such unpaid Rental or Common Expenses and, upon written request to the Board of Directors by such First Mortgagee, such lien shall be released in writing by the Association. Any person acquiring an interest in any Unit shall be entitled to a statement from the Association setting forth the amount of unpaid Rental and Common Expenses, if any, and such person shall not be liable for, nor shall any lien attach to such Unit in excess of, the amount set forth in such statement,

except for Rental and Common Expenses which occur or become due after the date thereof. The lien provided for in this paragraph may be foreclosed by the Association in any manner now or at any time hereafter provided or permitted for the foreclosure of realty mortgages or deeds of trust in the State of Arizona.

In addition, if any Owner shall fail or refuse to make any payment of Rental or Common Expenses when and as due, the Association shall have the right to terminate such Person's rights as a Subleases and to re-Sublet the Unit, subject in all respects to the terms hereof, all in accordance with the procedure for the termination of leases provided in Arizona Revised Statutes §33-1368 as currently in effect; provided that nothing herein shall imply that this Declaration, the Lease or any of the Subleases are subject in any respect to the Arizona Residential Landlord and Tenant Act.

- 7. Mortgages. Each Owner shall have the right, subject to the provisions hereof, to make separate Mortgages of the Subleasehold estate to each Unit held by him. No Owner shall have the right or authority to make or create or cause to be made or created any mortgage or other lien or security interest on or affecting the Property or any part thereof, except only to the extent of the Subleasehold estate to his Unit and its appurtenant interest in the Common Elements.
- 8. Professional Management Agreement. Unless it first satisfies the conditions provided in paragraph 23, the Association shall maintain professional management at all times. Any Agreement for professional management of the horizontal property regime or any contract providing for services to be performed by the Declarant for the Association shall provide for termination by either party with or without

cause and without payment of a termination fee on thirty (30) days written notice, and no such contract or agreement shall be of a duration in excess of one (1) year, renewable by agreement of the parties for successive one (1) year periods.

- 9. Insurance Requirements Generally. The Association shall obtain and maintain in full force and effect at all times certain casualty, liability and other insurance as hereinafter provided. All such insurance shall be obtained, to the extent possible, from responsible companies duly authorized to do insurance business in the State of Arizona with a rating in Best's Insurance Guide (or any comparable publication) of at least A-AAAA (or any comparable rating). All such insurance, to the extent possible, shall name the Association as the insured, in its individual capacity and also either as attorney-in-fact or trustee for all Owners and any Mortgagees as their interests may appear. The Board of Directors shall review all such insurance at least annually and shall be responsible to increase the amounts thereof as it deems necessary or appropriate. To the extent possible, such casualty insurance shall:
  - (1) Provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees and agents and against each Owner and each Owner's employees, agents and invitees and any other person for whom the Association and any Mortgagee may be responsible;
  - (2) Provide that the insurance cannot be unreasonably cancelled, invalidated or suspended on account of the conduct of the Association, its officers, directors, employees and agents or of any Owner or such Owner's

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employees, agents or invitees or any other person for whom the Association or any Owner may be responsible;

- (3) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by any Owner or Mortgagee and that the insurance policy shall not be brought into contribution with insurance maintained by any Owner or Mortgagee;
- (4) Contain a standard without contribution mortgage clause endorsement in favor of the Mortgagee of any Unit or all or any part of the Property:
- (5) Provide that the policy of insurance shall not be terminated, cancelled or substantially modified without at least 30 days' prior written notice to the Association and to each Owner and to each Mortgagee covered by any standard mortgage clause endorsement; and
- option to restore the premises if condominium ownership of the Units and Property is to be terminated or the Units and Property are to be sold as an entirety in accordance with the destruction, condemnation and obsolescence provisions of this Declaration.

To the extent possible, such public liability and property damage insurance shall provide for coverage of any cross liability claims of Owners against the Association or other Owners and of the Association against Owners without right of subrogation. Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice.

Certificates of insurance coverage or copies of insurance policies shall be Issued to and at the expense of each Owner and each Mortgagee who makes or on whose behalf written

request is made to the Association for any such certificate or copy.

The cost and expense of all insurance obtained by the Association, except insurance covering additions, alterations or improvements made to a Unit by an Owner or other insurance obtained at the request of and specifically benefiting any particular Owner, shall be a general common expense to be covered by common element assessments as elsewhere provided in this Declaration.

- 8.1 Casualty Insurance. The Association shall obtain and maintain casualty insurance covering the Property and each Unit covering loss or damage by fire and such other hazards as are covered under standard extended coverage. policies, including without limitation vandalism and malicious mischief and if available and if deemed appropriate by the Association, war risk, for the full insurable replacement cost of the Property, including each Unit. At the option of the Association, such insurance may also cover additions, alterations or improvements to a Unit made by an Owner if the Owner reimburses the Association for any additional premiums attributable to such coverage. The Association shall not be obligated to apply any insurance proceeds to restore a Unit to a condition better than the conditions existing prior to the making of additions, alterations or improvements as aforesaid.
- 9.2 <u>Public Liability and Property Damage Insurance</u>. The Association shall obtain and maintain comprehensive public liability and property damage insurance covering bodily injury liability, property damage liability and automobile bodily injury and property damage liability, as required of the Association. Each Owner shall be insured with respect to such Owner's liability arising out of the

ownership, maintenance, repair or operations of the Common Elements. Limits of such coverage shall not be less than \$1,000,000 per injury and occurrence with respect to bodily injury liability and \$250,000 for each occurrence with respect to property damage liability.

- 9.3 Workmen's Compensation and Employer's Liability

  Insurance. The Association shall obtain and maintain

  workmen's compensation and employer's liability insurance as

  may be necessary to comply with applicable laws.
- 9.4 Insurance by Owners. Except to the extent coverage therefor may be obtained by the Association and be satisfactory to an Owner, each Owner shall be free to obtain and responsible for obtaining such additional or other insurance as he deems desirable, including insurance covering his furnishings and personal property and covering personal liability of him and his employees, agents and invitees and any other person for whom such Owner may be responsible. Any insurance policy obtained by an Owner must not diminish or adversely affect or invalidate any insurance or insurance recovery under policies carried by the Association and must, to the extent possible, contain a waiver of the rights of subrogation by the insurer as to any claim against the Association, its officers, directors, agents and employees and against other Owners and their employees, agents and invitees or other person for whom the Association or any such Owner may be responsible.
- 9.5 Receipt and Application of Insurance Proceeds.

  Except as some particular person shall have a legal right to receive insurance proceeds directly, all insurance proceeds and recoveries under policies maintained by the Association shall be paid to and received by the Association. The . Association shall have the right, acting alone, to adjust or

settle any claim by it under any insurance maintained by it. All insurance proceeds or funds received by the Association shall be applied in accordance with the following priorities: first, as expressly provided elsewhere in this Declaration; second, to the Owners or persons whom the Association may determine are legally or equitably entitled thereto; and third, the balance, if any, to Owners in proportion to their respective interests in the Common Elements.

- 9.6 Fidelity Bonding. The Association may obtain and maintain bonds covering all persons or entities which handle funds of the Association, including without limitation employees of any professional manager of the Association, in amounts up to one hundred fifty percent (150%) of the estimated annual budget of the Association from time to time.
- 9.7 Other Insurance by the Association. The Association shall also have the power or authority to obtain and maintain other and additional insurance coverage, including but not limited to casualty insurance covering personal property of the Association or insurance covering and indemnifying officers, directors, employees and agents of the Association.
- 10. <u>Destruction</u>, <u>Condemnation</u>, <u>Obsolescence</u>, <u>and</u>

  <u>Restoration or Sale of Property</u>.
- 10.1 <u>Definitions</u>. The following terms shall have the following definitions:
- 10.1.1 "Substantial Destruction" shall exist whenever the Board of Directors of the Association determines that, as a result of any casualty, damage or destruction to the Property or any part thereof, the excess of estimated costs of Restoration (as herein defined) over Available Funds (as herein defined) is fifty percent (50%) or more of the estimated Restored Value of the Property (as herein defined).

"Partial Destruction" shall mean any other casualty, damage or destruction of the Property or any part thereof.

- 10.1.2 "Substantial Condemnation" shall exist whenever the Board of Directors of the Association determines that a complete taking of the Property has occurred or that a taking of part of the Property by condemnation or eminent domain or by grant or conveyance in lieu of condemnation or eminant domain has occurred, and that the excess of the estimated costs of Restoration over Available Funds is fifty percent (50%) or more of the estimated Restored Value of the Property. "Partial Condemnation" shall mean any other such taking by eminent domain or by grant or conveyance in lieu of eminent domain.
- 10.1.3 "Substantial Obsolescence" shall exist whenever the Owners of Units holding seventy-five percent (75%) of the undivided ownership of the Common Elements determine by vote that the Property or any part thereof has reached an undesirable state of obsolescence or disrepair, or whenever the Board of Directors determines that the Property or any part thereof has reached such a state of obsolescence or disrepair that the excess of estimated costs of Restoration over Available Funds is fifty percent (50%) or more of the estimated Restored Value of the Property. "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.
- 10.1.4 "Restoration", in the case of any casualty, damage or destruction, shall mean restoration of the Property to a condition the same or substantially the same as the condition in which it existed prior to the casualty, damage or destruction; in the case of condemnation, shall mean restoration of the remaining portion of the Property to an attractive, sound and desirable condition; and, in the case of obsolescence,

shall mean restoration of the Property to an attractive, sound and desirable condition.

- 10.1.5 "Restored Value of the Property" shall mean the value of the Property after restoration.
- 10.1.6 "Available Funds" shall mean any proceeds of insurance or condemnation awards or payments in lieu of condemnation and any uncommitted income or funds of the Association other than the income or funds derived through assessments or special assessments. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a Mortgagee of all or any part of the Property or of any Unit, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner of a Unit for the condemnation or taking of that Owner's individual air space unit.
- 10.2 Restoration of the Property. Restoration of the Property shall be undertaken by the Association without a vote of the Owners in the event of Partial Destruction, Partial Condemnation or Partial Obsolescence but shall be undertaken in the event of Substantial Destruction, Substantial Condemnation or Substantial Obsolescence only with the consent of the Owners of seventy-five percent (75%) in interest of the Units and the unanimous consent of all First Mortgagees.
- 10.3 Sale of the Property. The Property, and the remainder of the Leasehold and Subleasehold estates, but not including the fee interest in the Parcel, shall be sold in the event of Substantial Destruction, Substantial Condemnation or Substantial Obsolescence unless consent to Restoration has been obtained from the Owners of seventy-five percent (75%) in interest of the Units. In the event of such sale,

the proceeds of sale and any insurance proceeds, condemnation awards or payments in lieu of condemnation shall be distributed by the Association to each Owner in proportion to the individual interest in the Common Elements appurtenant to the Units held by such Owner. Such payments shall be made to Owners or, as to Units which are Mortgaged of record at the time of such payment, jointly to such Owner and the Mortgagee.

- Association, as attorney-in-fact for each Owner, shall have full power and authority to restore or to sell the Property (not including fee interest in the Parcel) and each Unit whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.
- 10.5 Special Assessments for Restoration. Whenever Restoration is to be undertaken, the Association may levy and collect assessments from each Owner in proportion to such Owner's undivided interest in the Common Flements, payable over such period as the Association may determine, to cover the costs and expenses of Restoration to the extent not covered by Available Funds. Such special assessments shall be secured by a lien on the Unit of each such Owner as in the case of regular assessments. Notwithstanding any other provisions in this Declaration, in the case of Substantial Destruction, Substantial Condemnation or Substantial Obsolescence, any such special assessment shall not be a personal obligation of any such Owner who did not vote in favor of or consent to Restoration but, if not paid, may be recovered only by foreclosure of the lien against the Unit of such Owner.

10.6 Receipt and Application of Condemnation Funds. All compensation, damages or other proceeds constituting awards in condemnation or eminent domain or payments in lieu of condemnation or eminent domain on account of the taking of all or any part of the fee interest in the Premises shall be payable to the fee Owner of said Premises or any Mortgagee thereof as their interests may appear. All other compensation, damages or other proceeds constituting awards in condemnation or eminent domain or payments in lieu of condemnation or eminent domain for all or any part of the Property, including without limitation the Leasehold or any Subleasehold estate, shall be payable to the Association. The Association shall have the right, acting alone, to adjust or settle any award payable to it. The amount of any such award equitably allocable as compensation for the taking of or injury to the individual air space unit of a particular Unit or to improvements of an Owner therein shall be apportioned and paid by the Association to the Owner of that Unit or to any Mortgagee of record of such Unit as their interests may appear. The balance of the award shall be applied to costs and expenses of Restoration, if undertaken, and, to the extent not so applied, shall be allocated as follows. First, any portion of the award allocable to the taking of or injury to Common Elements shall be apportioned among all Owners or Mortgagees, as their interests may appear, of the Common Elements in proportion to their respective undivided interests in the Common Elements. Secondly, the amounts allocable to severance damages shall be apportioned to Owners of Units with individual air space units which were not taken or condemned in proportion to their respective undivided interests in the Common Elements. Thirdly, the amounts allocated to consequential damages or for other purposes shall be apportioned as the Association

determines to be equitable under the circumstances. The lien priority of any Mortgagee shall not be disturbed by any condemnation proceeding and shall continue in the proceeds of any condemnation award attributable to the Mortgaged Unit in accordance with the provisions of this paragraph.

- 10.7 Reorganization in the Event of Condemnation. In the event all of the individual air space unit of a Unit is taken in condemnation, the Unit containing that individual air space unit shall upon payment of equitable compensation, as hereinabove provided, cease to be part of the Property, the Owner thereof shall cease to be a member of the Association, and the undivided interest in Common Elements appurtenant to that Unit shall automatically become vested in the Owners of the remaining Units in proportion to their respective undivided interests in the Common Elements.
- event that any Owner or Mortgagee is entitled to receive any distribution of money, property or other things from the Association for any reason, including without limitation the sale or other disposition of all or any part of the Common Elements or the cessation or termination for any reason of the horizontal property regime herein declared, such distribution shall be in proportion to the interest in the Common Elements appurtenent to the Unit or Units owned or held by such Owner or Mortgagee, except as provided in paragraphs or 10 hereof or as otherwise determined by the Association to be required by equity.
- 12. Maintenance, Repairs and Replacements; Right of Access. Each Owner shall furnish and be responsible for, it his own expense, all of the maintenance, repairs and replacements within his own Unit and of any portion of the air-conditioning/heating system or other utilities which exclusive

services his Unit; and each Owner shall keep his carports, patio areas and balcony, if any, in a neat, clean and attractive condition. If, due to the willful or negligent act of an Owner or a member of his family or guest or other authorized occupant or visitor of such Owner, or other person for whom such Owner may be responsible, or household pet, damage shall be caused to the Common Elements or to another Unit or Units, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Owner shall pay for such damage and for such maintenance, repairs and replacements as may be determined by the Board, to the extent not covered by the Association's insurance. Such obligation of payment and performance shall be payable together with interest, costs and attorneys' fees, and secured by a lien, as provided in paragraph 6 with respect to Common Expenses, and in the event of non-payment the Association shall be entitled to all of the remedies referred to in paragraph 6. An authorized representative of the Board, or of the manager or managing agent of the Building, and all contractors and repairmen employed or engaged by the Board or such manager or managing agent, shall be entitled to reasonable access at reasonable times to each of the Units as may be required in connection with maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Units and the Common Elements.

13. Alterations, Additions or Improvements. No alterations of any Common Flements or any additions or improvements thereto or any alterations, additions or improvements to the carports, patios or balconies associated with any Unit shall be made by any Owner without the prior written approval of the Board. Any Owner may make non-structural alterations,

additions or improvements within the interior of his Unit (but excluding for purposes of the authority herein granted any carport, patio or balcony) without the prior written approval of the Board, but such Owner shall be responsible for any damage to other Units, the Common Flements, or the Property which may result from such alteration, addition or improvement. In addition to the required approval of the Board, there shall be no structural alterations or additions to any Building or carport areas without the prior approval of a Majority of the Owners given at a regular or special meeting of the members of the Association. Unless otherwise determined at any such meeting, the cost of such alterations or additions shall be paid by means of a special assessment against the Owners in proportion to their respective undivided interests in the Common Flements. Such special assessments shall be secured by the lien provided for in paragraph 6, and in the event of non-payment the Association shall be entitled to all of the remedies referred to in paragraph 6.

14. Decorating. Each Owner, at his own expense, shall furnish and be responsible for all of the decorating within his Unit (but any furnishing or decorating of any patio or balcony shall be subject to the provisions of paragraph 18 of this Declaration) from time to time, including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furniture and interior decorating. Notwithstanding any other provision hereof to the contrary, all draperies, window shades and curtains which can be seen from outside the Unit shall be subject to regulation as to color or design by the Board of Directors. Each Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings and the surfaces within his Unit, and each Each

Owner shall have the right to decorate such surfaces from time to time as he may see fit at his sole expense. However, each Owner shall maintain such surfaces in good condition, and all such use, maintenance and decoration shall be subject to regulation by the Board of Directors. Decorating and maintenance of the Common Elements (other than interior surfaces within the Unit as above provided), and any redecorating of Units to the extent made necessary by any damage caused by defect in or by maintenance or repair work by the Association on the Common Elements shall be furnished by the Association and paid for as part of the Common Expenses. The surfaces of all windows and class doors, if any, forming part of the perimeter walls of a Unit shall be cleaned, washed and maintained at the expense of the Owner of such Unit.

Encroachments. If any portions of the Common Elements shall actually encroach upon any Unit, or if any Unit shall actually encroach upon any portions of the Common Elements, or if any Unit or entryway providing ingress and egress thereto or therefrom shall actually encroach upon another Unit or entryway, as the Common Elements and the Units are shown on the appropriate Plat, whether such encroachment results from the initial construction or from subsequent repair, reconstruction, settlement or shifting, there shall be deemed to be mutual easements in favor of the Owners of the Common Elements and the respective Owners involved to the extent of such encroachment so long as the same shall exist; provided, however, that no such easement shall result from the misconduct of the Owner claiming entitlement thereto. The Association shall at all times have the right to maintain any Common Element now existing or hereafter constructed, regardless of any encroachment now

or hereafter existing of any such Common Element on any Unit.

- Right of Association to Buy at Foreclosure. the consent or approval of a majority of Owners present and voting at a special meeting of the members of the Association, or in such other manner as may be deemed by the Board to be necessary or expedient, the Board of Directors shall have the power and authority to bid for and purchase the fee ownership interest in the Parcel or any part thereof or the Subleasehold estate to any Unit at a sale pursuant to a mortgage foreclosure, trustee's or beneficiary's sale under a trust deed, or a foreclosure of any lien for assessments provided for in this Declaration, or at a sale pursuant to an order or direction of a court, or other involuntary sale. In addition, the Board of Directors shall have power at any time and from time to time to negotiate with the Owner of the fee interest in the Parcel or any part hereof for the purchase of such fee interest, but the Board shall not have authority pursuant to such negotiations to agree to purchase such Parcel or any part thereof without the approval at a meeting duly called and held of the Owners of at least seventy-five percent (75%) of all of the Units. The Board shall have power and authority to finance any purchase pursuant to this paragraph by mortgage, special assessment or any other financing arrangement that the Board may deem necessary or expedient.
- 17. Use and Occupancy Restrictions. No part of the Property shall be used other than as a dwelling and the related common purposes for which the Property was designed, except that Declarant shall have the right to maintain sales and any other offices, model units, and signs on the Property, together with rights of ingress and egress therefrom, and to

do such other acts and maintain such other facilities as are incidental to the development and sale of the Units and all other apartment units now or hereafter existing in the horizontal property regime hereby created. Without limiting the foregoing, no Owner shall permit his Unit to be used for transient or hotel purposes. No Owner shall be impowered to partition or subdivide his Unit, nor shall any Owner Sublease or grant any interest in less than the entire Unit. Any Sublease or other agreement granting or transferring any interest in any Unit shall be in writing, shall expressly provide that its terms are subject in all respects to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, the Lease and the Sublease and that a violation of any such provisions shall be a default under such instrument, and a copy of any such instrument shall be delivered to the Association. The Association shall have the right to enforce any remedies provided herein or in such instrument in the event of a default resulting from the breach of this Declaration, the Articles, the Bylaws, the Lease or the Sublease. Each Unit or any two or more adjoining Units used together shall be used as a single family residence or for such other purposes as are permitted by this Declaration and for no other purpose. That part of the Common Elements separating any two or more adjoining Units under common ownership and used together for a proper purpose as aforesaid may be altered to afford ingress and egress to and from such adjoining Units at the sole expense of the Owner thereof if and only if specific plans are submitted to and prior approval is obtained from the Board of Directors.

The Common Elements shall be used only for access, ingress and egress to and from the respective Units by the

Owners residing therein, members of their household and their guests, household help and other authorized visitors and for such other purposes as are incidental to the residential use of the Units, or for other proper purposes for which such Common Elements are intended. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Owner.

No Owner shall keep or maintain any thing or shall suffer any condition to exist on his Unit or cause any other condition on the Property which materially impairs any easement or right of any other Owner or otherwise materially impairs or interferes with the use and enjoyment by the Owners of their Units and the Common Flements. Subject to the foregoing, one commonly accepted small household pet not to exceed 20 pounds may be kept in a Unit, but no such pet shall be bred or allowed loose or unsupervised on any part of the Property. Walking of pets shall be prohibited except at such times and on such portions of the Property as the Board may permit by its rules and regulations, and all pets shall be leashed.

If the Board determines that any motor vehicle is creating loud or annoying noises by virtue of its operation within the Property, or that the parking or storage of any vehicle or trailer on the Property is unsightly or detracts from the overall character of the Property, such determination shall be conclusive and final that the operation or storage of such vehicle is a nuisance, and said operation, upon notice by the Board to the owner or operator thereof, shall be prohibited within the Property.

No structure of a temporary character shall be permitted on the Property, and no tent, shack, barn, boat, motor home, travel or other trailer (other than a maximum three-quarter ton pick-up truck with an integral camper shell) shall be permitted on the Property either temporarily or permanently, unless it is located thereon by or with the consent of Declarant.

No sign of any nature whatsoever, other than a dignified name and/or address sign, shall be displayed or placed on any Unit, in any window or on any part of the Property. No "For Sale" or "For Rent" signs of any nature whatsoever shall be permitted on any part of the Property, and no other signs or graphics shall be permitted on any patio or balcony or on any of the Common Elements without the prior written consent of the Board or as directed by the Board. A master "For Sale" sign may be placed on the Property by the Board of Directors with a telephone number to call for information. These provisions shall not apply to the Declarant until the sale of the last Unit owned by Declarant has been closed.

Except as initially installed by Declarant, no spotlights, flood lights or other high intensity lighting shall
be placed or utilized upon any building, structure, balcony
or patio which in any manner will allow light to be directed
or reflected on the Property or the Common Elements, or any
part thereof, or any other Unit. Each Owner and other
persons occupying or using any Unit, or otherwise located on
the Property, shall keep sounds and noises at a reasonable
level at all times, including without limitation sounds
caused by voices, tools, machinery, appliances, musical
instruments, television, radio and other audio systems. The
Board of Directors shall have authority to regulate or
prohibit the use of noisey equipment during nighttime hours.

Each Owner of a Unit above ground level shall install and maintain at all times at his expense carpeting and/or other sound conditioned floor covering, in each case of

grades and qualities from time to time approved by the Board of Directors, on all floors in his Unit, except in the kitchens, bathrooms and laundry areas.

No windbells, windchimes, or similar devices shall be permitted on the Property.

No window air conditioners or portable units of any kind shall be installed in any Building.

No reflective materials, including but not limited to aluminum foil, reflective screens or glass, mirrors or similar type items, shall be permitted to be installed or placed on the outside or inside of any windows. Fnclosures, shades, screens or other items affecting the exterior appearance of any patio or balcony shall not be permitted without the express written consent of the Board of Directors and shall be subject at all times to the rules and regulations of such Board and to the provisions of paragraph 18 of this Declaration.

No radio, television or other antennas of any kind of nature shall be placed or maintained upon any Unit or Building, except that Declarant or the Association shall have the right to install a master antenna or antennas and to provide access to such antenna to the Units.

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

Pursuant to the right of entry hereinbelow set forth in paragraph 21, the Board of Directors or its authorized agents may enter any Unit in which a violation of these restrictions exists and may correct such violation at the

expense of the Owner of such Unit, and the Board shall be empowered to levy fines upon the Owner of any such Unit in the amount of up to \$50.00 per day for each such violation during the continuance thereof. Such expenses and fines shall be added to and constitue a lien upon such Unit in accordance with the provisions of paragraph 6.

The Association may modify or waive the foregoing restrictions or otherwise restrict and regulate the use and occupancy of the Property and the Units by reasonable rules and regulations of general application adopted by the Board of Directors from time to time.

18. Architectural Control. No building, fence, wall, antenna, tower, awning, sign or other structure of any kind or character shall be commenced, erected or maintained upon the Property, nor shall any exterior addition, change or alteration be made thereto or therein, including without limitation to any exterior wall or balcony, whether or not part of any Unit, which is visible from the exterior of the Building, and no additions to, changes in, or alterations of landscaping, grade or drainage shall be made, until plans and specifications showing the nature, kind, color, shape, height, materials, location and other material attributes of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors. In the event said Board fails to approve or disapprove such proposal at its next regular meeting occurring more than thirty (30) days after proper plans and specifications have been duly submitted to it, such approval will be deemed given and this paragraph will be deemed to have been fully complied with. The Board may delegate its power and duties hereunder to an architectural control committee

approved by such Board. These restrictions shall not apply to the Declarant in any way.

- 19. Party Walls. The rights and duties of the Owners of Units with respect to party walls shall be as follows:
  - (a) Each wall, including patio and balcony walls, which is constructed as part of the original construction of any structure any part of which is placed on the dividing line between separate Units shall constitute a party wall. With respect to any such party wall, each of the adjoining Owners shall assume the burdens and be entitled to the benefits of these restrictive covenants. In addition, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied.
  - destroyed through the act of the Owner of one adjoining Unit, or any of his guests, tenants, licensees, agents or members of his family or other person for whom such Owner is responsible (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Unit of the full use and enjoyment of such party wall, then the Owner responsible for such damage shall forthwith at his sole expense proceed to rebuild or repair the same to as good condition as formerly.
  - (c) In the event any party wall is damaged or destroyed due to ordinary wear-and-tear and deterioration from lapse of time, or by any cause other than the act of one of the adjoining Owners, his agents, tenants, licensees, guests or family or other persons for whom such Owner is responsible, then both such adjoining Owners shall proceed forthwith to rebuild or repair the

same to as good condition as formerly at their joint and equal expense.

- (d) Any Owner who by his negligent or wilful act, or by the negligent or wilful act of any guest, tenant, licensee, agent or member of his family or other persons for whom such Owner is responsible, causes any party wall to be exposed to the elements shall at his sole expense furnish the necessary protection against such elements.
- (e) The right of any Owner to contribution from any other Owner under this paragraph shall be appurtenant to the land and shall pass to the successors in title of each such Owner.
- (f) In addition to satisfying the other requirements of this Declaration, any Owner proposing to modify, make additions to or rebuild his Unit in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining Owner or Owners and shall complete such alterations in accordance with the provisions of any building code or similar regulations or ordinances.
- (g) In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Association, the matter shall be decided by the Board of Directors of the Association, whose determination shall be final and binding on such Owners.
- (h) These covenants shall be binding upon the heirs and assigns of any Owners, but no person shall be liable for any act or omission of a previous Owner except as herein expressly provided.

- 20. Exemption of Declarant from Restrictions. Notwithstanding anything contained in this Declaration to the
  contrary, none of the restrictions contained in this Declaration shall be construed or deemed to limit or prohibit any
  act of Declarant, its employees, agents, and subcontractors,
  or parties designated by it in connection with the construction, remodeling, sale or leasing of the Units or
  otherwise concerning the development of the Property.
- 21. Entry By Board or its Agent. The Board of Directors of the Association or its authorized agents may enter any Unit at any reasonable time, with or without notice, when any two (2) members of the Board of Directors deem it necessary or advisable for the enforcement of any restriction hereinabove set forth, to effect emergency or other necessary repairs or otherwise for the protection and preservation of that Unit or other Units. In addition, the Board of Directors or its authorized agents may enter any Un! at any time when any director or agent believes in his discretion that an emergency exits and that such entry is necessary in order to protect any person or property in such Unit or adjoining Units or for other good cause. If it becomes necessary to break into a Unit because no key or means of access has been provided by the resident or Owner to the Association, the Association, its directors, officers and agents shall not be liable for any damage done to the Unit as a result of the exercise of this right of entry. The party exercising this right of entry shall see that adequate measures are taken to secure the Unit until the Owner or resident has been notified that the Unit has been entered. Each resident or Owner shall either (1) leave a key with the manager of the Association or (2) leave a key with another resident and inform the manager in writing of the name of the resident with whom

such key has been left. In the event that the resident with whom such key has been left is not available at a time when it is necessary to exercise this right of entry, the Unit may be forceably entered pursuant to the conditions stated above.

- 22. Roof Leaks or Repairs. The Association shall maintain properly and repair promptly all leaks or other damage to the roofs of any of the Buildings. This paragraph shall not be deemed to limit the responsibility of the Association for the maintenance of the other Common Elements.
- Directors shall give each new Owner of a Unit upon written request a copy of this Declaration, the Articles, the Bylaws, the Lease and the Sublease, and any and all amendments to any of such documents, and any rules and regulations of the Association then in effect. Fowever, the failure of the Board to provide such copy shall not relieve the new Owner from complying with such documents nor waive any of the rights, conditions or restrictions stated herein or create any liability on the part of the Association, the Board of Directors or their agents.
- 24. Remedies. In the event that any Owner shall fail to comply with the provisions of the Act, this Declaration, the Articles, the Bylaws, the Lease, the Sublease, or the rules and regulations of the Association, the Association shall have each and all of the rights and remedies provided for in the Act, this Declaration, the Articles, the Bylaws, the Lease or the Sublease, or said rules and regulations, or which may be available at law or in equity, and may prosecute any action or other proceedings against such Owner for enforcement of such provisions or foreclosure of its lien and the appointment of a receiver for the Unit, or damages,

or injunctive relief, or specific performance, or judgment for payment of money and collection thereof, or the right to take possession of the Unit and to rent said Unit and apply the rents received to payment of any amounts due and interest thereon, or to sell the same as hereinafter in this paragraph provided, or any combination of such remedies or any other and further relief which may be available at law or in equity, all without notice and without regard to the value of such Unit or the solvency of such Owner. The proceeds of any rental or sale shall first be applied to discharge court costs, other litigation costs, including without limitation reasonable attorney's fees, and all other expenses of the proceeding and sale. The remainder of such proceeds shall be applied first to the payment of any unpaid Rental and assessments of Common Expenses or other charges and the satisfaction of any other damages, and any balance shall then be paid to the Owner and/or any Mortgagee as their rights may appear. Upon the confirmation of such sale, the purchasers thereat shall be entitled to an Assignment of the entire Subleasehold estate to the Unit and to immediate possession of the Unit and may apply to the court for a writ of restitution for the purpose of acquiring such possession; provided that the purchasers at any such sale shall assume their obligations as Sublessees hereunder and shall take the Unit sold subject to this Declaration, the Articles of Incorporation, By-laws and rules and regulations of the Association, the Lease and the Sublease. All expenses of the Association in connection with any such action or proceeding, including court costs and reasonable attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of ten percent (10%) per annum until paid, shall be charged to

and assessed against such defaulting Owner and shall be added to and deemed part of his Common Expenses, and the Association shall have a lien upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto for all of the same, as well as for nonpayment of his Rental and respective share of the Common Expenses. In the event of any such breach by any Owner, the Association shall also have the authority, with or without legal proceedings and with or without notice to such Owner, to correct such default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such Owner, and such assessment shall constitute a lien against such Owner's Unit, and in the event of non-payment the Association shall be entitled to all of the remedies referred to in paragraph 6 of this Declaration. Any and all rights and remedies of the Association may be exercised at any time and from time to time, cumulatively or otherwise. The lien provided for in this paragraph shall be of the same priority, subject to the same terms and conditions and may be foreclosed in the same manner as the lien provided for in paragraph 6 of this Declaration.

Notwithstanding any provision of this Declaration to the contrary, any breach of any of the covenants, conditions, restrictions, reservations and servitudes provided for in this Declaration, the Articles of Incorporation, By-laws, rules and regulations of the Association, the Lease or the Sublease, or any right of re-entry by reason thereof, shall not defeat or adversely affect the lien of any Mortgage made in good faith and for value upon any Unit and its appurtenant undivided interest in the Common Elements, but, except as herein expressly provided, each and all of such covenants,

conditions, restrictions, reservations and servitudes shall be binding upon and effective against any Sublessee or Owner of any Unit whose estate or interest therein or title thereto is acquired by foreclosure, Trustee's sale, sale, deed in lieu of foreclosure or otherwise, whether or not such mortgage attaches to the fee interest in the Parcel or any part thereof.

25. Amendment. The provisions of this Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, signed by Owners of Units to which not less than seventy-five percent (75%) of the undivided ownership of the Common Elements is appurtenant and acknowledged; provided, however, that no amendment limiting, rescinding or otherwise modifying in any respect any right, power, privilege, immunity, or easement granted or reserved to Declarant in this Declaration shall be effective unless such instrument is also signed and acknowledged by Declarant; and provided further that all First Mortgagees, including without limitation the beneficiaries under all first deeds of trust, shall have consented in writing to each such material change, modification or rescission, which consent shall not be unreasonably withheld.

Notwithstanding the provisions of the foregoing paragraph, if the Act, this Declaration, the Articles, the Bylaws, the Lease or the Sublease require the consent or agreement of all of the Owners or the Owners of Units to which a specified percentage of the individual interest in the Common Areas exceeding seventy-five percent (75%) is appurtenant for any such amendment or for any action specified in the Act or this Declaration, then any instrument so changing, modifying or rescinding this Declaration or any provision hereof with respect to such action shall be signed

and acknowledged by the Owners of not less than such specified percentage, as well as the Declarant and any First Mortgagees or beneficiaries required by the foregoing paragraph.

Anything to the contrary herein notwithstanding, until such time as deeds to all of the Units in all Buildings shall have been delivered by Declarant to purchasers thereof, Declarant reserves the right to amend this Declaration in any manner, including the description of the Buildings, the Units and the Common Elements; provided, however, that no such amendment shall have the effect of changing the cubic content space of any Unit not owned by Declarant (except as minor changes may be necessary in order to describe more accurately the boundaries of the Unit) or of increasing the undivided interest in the Common Elements appurtenant to any Unit not owned by Declarant; and provided further that all First Mortgagees, including without limitation the beneficiaries under all first deeds of trust, shall have consented to each material amendment, which consent shall not be unreasonably withheld.

Upon the expiration or earlier termination of both the Lease and the Sublease in accordance with the terms thereof, the Owner or Owners of the fee interest in the Premises shall have full power and authority to amend, modify or terminate this Declaration in any manner as such fee owner or owners may determine upon vote of the percentage in interest of such fee owners hereinabove specified.

Any such change, modification or rescission accomplished under any of the provisions of this paragraph 24 shall be effective upon recording of the instrument providing therefor signed and acknowledged as hereinabove provided.

26. <u>Notices</u>. Notices provided for in the Act, this Declaration, the Articles of Incorporation, Bylaws or rules

and regulations of the Association, the Lease or the Sublease shall be in writing and shall be mailed postage prepaid if to the Association or the Board addressed to the address to which payments of assessments are then sent and if to the Owner addressed to his Unit. The Association or the Board may designate a different address or addresses for notices to them respectively from time to time by giving written notice of such change of address to all Owners. Any Owner may also designate a different address or addresses for notices to him by giving written notice of his change of address to the Association. Notices addressed as above provided shall be deemed delivered when deposited properly addressed in the United States mail, postage prepaid, by registered or certified mail or when delivered in person.

Upon written request to the Board, any Mortgagee shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners of such Unit at such address as such Mortgagee shall designate in writing from time to time.

27. Severability. If any provision of this Declaration, the Articles or the Bylaws or the rules and regulations, or any section, clause, sentence, phrase or word, or the application thereof in any circumstance is held invalid by a Court of competent jurisdiction, the validity of the remainder of this Declaration, the Articles and Bylaws, or the rules and regulations, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstance, shall not be affected thereby, and the remainder of this Declaration, the Articles or Bylaws, or the rules and regulations, shall remain in full force and effect as if such invalid part were never included therein, and such invalid part shall be promptly amended as herein provided or

reformed by such Court so as to implement the intent thereof to the maximum extent permitted by Iaw.

- 28. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants, interests or rights created by this Declaration would otherwise be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the Unfted States, James Carter, or the Governor of Arizona, Bruce Babbitt.
- 29. Rights and Obligations. Fach Sublessee or other Person acquiring any interest in the Property or any part thereof, or having the contractual right to do so, accepts and shall be deemed to accept the same subject to, and shall comply fully with, all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction. rights and powers created or reserved by, and all other terms and provisions of, this Declaration, the Act, the Articles of Incorporation, By-laws, and rules and regulations of the Association, the Lease and the Sublease. All rights, benefits and privileges of every character herein granted, created, reserved or declared, and all impositions and obligations herein imposed, shall be deemed and taken to be covenants running with the land and equitable servitudes and shall be binding upon and shall inure to the benefit of any such Sublessee or other Person having at any time any interest or estate in any portion of the Property, including any Mortgagee, in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every Sublease or other instrument of assignment or transfer, and each such Person shall be entitled to bring, and shall be subject to an action for the recovery of

damages, or for injunctive relief, or both, as hereinabove provided, resulting from any breach of any such provisions.

- Sublessee or other Person who acquires any interest or estate in all or any part of the Property, other than Declarant, agrees and shall agree by virtue of and upon the acquisition of such interest or estate that said acquiring person shall not look to Declarant but shall look only to the other property Owners or other persons hereafter acquiring an interest or estate in said Property for any performance or enforcement of or relief from any violation of any of the terms of this Declaration, the Articles, By-laws and rules and regulations of the Association, the Lease or the Sublease or any of the covenants, conditions and restrictions contained herein or therein.
- Utility Easements. Notwithstanding any other provisions hereof, there is hereby created a blanket easement upon, across, over and under the Parcel and Common Elements for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including without limitation water, sewer, gas, telephone, electricity, television cable and communication lines and systems. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on the Property and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of the Buildings; provided, that no such utility and service line or system may be installed or relocated on said Property except as initially programmed and approved by Declarant or as thereafter approved by Declarant or by the Board of Directors of

the Association. This easement shall in no way affect any other recorded easements on the Property.

- 32. <u>First Mortgagee Protections</u>. Unless all First Mortgagees of any Units have given their prior written approval, the Association shall not be entitled to:
  - a. Change the pro rata interest or obligations of any Unit for the purpose of levying assessments and charges and determining shares of the Common Elements and proceeds to be distributed among the Owners;
  - b. Partition or subdivide any Unit or the Common Elements; or
  - c. By act or omission seek to rescind or terminate the declaration of horizontal property regime contained herein, except as provided by law in the case of substantial loss to the Units and Common Flements or of a taking by condemnation or eminent domain; or
  - d. Terminate professional management and assume self-management of the Association.

Any First Mortgagee shall be entitled to written notification from the Association of any default by the Mortgagor of such Unit in the performance of any of such Mortgagor's obligations under this Declaration which is not cured within thirty (30) days. All First Mortgagees shall be entitled to written notification by the Association upon the commencement of any condemnation proceedings against all or any part of the Property or of substantial damage to or destruction of any part of the Property. Upon written request, all First Mortgagees shall have the right (i) to examine all books and records of the Association during normal business hours; (ii) to receive annual reports of the Association as soon as available and in any event within ninety (90) days following the end of any fiscal year of the Association; and (iii) to

receive written notice of all meetings of the Unit Owners and to designate a representative to attend all such meetings.

- 33. <u>Waiver</u>. Any right or remedy provided for in this Declaration shall not be deemed to have been waived by any act or omission, including without limitation any acceptance of payment or partial performance or any forebearance, except by an instrument in writing specifying such right or remedy and executed by the person against whom enforcement of such waiver is sought.
- 34. Subordination to Subleasehold Mortgages. Without limiting any other provision of law, the Lease or the Sublease relating to subordination, and subject in all respect to the terms and conditions hereinafter provided, each Sublessee is hereby granted the right and power, which power is coupled with an interest and shall be irrevocable, to make and grant Mortgages on the Unit or Units held by such Sublessee of both the Subleasehold estate and fee title to such Units, and the fee interest in the parcel is hereby declared to be junior and subordinated to any such qualifying Subleasehold Mortgage. The fee interest shall not be subordinated to any such Subleasehold Mortgage unless all of the following conditions are satisfied at the time such Mortgage is to be recorded:
  - (a) Such Mortgage expressly provides that it is intended to encumber the fee interest as well as the Subleasehold estate in such Unit;
  - (b) Such Mortgage is granted to secure indebtedness to an institutional lender and is the first and most prior Mortgage of the Unit or Units subject thereto;
  - (c) Such Mortgage expressly provides that foreclosure may not be commenced against the fee interest in the Unit unless and until at least thirty (30) days

prior written notice of default following the expiration of any notice and grace period to which the Mortgagor is entitled has been given to the owner of record of the fee interest in such Unit, specifying such default, and such fee owner shall have failed prior to the end of such thirty (30) day period to cure the same; and

(d) Such Mortgage shall have been placed of record on or before January 1, 2050.

In the event that any Mortgagee or any purchaser at a Mortgage foreclosure sale succeeds to the fee title to any Unit in such a manner as to extinguish the Sublease of such Unit, the Association shall, so long as the Lease remains in effect, levy a special assessment on such Unit equal to the amount of, and payable at the same times as, Rentals which such Unit would have paid hereunder. Such assessment shall be secured by the lien provided for in paragraph 6, and in the event of non-payment the Association shall have all of the remedies referred to in paragraph 6.

In the event that any Mortgagee or any purchaser at a Mortgage foreclosure sale succeeds to the fee title to any Unit, in such a manner as to extinguish the Sublease of such Unit, the owner of such fee title (excluding any person holding title as security for an obligation), and its successors, shall be deemed to be the Owner of such Unit for all purposes and shall be entitled to the benefit of all the rights, privileges and powers and subject to all of the duties and liabilities of an Owner as herein provided, and in such event the undivided interest in the Common Flements appurtenant to such Unit shall be an equal undivided percentage interest in the fee title to the Common Elements.

35. <u>Captions</u>. Captions used in this Declaration are for convenience of reference only and shall not affect the

construction of any of the terms and provisions hereof.

IN WITNESS WHEREOF, TOWN AND COUNTRY CONDOMINIUMS,

INC., an Arizona corporation, has executed this instrument
by its duly authorized officers, this the day of famous.

1980.

TOWN AND COUNTRY CONDOMINIUMS, INC., an Arizona corporation

Its Messers

STATE OF ARIZONA )
County of Maricopa )

on this, the day of farman, 1980, before me, the undersigned Notary Public, personally appeared Actual Acander, known to me to be the Gusidest of Town AND COUNTRY CONDOMINIUMS, INC., an Arizona corporation, whose name is subscribed to the within instrument and acknowledged that he executed the same in such capacity for the purposes therein contained.

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

Coralie a. B. radslaw Public

My Commission Expires:

3-9-81

That part of the North half of the Southeast quarter of the Northeast quarter of Section 22, Township 2 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at a point on the South line of the North half of the Southeast quarter of the Mortheast quarter of said Section 22, from which the Southwest corner of the North half of the Southeast guarter of the Northeast quarter of said Section 22 bears North 88 degrees 30 minutes 30 seconds West, a distance of 25.00 feet; run thence South 88 degrees 30 minutes 30 seconds East along the South line of the North half of the Southeast quarter of the Northeast quarter of said Section 22, a distance of 282.02 feet; thence North 2 degrees 07 minutes 00 seconds East, parallel to the West line of the Southeast quarter of the Northeast quarter of said Section 22, a distance of 101.65 feet; thence North 87 degrees 53 minutes 00 seconds West, a distance of 116.00 feet; thence North 2 degrees 07 minutes 00 seconds East, a distance of 109.17 feet; thence South 87 degrees 53 minutes 00 seconds East, a distance of 100.00 feet; thence South 2 degrees 07 minutes 00 seconds West, a distance of 20.00 feet; thence South 87 degrees 53 minutes 00 seconds East, a distance of 72.00 feet; thence North 2 degrees 07 minutes 00 seconds East, a distance of 79.83 feet; thence South 87 degrees 53 minutes 00 seconds East, a distance of 33.67 feet; thence North 2 degrees 07 minutes 00 seconds East, a distance of 91.38 feet; thence South 88 degrees 31 minutes 00 seconds East, parallel to the North line of the Southeast quarter of the Northeast quarter of said Section 22, a distance of 155.14 feet; thence North 1 degree 29 minutes 00 seconds East, a distance of 299.00 feet to a point on the North line of the Southeast quarter of the Bortheast quarter of said Section 22; thence North 88 degrees 31 minutes 00 seconds West, along the North line of the Southeast quarter of the Northeast quarter of said Section 22, a distance of 267.02 feet; thence South 1 degree 29 minutes 00 seconds West, a distance of 174.29 feet; thence North 87 degrees 53 minutes 00 seconds Ecut, a distance of 150.42 feet; thence South 2 degrees 07 minutes 00 seconds West, a distance of 8.00 feet; thence North 87 degrees 53 minutes 00 seconds West, a distance of 108.00 feet; thence South 2 degrees 07 minutes 00 seconds West, parallel and 25.00 feet East of the West line of the Southeast quarter of the Northeast quarter of said Section 22, a

distance of 480.57 feet to the point of beginning.

EXCEPT that portion of the above described parcel located within the following described parcel:

BEGINNING at the intersection of the North line of said Southeast quarter of the Northeast quarter with the West line of the East 40 feet thereof:

thence Southerly along said West line to the South line of the North 55 feet of said Southeast quarter of the Northeast quarter;

thence Northwesterly to the intersection of the West line of the East 55 feet of said Southeast quarter of the Northeast quarter with the South line of the North 40 feet thereof;

thence Westerly along said South line to the East line of the West 43 feet of said Southeast guarter of the Northeast guarter;

thence Southwesterly to the intersection of the South line of the North 50 feet of said Southeast quarter of the Northeast quarter with the East line of the West 33 feet thereof;

thence Southerly to the intersection of the South line of the North 243 feet of said Southeast quarter of the Northeast quarter with the East line of the West 25 feet thereof;

thence Northerly along said East line to the Korth line of said Southeast quarter of the Northeast quarter; thence Easterly along said North line to the point of beginning; and

EXCEPT that portion of the above described parcel located within the following described parcel:

The West 25 feet of the North half of the Southeast quarter of the Northeast quarter of Section 22, Township 2 North, Range 3 East of the Gila and Salt River Base and Meridian.

Also described as TOWN AND COUNTRY BILTMORE TOWNHOMES according to plat recorded at Book  $\frac{2}{9}$  of Maps, page  $\frac{40}{9}$ , records of Maricopa County, Arizona.

## TOWN AND COUNTRY BILTMORE TOWNHOMES

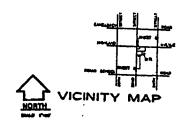
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MARICOPA COUNTY, ARZONA

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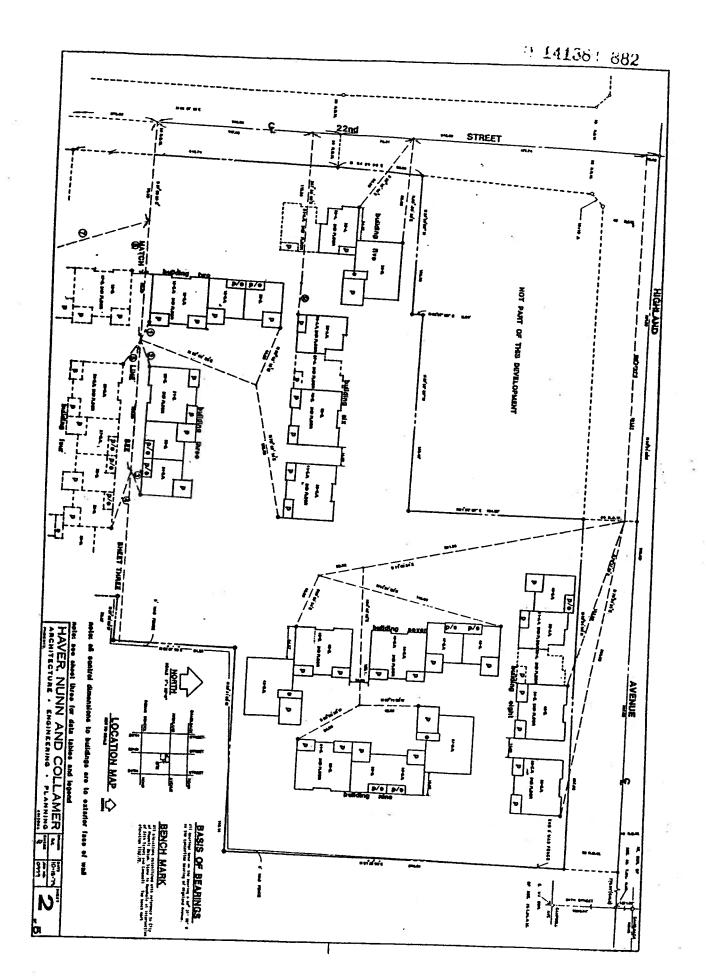
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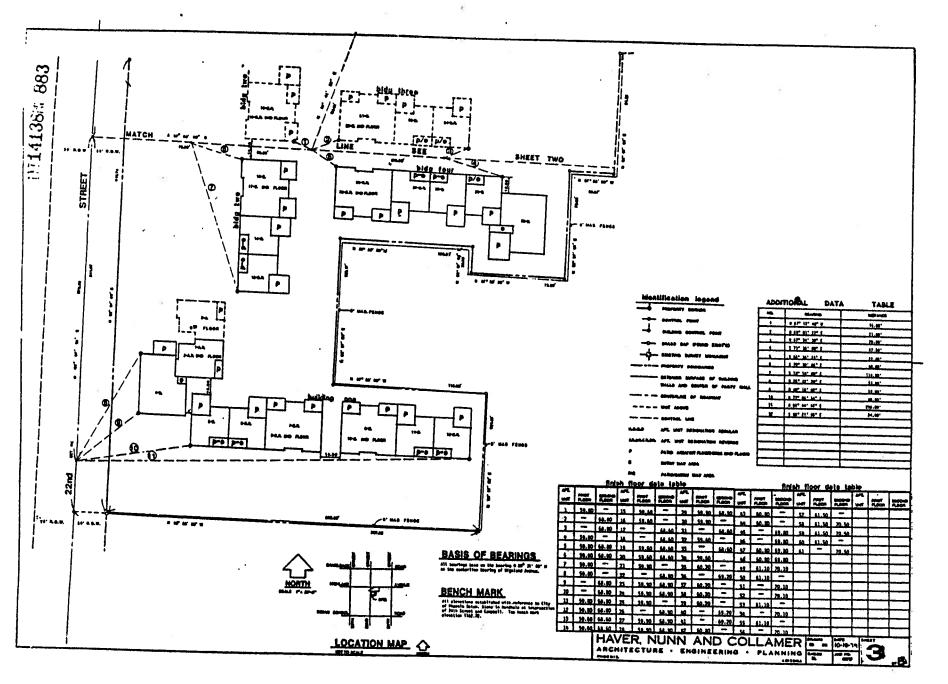
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## ENGINEER'S CERTIFICATE

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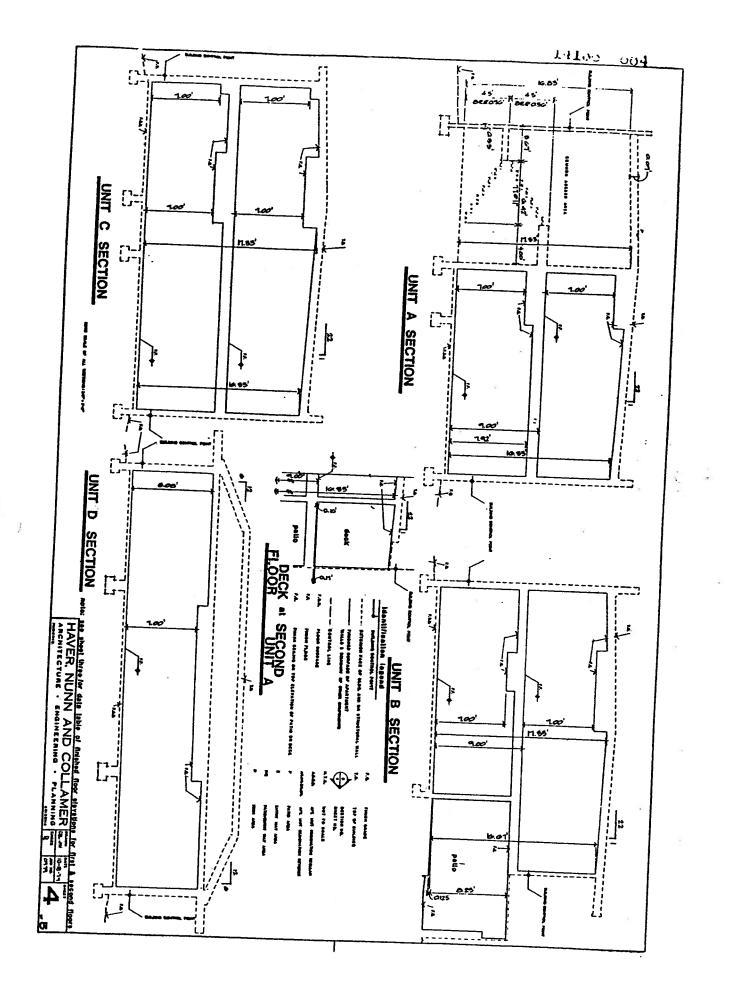


EXHIBIT E

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