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Delano Place, LLC
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DECLARATION
FOR
DELANO PLACE CONDOMINIUMS: A CONDOMINIUM

**DECLARATION
FOR
DELANO PLACE CONDOMINIUMS:
A CONDOMINIUM**

Delano Place, LLC, an Arizona Limited Liability Company, referred to in this Declaration as “Declarant,” is the owner of the real property hereinafter described, and does hereby make this Declaration to submit the property as a condominium pursuant to the Arizona Condominium Act (A.R.S. §33-1201 *et seq.*).

**SECTION ONE
DEFINITIONS**

As used in this Declaration unless the context requires otherwise:

1.1 The “Act” means the Arizona Condominium Act (A.R.S. §33-1201 *et seq.*), as amended from time to time.

1.2 “Articles” means the Articles of Incorporation of the Owners Association, as amended from time to time.

1.3 “Allocated Interests” means the allocation of the percentage of Common Element Expense Liability, the allocation of the interest in Common Elements, and the allocation of proportionate liability for special assessment liability for each of the Units in the Condominium.

1.4 “Assessment” means all sums taxable or chargeable by the Owners Association against a Unit of the Condominium, including, without limitation to: (a) general and special Assessments for Common Element Expenses, charges or fines; (b) interest and late charges accrued on any delinquent account; and (c) costs of collection, including any reasonable attorneys’ fees, incurred by the Owners Association or agent thereof in connection with the collection of a delinquent Unit Owner’s account.

1.5 “Delano Place Condominiums” or “Delano Place” means the condominium which is the subject of this Declaration.

1.6 “Board of Directors” and “Board” means the persons elected by the Association, who shall manage and administer the property in accordance with the Bylaws of the Association, this Declaration and the Act.

1.7 “Building” means the building containing the Units comprising a part of the property.

1.8 “Bylaws” means the Bylaws of the Association as initially promulgated by the Declarant as so named in this Declaration, and as amended from time to time by the Association.

1.9 “Common Elements” and “Common Areas” means all portions of the Condominium property other than Units or that property allocated to Units herein or that property described in Section 8 or otherwise provided in this Declaration as duly recorded or as it may be lawfully amended.

1.10 “Common Expenses” means and shall include, for purposes of this provision: (a) All sums lawfully assessed against an Unit Owner or Owners by the Association; (b) Expenses of administration, maintenance, repair, or replacement of the Common Elements; (c) Expenses agreed upon as Common Expenses by the Association; (d) Expenses declared to be Common Expenses by the provisions of the Act, or by this Declaration, as duly recorded, or by the Bylaws, as they may be lawfully amended.

1.11 “Common Expense Liability” means the liability for Common Expenses allocated to each Unit as determined and set forth in this Declaration.

1.12 “Common Profits” means the balance of all income, rents, profits and revenues from the Common Elements remaining after the payment of all Common Expenses.

1.13 “Condominium” means the Property, together with all buildings and other Improvements located thereon.

1.14 “Condominium Documents” means the documents creating and governing this Condominium, including this Declaration, the Articles, the Bylaws, the Survey Plat, and the Rules and Regulations as may be adopted from time to time.

1.15 “Condominium Unit” or “Unit” means the parts of the property intended for residential use and occupancy, as further described in Sections 6 and 7 and Appendix “B” of this Declaration. The boundaries of a Unit are the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors thereof, and the Unit includes both the portions of the building so described and the airspace so encompassed. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces of the walls, floor and ceiling shall be a part of the Unit, and all other portions of the walls, floor, and ceiling shall be part of the Common Elements. The existing physical boundaries of each Unit as originally constructed or as reconstructed in substantial accordance with the original plans thereof shall conclusively be presumed to be the boundaries of each Unit rather than the metes and bounds expressed or depicted in this Declaration, in any Deed, Plat, regardless of settling or lateral movement of any of the buildings so described and regardless of any minor variance between boundaries shown in the Declaration, Deed, Plat and those of the Units in each of the buildings as actually constructed.

1.16 “Condominium Unit Number” or “Unit Number” means the number, letter or combination thereof, designating the Unit in this Declaration, as it is duly recorded or as it may be lawfully amended.

1.17 “Condominium Unit Owner”, “Unit Owner” or “Owner” means the person or persons owning a Unit, as herein defined, in fee simple absolute or qualified, as purchaser under

a real estate contract, by way of leasehold (unless the lessor shall have reserved the rights of the Unit Owner) or by way of periodic estate, or in any other manner in which real property may be owned, leased or possessed in the State of Arizona, together with an undivided interest in a like estate of the Common Elements in the percentage specified and established in Section 10 or otherwise provided in this Declaration as duly recorded or as it may be lawfully amended.

1.18 “Declarant” means Delano Place, LLC, an Arizona Limited Liability Company.

1.19 “Declarant Control” means the right of the Declarant or persons designated by the Declarant to appoint or remove officers and members of the Board of Directors pursuant to Section 32.

1.20 “Declaration” means this instrument by which the property is submitted to the provisions of the Act and as it may be, from time to time, lawfully amended.

1.21 “Development Rights” means the right to do, including but not limited to, any of the following, on the Property as provided for by A.R.S. §33-1201 *et seq.* and this Declaration:

- (a) Add real estate to the Condominium;
- (b) Withdraw real estate from the Condominium;
- (c) Subdivide Units, convert Units into Common Elements (including Limited Common Elements), or convert Common Elements into Units;
- (d) Create easements, Units, Common Elements or Limited Common Elements;
- (e) Make the Condominium part of a larger condominium or planned community;
- (f) Amend the Declaration during the Declarant Control Period to comply with the Act or any other applicable law or to correct any error or inconsistency in the Declaration provided that any such amendment does not affect the rights of any Unit Owner other than the Declarant;
- (g) Amend the Declaration during the Declarant Control Period to comply with the rules and/or guidelines, in effect from time to time, of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments, including, without limitation, the Federal National Mortgage Association or the Veterans Administration.

1.22 “Improvement” or “Improvements” means any physical structure, fixture, or facility existing or constructed, placed, erected, or installed on the Land including the Condominium, including, but not limited to, buildings, private drives, paving, fences, walls, sculptures, signs, hedges, plant beds, plants, trees, and shrubs of every type and kind.

1.23 “Land” means the material of the earth, whatever may be the ingredients of which it is composed, whether soil, rock, or other substances, and includes free or occupied space for an indefinite distance upwards as well as downwards, subject to limitations upon the use of airspace imposed and the rights to use such airspace as granted by the laws of the United States of America or the State of Arizona.

1.24 "Lessee" means any Person who is the tenant or lessee under a written lease of a Unit.

1.25 "Limited Common Elements" and "Limited Common Areas" means a portion of the Property as described in Section 9 or otherwise provided in this Declaration as duly recorded or as it may be lawfully amended, as are reserved for the use of certain Units or a single Unit to the exclusion of the other Units.

1.26 "Majority" or "Majority of Unit Owners" means the Unit Owners with fifty-one percent (51%) or more of the votes in accordance with the percentages assigned in this Declaration as duly recorded or as it may be lawfully amended, to each of the Units for voting purposes.

1.27 "Member" means any Person who is or becomes a member of the Owners Association.

1.28 "Mortgage" means a mortgage, deed of trust, or real estate contract covering a Unit or other portion of the Property.

1.29 "Mortgagee" means an institutional lender (i.e., a commercial bank, savings bank, savings and loan association, insurance company, FHA-approved mortgage lender, Massachusetts, Florida or similarly constituted business trust), which is the holder of a mortgage or the beneficiary of a deed of trust covering an Unit or other portion of the property, and shall also mean the vendor under a real estate contract covering an Unit.

1.30 "Owners Association" and "Association" means all of the Unit Owners acting as a group in accordance with the Bylaws thereof and with this Declaration as duly recorded or as they may be lawfully amended.

1.31 "Person" means and shall include any individual, corporation, partnership, association, trustee, or other legal entity. The singular name shall include the plural, and the masculine may include the feminine, or vice versa, where the context so admits and requires.

1.32 "Plat" means the condominium plat for Delano Place Condominiums filed or to be filed simultaneously with this Declaration and recorded in the records of Maricopa County, Arizona, showing the location, boundaries, and other information relating to the land, the buildings and the Units, as required by the Act, including any amendments, supplements, or corrections as may occur from time to time.

1.33 "Property" or "Properties" mean the Land, the Buildings, all Improvements and structures thereon, all owned in fee simple absolute or qualified by way of leasehold or by way of a periodic estate, or in any other manner in which real property may be owned, leased or possessed in the State of Arizona, together with all easements, rights and appurtenances belonging thereto, none of which shall be considered as a security or security interest, and all

articles of personal property intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the Act.

1.34 "Recording" means placing an instrument of public record in the office of the County Recorder of Maricopa County, Arizona.

1.35 "Residential Unit" means any Unit restricted to residential use as set forth in Section 11 and depicted in the Plat.

1.36 "Special Declarant Rights" means rights reserved by or for the benefit of the Declarant as permitted by the Act and this Declaration, including, but not limited to, the following:

- (a) Constructing Improvements provided for in this Declaration or shown on the Plat;
- (b) Maintaining sales offices, management offices, models, and signs advertising the Condominium;
- (c) Exercising any Development Right set forth herein or permitted by the Act;
- (d) Using easements through Common Elements for the purpose of making Improvements within the Condominium or within the Property added; and
- (e) Appointing or removing any officer of the Owners' Association or any member of the Board of Directors during the Declarant Control Period.

1.37 "Subsequent Purchaser" means any purchaser of a Unit or any other portion of condominium Property subsequent to the date of the recordation of this Declaration.

SECTION TWO

CONSTRUCTION AND VALIDITY OF DECLARATION

The Declaration and the Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of the Declaration and the Act, the Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, the Declaration shall prevail except to the extent the Declaration is inconsistent with the Act. The creation of the Condominium shall not be impaired and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration or the Plat or any amendment thereto to comply with the Act.

SECTION THREE

INTENT AND INTERPRETATION

(a) Liberal Construed. The contents of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the Act and other applicable provisions of Arizona law. Insofar as it affects this Declaration and the Condominium hereby created, the provisions of the Act under which this

Declaration is operative and other applicable law(s), shall be liberally construed to effectuate the intent and purpose of this Declaration.

(b) Consistent with the Act. The terms used herein are intended to have the same meaning given in the Act unless: (1) an alternative meaning is specifically provided for; (2) the context clearly requires otherwise; (3) or to so define the terms would produce an illegal or improper result.

(c) Submission to the Act. Declarant, as set forth herein, being the sole Owner of the Property, makes this Declaration for the purpose of submitting the Property to the condominium form of ownership and use and to the Act. Declarant, hereby declares that the Property is and shall be held, used, conveyed, encumbered, leased, occupied, rented, and improved subject to any covenants, conditions, restrictions, reservations, easements, and other provisions contained in this Declaration (including any subsequent Amendment hereto); all of which are declared and agreed to be in furtherance of the subdivision of the Property into Condominium Units, Common Elements, Limited Common Elements, and shall be deemed to be appurtenant to the land and shall be to the benefit and burden of the Declarant, its successors and assigns, and all other Persons who hereafter own or acquire an interest in the Property or any part thereof, and their grantees, lessees, successors, heirs, executors, administrators, and assigns.

(d) Captions. Captions given to the various sections throughout this Declaration are for the purpose of convenience only and are not intended to modify or otherwise affect the meaning any substantive portion or provision of this Declaration.

(e) Exhibits and Attachments. Any and all Exhibits and/or Attachments referenced herein shall be deemed to be incorporated herein by this reference.

SECTION FOUR NAME OF CONDOMINIUM

The name of the Condominium created by this Declaration and the Plat is Delano Place Condominiums.

SECTION FIVE DESCRIPTION OF LAND

The Land on which the Buildings and Improvements are or are to be located is described in "Appendix A" attached hereto.

SECTION SIX DESCRIPTION OF BUILDING AND IMPROVEMENTS

There are two (2), two (2) story buildings located on the land as described in "Appendix A" attached hereto. The buildings are wood frame with concrete foundations and stucco exteriors. The roofs consist of built-up roof construction with asphalt rolled sheathing over a hot tarred and mopped surface.

SECTION SEVEN
DESCRIPTION OF UNITS

(a) The number of each Unit, its location, approximate area as designated in square footage of interior floor space, and designation of floor plan is set forth in "Appendix B" attached hereto. "Appendix B" sets forth the following data for each Unit:

- (i) The approximate area (in square feet) of the Unit;
- (ii) The number of bathrooms, whole or partial, of the Unit;
- (iii) The number of rooms designated primarily for bedroom use; and
- (iv) The level (by elevation) upon which each Unit is located within the Condominium.

The location and configuration of each Unit are depicted in the Plat.

(b) The boundaries of each Unit are the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors thereof, and the Unit includes both the portions of the building so described and the airspace so encompassed. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces of the walls, floor and ceiling shall be a part of the Unit, and all other portions of the walls, floor, and ceiling shall be part of the Common Elements.

(c) All spaces, interior partitions and other fixtures and improvements (including, but not limited to, chutes, flues, wires, conduits, heating and air conditioning units, hot water heaters and gas, cable television, water and electric pipes, lines, or meters) within the boundaries of a Unit and which serve only that particular Unit shall constitute part of the Unit, and any such fixtures or improvements located within the boundaries of a Unit but which serve more than one Unit, unless specifically designated as a Limited Common Element, shall constitute part of the Common Elements.

(d) In the event of any inconsistency or conflict between the provisions of this Section and the Plat in regard to the description of the boundaries of the Unit, this Section and Section 1.15 shall control.

(e) The Declarant hereby reserves the right to relocate the boundaries between adjoining Units owned by the Declarant and to reallocate any such Unit's Common Element Interest, votes in the Association, and Common Expense Liabilities subject to and in accordance with the provisions of this Declaration and A.R.S. §33-1222.

SECTION EIGHT
DESCRIPTION OF COMMON ELEMENTS

The Common Elements consist of the following:

- (a) The land upon which the buildings are located, as described in Section 5 of this Declaration and "Appendix A" attached hereto;
- (b) All portions of the Condominium other than the Units and the Limited Common Elements, including but not limited to, the pool and the spa as depicted in the Plat;
- (c) Services and utilities to the Condominium and Units, such as water and sewage pipes, conduits and wires, and all sources of power and lights, wherever they are located, whether in partitions or otherwise, and in general all apparatus and installations existing on the land for the common good. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, shear wall, bearing column, or any other fixture which lies partially within and partially outside the designed boundaries of a Unit which serves more than one Unit or any portion of a Common Element. However, the walls between Units owned by the same Unit Owner shall not be considered Common Elements, provided such wall is not a load bearing wall and is not integral to the structural integrity of the building.
- (d) The walkways, including designated elevators, and driveways as depicted in the Plat and described in this Declaration that are not designated for the exclusive use of a particular Unit, and that are to be utilized for guest parking or other general purposes of the Condominium, and including all asphalted areas used for vehicular traffic.
- (e) All parking stalls and structures situated thereon shall constitute Common Elements for maintenance and assessment purposes as set forth in Section 9(f).

Each and every Unit Owner shall have the right to use the Common Elements in common with all other Unit Owners and a right of access from the Owner's Unit across the Common Elements to the public streets for ingress and egress thereto. The right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to file suit regarding the Common Elements shall be governed by the provisions of the Act, this Declaration, the Bylaws, and the Rules and Regulations as set forth and adopted by the Owners Association.

SECTION NINE
DESCRIPTION OF LIMITED COMMON ELEMENTS

- (a) Description. A portion of the Common Elements is reserved for the use of designated Units to the exclusion of other Units. These areas and facilities are referred to in this Declaration as "Limited Common Elements," and shall be described as such on the Plat recorded herewith. The Owner of the Unit to which a Limited Common Element is allocated shall have the right to the exclusive or shared use, as applicable, of the Limited Common Element, which right shall extend to the Owner's tenants, family members, and guests.

(b) The following portions of the Common Elements shall constitute Limited Common Elements and shall be allocated for the exclusive use of one Unit as follows:

- (i) Any chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column, or other fixtures (including, but not limited to, heating and air conditioning units and related equipment and gas, cable television, water and electric pipes, lines, or meters), located outside the boundaries of a Unit, which serve only one Unit shall constitute a Limited Common Element allocated solely to that Unit so served;
- (ii) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column or other fixtures (including, but not limited to, hot water heaters, heating and air conditioning units and related equipment and gas, cable television, water and electric pipes, liens, or meters) lies partially within and partially outside the designated boundaries of a Unit, the portion outside of the boundaries of the Unit which serve only the particular Unit shall constitute a Limited Common Element allocated solely to the particular Unit, the use of which shall be limited to that particular Unit;
- (iii) Any shutters, awnings, window boxes, doorsteps, stoops, porches, and exterior doors and windows or other fixtures designed to serve a single Unit, located outside the boundaries of the Unit, shall constitute Limited Common Elements allocated solely to the particular Unit so served; and
- (iv) Each Unit is allocated the respective entry and private patio and/or balcony (including, but not limited to, any storage closet or space associated) adjoining the Unit as depicted in the Plat and such allocation shall be considered a Limited Common Element of the respective Unit.

(c) A Limited Common Element may be reallocated by an amendment to this Declaration made in accordance with the provisions of A.R.S. §33-1218(B) and this Declaration.

(d) The Board of Directors shall have the right, without a vote of the Members, to allocate as a Limited Common Element any portion of the Common Elements not previously allocated as a Limited Common Element. Any such allocation by the Board of Directors shall be made by an amendment to this Declaration and an amendment to the Plat if required by the Act.

(e) The Declarant shall have the right to allocate as a Limited Common Element any parking spaces which are part of the Common Elements and which have not previously been allocated as a Limited Common Element. Any such allocation shall be made by an Amendment to this Declaration executed by the Declarant.

(f) Parking. As depicted on the Plat recorded herewith, the Condominium currently contains thirty-eight (38) total parking stalls on the Property of the Condominium. Thirty-two (32) of the parking stalls are covered.

Parking stalls shall be designated and set aside for the restricted use of designated Units as specified on Appendix "B" of the Declaration. Parking designations will be indicated in Appendix "B" and recorded prior to the transfer of power to the Association referenced in Section 32 of this Declaration. Any and all parking stalls purchased by, or otherwise allocated to, a particular Unit shall be done so for the purposes of restricted use only and shall constitute a Limited Common Element of that particular Unit for the purpose of restricted use only. Any and all parking stalls purchased by, or otherwise allocated to, a particular Unit shall be treated as a Common Element for maintenance purposes subject of and to Common Expense Liability and Common Expense Assessments as set forth in this Declaration. Appendix "B" shall contain and indicate the Unit to which any parking stall has been assigned. Appendix "B" shall be kept and maintained in written form at the Declarant's onsite management office, and, thereafter, shall be kept and maintained by the Owners Association.

For purposes of the asphalted areas and any Improvements situated on or about the parking stalls, the parking stalls and such Improvements shall constitute a Common Element.

The parking stall assignments may only be amended by an amendment to Appendix "B" of which the Declarant's approval of amendment is evidence by the Declarant's signature. Any and all remaining parking stalls (i.e. those not allocated by the Declarant) will remain subject to the Declarant's Development Rights. As such, the Declarant reserves the right to lease, convey, encumber, or otherwise utilize the parking stalls in its sole and absolute discretion.

An Owner of a Unit may rent or lease a parking stall that has been allocated for the restricted use of that Unit to the occupant of another Unit in the Condominium or to a third-party, but any such rental agreement shall be subject to termination upon five (5) days notice by the Owners Association if the rental agreement, or either party to the agreement, violates any of the rules and regulations of the Owners Association.

(g) Storage. As depicted on the Plat recorded herewith, each Unit contains storage space.

Any and all storage units purchased by, or otherwise allocated to, a particular Unit shall become a Limited Common Element of that particular Unit.

Any and all remaining storage units (i.e. those not conveyed by the Declarant) will remain subject to the Declarant's Development Rights. As such, the Declarant reserves the right to lease, convey, encumber, or otherwise utilize the storage units in its sole and absolute discretion.

An Owner of a Unit may rent a storage unit that is a Limited Common Element of that Unit to the occupant of another Unit in the Condominium, but any such rental agreement shall be subject to termination upon fifteen (15) days notice by the Owners Association if the rental agreement violates any of the rules and regulations of the Owners Association.

SECTION TEN
ALLOCATION OF COMMON ELEMENT INTEREST,
COMMON ELEMENT EXPENSE LIABILITY, AND VOTES

(a) For purposes of this Section, "Livable Area" shall mean the square footage calculated for each Unit as set forth by Unit type in the Plat. Each Unit's percentage interest in Common Elements and Common Element Expense Liability shall be allocated based upon the ratio of the square footage of the "Livable Area" of each Unit to the total combined square

footage of "Livable Area" of all Units. Appendix "B" sets forth each Unit's percentage interest in Common Elements and Common Element Expense Liability as established by this Declaration and may be amended only by amendment to this Declaration in accordance with the provisions of this Declaration. The total combined Common Expense Liability for all Units of the Condominium shall be one-hundred percent (100%). If for any reason, including but not limited to, typographical error, mathematical approximation, etc. the total Common Expense Liability does not equal one-hundred percent (100%); the remaining percentage of Common Expense Liability required to total one-hundred percent (100%) shall be equally allocated pro rata to all Units.

(b) Each Unit Owner, including the Declarant, shall be a member of the Association and shall be entitled to one (1) membership and one (1) vote for each Unit owned. The Unit Owner's membership(s) shall be considered appurtenant to that member's Unit(s).

SECTION ELEVEN
USES, PURPOSES, COVENANTS,
CONDITIONS AND RESTRICTIONS

(a) The individual Units shall be used for single-family residential purposes only, on an ownership, rental or lease basis, and for social, recreational or other reasonable uses normally incident to such uses, including use as a home office that does not involve regular visits by customers or clients, except for those units owned by the Declarant. The buildings and Units may also be used by the Association for the purposes of operating and managing the Condominium and for such additional uses and purposes as are from time to time determined to be appropriate by the Board of Directors.

(b) An Owner of any Unit may lease or rent his or her Unit for any residential purpose (except hotel or transient purposes) at any time subject to the provisions of this Declaration. Each lease or rental agreement shall be in writing and by its terms shall provide that the terms of the lease or rental agreement are subject in all respects to the provisions of this Declaration and the Bylaws of the Association, and all rules and regulations promulgated thereunder. The Association shall not consent to any lease, rental agreement or sublease, the effect of which will result in non-compliance with this Section.

(c) Parking spaces are restricted to use for parking of operative automobiles; other items and equipment may be parked or kept therein only subject to the rules and regulations of the Association. The Board of Directors may require the removal of any inoperative or unsightly vehicle, and any other equipment or item improperly stored in parking spaces. If the same is not removed after proper notice, the Board may cause removal at the risk and expense of the owner(s) thereof. The use of all parking spaces and parking areas are subject to the provisions of Section 9, and may be subject to rules and regulations promulgated by the Association.

(d) Each Unit Owner shall, at his or her sole expense, have the right and duty to keep the interior and exterior of his or her Unit and its equipment, appliances and appurtenances in good order, condition and repair, and shall do all things, including redecorating and repainting, at any time necessary to maintain the good appearance and condition of his or her Unit. Each Unit

Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances that may be in or connected with his or her Unit. In addition, each Unit Owner shall maintain his or her parking space. This Paragraph is intended to authorize each Unit Owner to make reasonable repairs, alterations and substitutions, and to decorate and redecorate his or her Unit within reasonably accepted standards of taste, but shall not be construed to permit interference with or damage to the structural integrity of the buildings, or interference with the use and enjoyment of the Common Elements, or of the other Units. In addition, no Unit Owner shall make such repairs, alterations, substitutions, decorations or redecoration of his or her Unit in such ways as to negatively affect the condominium community or negatively affect the overall value of the condominium community.

(e) Without limiting the generality of Paragraph (d) of this Section, each Unit Owner shall have the right and duty, at his or her sole expense, to maintain, repair, paint, wallpaper, panel, plaster, tile, and finish the interior surfaces of the ceilings, floors, window frames, doors and door frames, trim, and the perimeter walls of his or her Unit, and the surfaces of the bearing walls located within his or her Unit, and shall not permit or commit waste of his or her Unit or the Common Elements. Subject to the limitations set forth in this Declaration or as may be adopted from time to time by the Association, each Unit Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls. However, such new finished surfaces shall not be installed without the prior written approval of the Board of Directors. The Board of Directors shall not unreasonably refuse such approval provided the materials to be installed do not significantly deviate from the standard and character of materials of the community such that the overall value of the Condominium will be negatively impacted. Each Unit Owner shall have the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors and walls. This Paragraph is intended to authorize each Unit Owner to make reasonable repairs, alterations and substitutions, and to decorate and redecorate his or her Unit within reasonably accepted standards of taste, but shall not be construed to permit interference with or damage to the structural integrity of the buildings, or interference with the use and enjoyment of the Common Elements, or of the other Units. In addition, no Unit Owner shall make such repairs, alterations, substitutions, decorations or redecoration of his or her Unit in such ways as to negatively affect the condominium community or negatively affect the overall value of the condominium community.

(f) Notwithstanding anything to the contrary set forth in this Declaration, Unit Owners shall be responsible for the care and maintenance of the Limited Common Elements reserved for the use of their Unit. Unit Owners may not, however, modify, paint, or otherwise decorate, or in any manner alter their respective Limited Common Elements without prior approval of the Board of Directors.

(g) The use of Residential Units for residential purposes by each Owner shall be subject to the following conditions and restrictions:

(1) Nuisances. No noxious or offensive activities shall be conducted in any Unit nor shall anything be done that may be of or may become an annoyance or nuisance to any other Owner, his lessees, visitors and guests.

(2) Signs. No sign of any kind shall be displayed to the public view on any exterior wall or from any window of any Unit except, that each Unit Owner, upon obtaining the express written consent of the Board of Directors, shall be authorized to display one professional sign of not more than twelve (12) inches by twenty-four (24) inches advertising his or her Unit for sale or rent.

(3) Pets, Livestock and Poultry. No more than two (2) domestic household pets, such as dogs, cats and birds, may be kept in a Unit by a Unit Owner provided the pet does not exceed twenty-five (25) pounds in weight or the Unit Owner obtains express written consent from the Declarant or Owners Association to keep a pet in excess of the weight or number limit. However, the keeping of such household pets shall be subject to such reasonable rules and regulations as the Board of Directors may from time to time adopt. Any Unit Owners keeping a domestic household pet(s) shall obey and observe all applicable City ordinance or other applicable law. In any event, no pet shall be allowed to make an unreasonable amount of noise, cause an odor, or to otherwise become a nuisance. No animals, livestock or poultry of any kind shall be bred or raised on any portion of the Condominium Property or in any Unit.

Any person bringing a domestic household pet, such as a dog, onto the Common Elements of the Condominium shall immediately remove any feces deposited thereon by the dog. Any Unit or Limited Common Element where a domestic household pet is kept or maintained shall at all times be kept in a neat and clean condition. No structure for the care, housing, confinement, or training of any animal or pet shall be maintained on any portion of the Common Elements or in any Unit so as to be visible from the exterior of the Building in which the Unit is located.

Upon the written request of any Unit Owner, the Board of Directors shall determine whether, for purposes of this section, a domestic household pet is a nuisance or is otherwise making an unreasonable amount of noise or causing odor. The Board of Directors shall have the right to adopt, amend, and repeal rules and regulations governing the keeping of domestic household pets in the Condominium, and such rules and regulations may include limitations on the height and/or weight of domestic household pets; provided, however, that any rule placing limitations on the height and/or weight of domestic household pets must be approved by the affirmative vote of Members holding a majority of votes (51% or more) cast with respect with such proposed rule at an Owners Association meeting.

(4) Garbage and Refuse. No Unit or Limited Common Element reserved thereto shall be used as a dumping place for trash, rubbish, garbage or other waste. All such materials shall be kept in sanitary containers. The Board of Directors shall have the right to subscribe to a trash service for the use and benefit of the Owners Association and all Unit Owners, and to adopt and promulgate rules and regulations regarding garbage,

trash, trash containers, and collection. The Board of Directors shall have the right to require all Unit Owners to place trash and garbage in containers located in areas designated by the Board of Directors. No incinerators shall be kept or maintained in any Unit.

(5) Antennas. No antenna, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used, or maintained outdoors on any portion of the Condominium whether attached to a Building or structure or otherwise, unless approved in writing by the Board of Directors, unless applicable law prohibits the Board of Directors from requiring approval of certain types of antennas, any such antennas must be installed or constructed in accordance with such rules and regulations.

(6) Utility Service. Except for lines, wires and devices existing on the Condominium as of the date of this Declaration and maintenance and replacement of the same, no lines, wires, or devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon the Condominium unless they are installed and maintained underground or concealed in, under or on Buildings or other structures permitted under this Declaration.

(7) Temporary Structures and Occupancy. No trailer, basement of any incomplete building, tent, shack, garage, storage building, or other structure, nor temporary Improvement of any kind shall be used at any time as a residence either temporarily or permanently. Temporary buildings or structures used during the construction of buildings or structures or approved by the Board of Directors shall be permitted but must be removed promptly upon the completion of construction of the building, structure, or other Improvement.

(8) Outside Clothes Drying Prohibited. Outside clotheslines or other outside facilities for drying or airing clothes are expressly prohibited and shall not be erected, placed or maintained on the Condominium.

(9) Mineral Exploration. No portion of the Condominium shall be used in any manner for the purpose of mineral exploration, including, but not limited to, exploring for or to remove any water, oil, or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

(10) Disease and Insect. No Unit Owner shall permit any thing or condition to exist upon the premises of the Condominium which could induce, breed, or harbor infectious diseases or noxious plants or insects. Each Unit Owner shall be responsible to perform such pest control activities as may be necessary to prevent insects, rodents, and any other pests from being present in the Unit, including any Limited Common Element allocated to that Unit.

(11) Trucks, Trailers, RVs, and Boats. No truck, mobile home, trailer, travel trailer, tent trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer, or other similar equipment or vehicle may be parked, kept, maintained, constructed, reconstructed or repaired on any part of the Condominium, without the express written consent of the Board of Directors.

(12) Towing. The Board of Directors shall have the right to have any vehicle or equipment parked, kept, maintained, constructed, reconstructed, or repaired in violation of this Declaration towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense so incurred by the Owners Association in connection with the towing of any vehicle or equipment shall be paid to the Owners Association upon demand to the owner of the vehicle or equipment.

(13) Patios and Balconies. No furniture, umbrellas, equipment or other materials shall be kept or stored in plain site from any Common Element area on any patio or balcony allocated to the exclusive use of a Unit without the prior written consent of the Board of Directors. The Board of Directors shall exercise good faith with the goal of maintaining the standard of the condominium community in evaluating any request from a Unit Owner under this section.

(14) Window Coverings. No reflective materials, including, but not limited to, aluminum foil, reflective screens or glass, mirrors or similar items, shall be installed or placed upon the outside or inside of any windows of a Unit without the prior written consent of the Board of Directors.

(15) Business and Commercial Use of Property Prohibited. No trade, craft, business, or manufacturing enterprise, or business or commercial activity of, except as noted in the above Subsection (a) of this Section, shall be conducted or carried out in a Unit, or with the property itself, unless the following conditions are met: (1) the Unit associated with the business or commercial use must serve as the primary residence for that Unit's Owner; (2) no vehicle associated with a business or commercial use shall be parked in the Condominium's parking spaces for more than two (2) days; (3) the existence or operation of the business is not apparent or detectable by sight, sound, or smell from the outside of the Unit; (4) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees, or door-to-door solicitation of Unit Owners; and (5) no goods, equipment, vehicles, and/or materials or supplies used in connection with any trade, service, or business shall be kept, parked, or stored outside of a Unit, or garage for more than two (2) days without being removed.

(h) In order to preserve the exterior appearance of the buildings and the Common and Limited Common Elements, the Board of Directors may adopt rules and regulation to prohibit, require and regulate modification, decoration, addition or other alteration to the buildings, decks, garages or carports, rails, stairways, fences, patio/yard areas or other Common or Limited Common Elements.

(1) Any such rules and regulations adopted by the Board of Directors may govern the painting of the buildings, decks, garages and carports, rails, stairways, fences, patio/yard areas or other Common or Limited Common Elements, and may prescribe the type and color of any such paint or decorative finish.

(2) Any such rules and regulations adopted by the Board of Directors may govern the construction, improvement or alteration of any fence, windows, doors, screens, hedges, awnings, shed, porch, porch covering, or other structure appurtenant to the buildings or located upon or within the common or Limited Common Elements.

(3) Notwithstanding that the construction, modification, decoration, addition or alteration of any of the buildings or appurtenances thereto, or Common or Limited Common Elements shall be subject to rules and regulations adopted from time to time by the Board of Directors, each Unit Owner shall be responsible for the care and maintenance of the Limited Common Elements reserved for the use and enjoyment of his or her Unit.

(i) The Unit Owners will not permit anything to be done or kept in their respective Unit or in the Common or Limited Common Elements that will increase the fire insurance premiums thereon or result in the cancellation of such insurance on any building, Unit(s) or any part of the Common or Limited Common Elements without the written consent of the Board of Directors or pursuant to rules and regulations adopted thereby.

(j) The Association shall maintain, repair, and replace all Common Elements, whether located inside or outside of the Units, except for the Limited Common Elements which the Unit Owners are obligated to maintain, repair, and replace pursuant to Sections 11 (e) and (f) above. The Association shall also maintain, repair, and replace the walls enclosing the patios allocated to the exclusive use of the Units. The cost of all such maintenance, repairs, and replacements shall constitute a Common Expense and shall be charged to the Association accordingly. The Board of Directors shall be the sole judge as to the appropriate maintenance, repair, and replacement of all Common Elements, but all Common Elements shall be maintained in a first class manner and shall remain in compliance with any approved City of Phoenix landscape plan at all times. No Owner, Lessee, Resident or other Person shall construct or install any Improvements on the Common Elements or alter, modify, or remove any Common Elements without the prior written consent of the Board of Directors. No Owner, Lessee, Resident, or other Person shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair, and replacement of the Common Elements.

(k) Each Unit Owner shall be liable to the Association for any damage to the Common Elements or the Improvements, landscaping, or equipment thereon which results for the negligence or willful misconduct of the Unit Owner. The cost to the Association of any such repair, maintenance, or replacement required by such Unit Owner's damage shall be paid by the Unit Owner to the Association no later than fourteen (14) days from the date written demand is made upon the Unit Owner. The Association may enforce any collection of any such amounts in the same manner and to the same extent as provided in this Declaration for collection of Assessments.

(l) If a Unit Owner fails to maintain his or her Unit in good condition and repair or any Limited Common Element which he or she is obligated to maintain under this Declaration

and the required maintenance, repair, or replacement is not performed within fourteen (14) days after written notice has been provided to the Unit Owner by the Association; the Association shall have the right, but not the obligation, to perform the required maintenance, repair or replacement. The cost of any such maintenance, repair, or replacement shall be assessed against the nonperforming Unit Owner as set forth in Section 16 of this Declaration.

(m) The Association may from time to time adopt reasonable rules and regulations or supplementary provisions to the Bylaws recorded herewith as may be necessary or advisable to ensure compliance with or to add to the foregoing covenants, conditions and restrictions, and the Unit Owners shall comply in all respects therewith.

SECTION TWELVE

DEVELOPMENT AND SPECIAL DECLARANT RIGHTS

(a) Development Rights. The Declarant reserves the development right (i) to allocate parking stalls and storage units to Units as Limited Common Elements pursuant to Section 9; (ii) to utilize any and all easement rights specified in this Declaration; (iii) to exercise the right to create additional Units, Common Elements, and/or Limited Common Elements within the Condominium; (iv) to lease, convey, or otherwise encumber any parking stall and/or storage unit not allocated as a Limited Common Element to a specific Unit; (v) to utilize the right and easement on and over the Common Elements to construct any portion of the Common Elements and the Units shown on the Plat and all other Improvements the Declarant may deem necessary and to sue the Common Elements and any Units owned by the Declarant for the construction and/or renovation of the Property, including but not limited to, the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work in the Condominium or property added; (vi) to utilize the right and easement on, over, and under those portions of the Common Elements not located within the Buildings for the purpose of maintaining and correcting drainage of surface, roof, or storm water which expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action deemed necessary; (vii) to utilize the right and easement for access through Units as necessary to complete any renovations, warranty work, or modifications; and (viii) to utilize the right and easement on, over, and through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations and exercising Special Declarant Rights and Development Rights whether arising under the Act or reserved in this Declaration.

The Declarant hereby reserves the right to the exclusive use, without charge, of any portion of any clubhouse or other recreational facilities within the Common Elements, during the Declarant Control Period, for employee meetings, administrative purposes, special events or any other purpose subject to the following: (i) the Declarant shall indemnify the Association against any loss or damage resulting solely from Declarant's use of the facilities and (ii) the Declarant shall return the facilities to the association in the same condition as existed prior to the Declarant's use. The right of the Declarant as set forth herein shall be enforceable by injunction, by any means set forth in this Declaration, or by any other remedy in law or equity.

Any and all Development Rights specified in this Declaration shall terminate on the sixth anniversary of the recording of this Declaration, unless otherwise terminated earlier by amendment by the Declarant.

(b) Special Declarant Rights. The Declarant hereby explicitly reserves the following Special Declarant Rights: (i) to complete any improvements as depicted on the Plat; (ii) to exercise any Development Right reserved under Sections 12(a) and 31; (iii) to maintain sales offices, management offices, signs advertising the Condominium, and models in Units which are not occupied and are for sale by the Declarant, in Units owned by the Declarant, and in the Common Elements and Limited Common Elements of the Condominium; (iv) to relocate models, management offices, and sales and leasing offices to different locations within the Condominium; (v) to restrict the use of parking spaces which have not been allocated as Limited Common Elements, including but not limited to, reserving spaces for prospective Unit purchasers, Declarant's employees, and any others engaged in sales, leasing, maintenance, construction, or management activities; (vi) retain all personal property and equipment used in or incident to the sales, leasing, construction, maintenance, and management activities so long as the personal property has not been represented to the Owners Association as property of the Owners Association; (vii) to show any Units for sale and host gatherings at the Condominium; (viii) to use easements through the Common Elements and Limited Common Elements for the purpose of making improvements within the Condominium; (ix) to elect, appoint, or remove any officer of the Association or any member of the Board of Directors during the period of Declarant Control as set forth herein; and (x) to allow contractors hired by the Declarant or Unit Owners access to the project to complete any improvements approved by the Declarant.

(c) Transfer. In accordance with A.R.S. §33-1244, the rights described in this Article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee and recorded at the Maricopa County Recorder's office. Any rights and responsibilities of the parties involved in such a transfer and of all persons who succeed to any Development Right or Special Declarant Right shall be set forth in the instrument so evidencing the transfer.

SECTION THIRTEEN **COMPLIANCE WITH DECLARATION**

Each Owner shall comply strictly with the provisions of this Declaration and with the Bylaws and all rules and regulations adopted by the Association or the Board on behalf of the Association, as the same may be amended from time to time. Failure to comply shall constitute grounds for an action at law to recover damages or obtain injunctive relief, or both, maintainable by the Board acting through its officers on behalf of the Association, or by any aggrieved Owner(s) acting on their own.

The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, provisions, conditions, covenants or restrictions of this Declaration or of the Bylaws, or to exercise any right or option contained in said documents or the rules and regulations adopted by the Association, or to serve any notice or to institute any action, shall not be construed as a waiver for the future of such term, provision, condition, covenant, restriction, right or option, but the same shall remain in full force and effect.

SECTION FOURTEEN
OWNERS ASSOCIATION

No later than the date on which the first Unit is conveyed to a Purchaser, the Owners Association shall be organized as a nonprofit Arizona corporation. After the formation of such non-profit corporation, the rights and duties of the members of such corporation shall continue to be governed by the provisions of the Act and of this Declaration.

(a) Membership: Each Unit Owner shall automatically be a member of the Association and shall be entitled to one membership for each Unit so owned. If a Unit has been sold pursuant to a real estate contract, the contract purchaser shall exercise the rights of the Unit Owner for the purposes of this Declaration, the Bylaws and membership in the Association, and shall be the voting representative in the Association unless otherwise specified in the real estate contract or by written agreement between the contract seller and contract purchaser. Ownership of a Unit shall be the sole criteria and qualification for membership in the Association.

Membership in the Association shall be considered appurtenant to the Unit that gives rise to such membership, and shall not be pledged, assigned, transferred, conveyed or alienated in any manner except upon the transfer of title or sale by real estate contract of said Unit. Any attempt to so transfer membership in the Association except upon the transfer of title or sale by real estate contract shall be null and void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant to said Unit to the new owner(s).

The foregoing rights of membership in the Association are not intended to extend to or to include any persons or entities who hold an interest in a Unit merely as security for the performances of an obligation including, but not limited to, mortgages and holders of deeds of trust.

(b) Voting: For the purposes of determining voting rights under the Act and with respect to the administration of the Condominium through the Association, the total voting power of all Units shall be thirty-two (32) votes. Each Unit Owner, including the Declarant, shall be a member of the Association and shall be entitled to one membership and one vote for each Unit owned. The Unit Owner's membership(s) shall be considered appurtenant to that member's Unit(s). Whenever the approval of a stated percentage of the Unit Owners is required in this Declaration or the Bylaws, unless expressly stated otherwise, the percentage shall be determined by reference to the voting power of each Unit as defined above.

Each Unit shall have one voting representative. The voting representative shall be designated by the Owner(s) of each Unit by written notice to the Board of Directors. Where no designation has been made the voting power of each Unit shall be the group composed of all its Owners, and the Association may recognize the vote of any one or more of such Owners present in person or by proxy at any meetings of the Association as the vote of all such Owners. If there is more than one such Owner present in person or represented by proxy and they do not vote unanimously, the Association may divide the vote in accordance with their respective interests if they shall agree thereon or have furnished sufficient written evidence thereof; otherwise, their votes may be disregarded.

If any person shall own more than one Unit, he or she shall be entitled to exercise the votes for the combined total of all Units owned.

The quorum of Unit Owners at any annual or special meeting of the Association shall be the presence, in person or by proxy, of persons holding fifty percent (50%) or more of the total votes in the Association, unless otherwise expressly provided herein. If a quorum is present at any such meeting, any action may be taken by an affirmative vote of a majority of the total votes present at the meeting, except as otherwise expressly provided in the Act, this Declaration or the Bylaws.

(c) Bylaws: The Declarant shall adopt initial Bylaws for the administration of the property and the organization of the Association consistent with the Act and this Declaration. The Bylaws shall designate the time and specify the procedures for the holding of annual and special meetings of the Association, and may specify other procedures applicable to the organization and administration of the Association. The Bylaws will be recorded simultaneously with this declaration and the Plat, and thereafter, may be amended in whole or in part by a sixty-seven percent (67%) vote of the Unit Owners at a meeting of the Association duly held for that purpose. Written notice of the time, place and purpose of such meeting shall be delivered in person or mailed to each owner at least ten (10) days prior to the date of such meeting.

SECTION FIFTEEN **MANAGEMENT OF THE ASSOCIATION**

(a) Board of Directors: During the Declarant Control Period, the Declarant shall have the right to appoint and remove the members of the Board of Directors and the Officers of the Association, none of which are required to be Unit Owners. Upon the termination of the Declarant Control Period, the Declarant shall call a special meeting of the Association for the purpose of electing the Board of Directors. At said special meeting the Unit Owners shall elect a Board of Directors consisting of three (3) persons, who shall serve without compensation. Prior to the holding of said meeting and the election of a Board of Directors, the Declarant may at such time as it deems appropriate appoint a Temporary Board of Directors of three (3) persons, who shall serve without compensation. The Temporary Board of Directors shall be empowered to exercise the rights, duties, obligations and functions of the duly elected Board of Directors as set forth in this Declaration and the Bylaws until such time as the regular Board of Directors is elected by the Unit Owners pursuant to this Section.

(b) Term of Office: The term of office of the Board of Directors shall be two (2) years, with one (1) Director being elected at each annual meeting during even-numbered years, and two (2) Directors being elected at each annual meeting during odd-numbered years. At the special meeting called for the purpose of electing the initial Board of Directors, the three (3) directors so elected shall, by lot, determine which shall have one or two year terms, in order to stagger the expiration dates of the terms of the appropriate number of directors. Any Director may be elected to serve for an additional term or terms.

(c) Vacancies & Removal of Directors: Vacancies for any reason in the Board of Directors may be filled by an election held at a special meeting of the Association called for such purpose. Any director so elected shall serve for the remaining term of the director being replaced. Any director may be removed from office by a majority of the Unit Owners present and voting at a special meeting of the Association called for such purpose.

(d) Quorum: Two (2) members of the Board of Directors shall constitute a quorum. The Board of Directors shall act by majority vote of those present at its meetings where a quorum exists. Meetings of the Board of Directors may be called, held, and conducted in accordance with rules established in the Bylaws.

(e) Officers: The Board of Directors shall elect a President of the Association from among its members, who shall hold office for one (1) year or until a successor is elected, and shall preside over the meetings of the Board of Directors and the Association. The Board shall also elect a Secretary and Treasurer from the Members who shall hold office for one (1) year or until their successors are elected. Any officer may be re-elected by the Board for any number of successive terms.

(f) Employment of a Manager: The Board of Directors may, to the extent it deems advisable, employ a person or firm to manage the Condominium; provided, however, that the employment of such person or firm shall be under written contract for a term not to exceed two (2) years and shall permit the Board to revoke the same without cause and without payment of a termination fee or penalty of any sort upon not more than ninety (90) days notice.

(g) Authority of the Association: The Association, acting by and through the Board of Directors, its officers, manager or other duly authorized agents or representatives, shall have the following powers:

(1) To adopt such reasonable rules and regulations as may be permitted by the Act or this Declaration, and which the Association may deem necessary and proper to administer the Association and the property. The rules and regulations shall be adopted and may be amended from time to time in the same manner as the Bylaws, and shall be deemed to be part of the Bylaws.

(2) To enforce the provisions of this Declaration, the Bylaws and such rules and regulations as may be adopted by the Association, together with any revisions thereof or amendments thereto.

(3) To arrange for all utility services serving the Common Elements, and the Condominium, except those services separately metered and charged to the individual Units.

(4) To arrange for and supervise the maintenance, repair and replacement of all Common Elements and all Limited Common Elements.

(5) To purchase such supplies, materials, equipment, furnishings, goods or other personal property that may be necessary or related to the maintenance and operation of the Common Elements and the Limited Common Elements.

(6) To obtain competent legal and accounting services as are necessary and proper in the conduct of the Association's affairs, administration of the Common Elements and Limited Common Elements, or the enforcement of the provisions of the Act or this Declaration.

(7) To employ such other persons as are necessary to aid the Association in administering, maintaining or repairing the property.

(8) To arrange for and supervise any additions or improvements to the property subject to the following limitations: the estimated cost of any separate addition or improvement shall exceed the sum of Three Thousand Dollars (\$3,000.00), the approval of a majority of the Unit Owners shall be required, and if such expenditure shall exceed Ten

Thousand Dollars (\$10,000.00), the approval of not less than seventy five percent (75%) of the Unit Owners shall be required. No structural changes shall be made to the buildings without the approval of a majority of the Unit Owners, and no structural changes shall be made within a Unit without the approval of the Unit Owner thereof.

(9) To assign, transfer, sell, lease, or rent a portion of the Limited Common Elements as allocated to the Owner's Association under Section 9 of the Declaration and as described in the Plat recorded herewith.

SECTION SIXTEEN
COMMON EXPENSES, ASSESSMENTS, & BUDGET

(a) Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Unit Owner, hereby covenants, and each Unit Owner by accepting a deed for his or her respective Unit, whether or not it shall be so expressed in such deed or other instrument of conveyance is deemed to covenant and agree to pay to the Association:

(1) Annual Assessments and charges for the Common Expenses of operating and maintaining the Condominium; and

(2) Special Assessments for capital improvements, such Assessments to be fixed and collected from time to time and provided in this Declaration.

The Annual and Special Assessments authorized by this Declaration, together with such interest thereon and all costs of collection shall be a charge against and a lien upon the Unit so assessed in favor of the Association in accordance with this Declaration, A.R.S. §33-1255 and A.R.S. §33-1256 (and any successor statutes), and shall be a personal obligation of the Owner of the Unit so assessed at the time the assessment fell due. Such personal obligation shall not pass to said Owner's assigns or successors in title unless expressly assumed by such assigns or successors in title.

Any lien under this Section shall be subordinate to the lien of any First Mortgage. Any First Mortgagee or any other Person acquiring title or taking possession of a Unit through foreclosure of a First Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title free and clear of any claims for unpaid Assessments, monetary penalties, and other fees and charges against the Unit which became payable prior to such transfer. Any delinquent Assessments, monetary penalties, and other fees and charges which are extinguished pursuant to this Section may be reallocated and assessed to all Units as a Common Expense. Any Assessments, monetary penalties, and other fees and charges against the Unit which accrue prior to such sale or transfer shall remain the obligation of the defaulting Unit Owner.

(b) Annual Assessments / Common Expense Assessments. During the sixty (60) days prior to the Annual Meeting of the Owners Association, the Board shall estimate the charges – including expenses for managing, operating and maintaining the Common Elements and any Special Assessments for particular Units as provided for under Section 16 of this Declaration – to be paid during the coming year and shall make provision for creating and maintaining reasonable reserves for the operation, maintenance, repair, replacement and acquisition of Common Elements. In so doing, the Board shall take into account any expected income and any surplus available from the prior year's operating fund, which surplus shall automatically be applied to the following year's expenses and assessments. The Declarant or the

first Board of Directors may at any suitable time establish the first such estimates. If the sum estimated and budgeted at any time shall prove to be inadequate to meet the general operating and maintenance expenses of the Condominium, the Board shall recommended to the Association that the amount so assessed be amended, which amendment must be approved by a majority vote of the Owners who are present or represented by proxy at a special meeting called for the purpose of amending the original annual assessment. The annual budget shall be presented to the Owners at the Association's annual meeting and must be approved by a majority vote of the Owners who are present or represented by proxy.

For each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a purchaser, the total amount of the estimated Common Expenses set forth in the budget adopted by the Board of Directors (with the exception of Common Expenses to be assessed against less than all of the Units pursuant to subsections (3) and (4) of this Section) shall be assessed against each Unit in proportion to the Unit's Common Expense Liability as set forth in Section 10 of this Declaration.

(1) The Annual Assessments / Common Expense Assessments shall commence as to all Units on the first day of the month following the conveyance of the first Unit to a purchaser. The first Annual Assessment / Common Expense Assessment shall be adjusted according to the number of months remaining in the fiscal year of the Owners Association. The Board of Directors may require that the Annual Assessments / Common Expense Assessments or Special Assessments be paid in installments.

(2) Except as otherwise expressly provided for in this Declaration, all Annual Assessments / Common Expense Assessments including, but not limited to, Common Expenses associated with the maintenance, repair, and replacement of a Limited Common Element, shall be assessed against all of the Units in accordance with Section 16.

(3) If any of the Common Expense is caused by, or otherwise results from, the misconduct of any Unit Owner; the Association shall assess that Common Expense exclusively against his or her Unit.

(4) Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time of the judgment was entered, in proportion to their Common Expense Liabilities.

(5) As set forth in Section 16(a) above, all Assessments, monetary penalties, and other fees and charges levied against a Unit shall be the personal obligation of the Unit Owner(s) of the Unit(s) at the time the Assessments, monetary penalties, or other fees and charges became due.

(c) Special Assessments for Capital Improvements: In addition to the Annual Assessment / Common Expense Assessment authorized herein, the Association may levy during any year, a Special Assessment or Special Assessments that are applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement to the common areas of facilities; provided that any such Special Assessment shall have the affirmative vote of the Unit Owners holding at least two-thirds (2/3) of the votes who are present or represented by proxy at a special meeting called for the purpose of considering a Special Assessment;

(d) Provisions for Adequate Reserves: The Association shall at all times retain an adequate reserve account which shall be set aside and kept separate from the Annual Assessment. The amount to be kept in reserve shall be based upon estimates of expenses and charges for repairing or replacing, acquiring or constructing Common Elements of the Condominium; provided that such amounts shall be in addition to insurance proceeds that would be received by the Association in the event of damage or destruction to the Common Elements that are protected by insurance;

(e) Purpose of Assessments: All Assessments, whether they are Annual Assessments or Special Assessments, levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, welfare and safety of the Owners, and in particular, for the improvement, operation and maintenance of the Common Elements.

(f) Payment by the Unit Owners. Each Unit Owner shall be obligated to pay Assessments made pursuant to Section 16(b) and (c) of this Declaration to the Treasurer of the Association. Said Assessments shall be based upon the estimates established by the Board and the Association pursuant to said Section, and shall be paid in equal monthly installments on or before the first day of the month during such year, or in such reasonable manner as the Board shall designate. Any unpaid Assessments shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid or at such other legal rate of interest established by the Board. Both the Annual Assessments and any Special Assessments shall be fixed at a uniform rate for the all Units.

After the Association has established the Annual Assessment rate for such year or at any time it shall vote to levy a Special Assessment against the Units, written notice setting forth the amounts and payment terms shall be sent to any Owner subject thereto. Furthermore, the Board shall upon demand of an Owner, contact seller, Mortgagee, or other party holding a security interest in an Unit subject to said Assessments, furnish a certificate in writing signed by the President or Treasurer setting forth whether the Assessments on a particular Unit have been paid. Such certificates shall be conclusive evidence of payment of any Assessments therein stated to have been paid.

No Unit Owner may exempt himself from liability for payment of Assessments, monetary penalties, and other fees and charges levied pursuant to the Declaration by waiver or nonuse of any of the Common Elements and facilities or by the abandonment of his or her Unit.

(g) Quorums Needed at Meetings to Establish Assessment Rates. At any meeting of the Association whereby the Board proposes to establish an Assessment to be levied against the Units, whether it be the Annual Assessment or any Special Assessment, the presence of Unit Owners holding at least sixty percent (60%) of the votes shall constitute a quorum to vote on such Assessment, and no such Assessment shall be voted upon without said quorum being present.

At any meeting of the Association whereby the Board proposes to establish an Assessment to be levied against the Units, whether it is the Annual Assessment or any Special Assessment, each Unit Owner shall be so notified of such proposed assessment in writing not less than thirty (30) days nor more than sixty (60) days in advance of such meeting. If the required quorum is not present at such meeting, a second meeting may be called by the Board, subject to the aforementioned notice requirements, and the required quorum at any such second

or further subsequent meeting shall be one-half (1/2) of the required quorum as established in this paragraph. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(h) Nonpayment of Assessments; Remedies of the Association. Any Assessments that are not paid when due shall become delinquent. If the Assessment is not paid within ten (10) days after the due date, the Assessment shall bear interest at the rate of twelve percent (12%) per annum from the date until paid or at such legal rate of interest established by the Board. Each Annual Assessment and each Special Assessment shall be joint and severable personal debts and obligations of the Unit Owner or Owners, including contract purchasers of Units, for which the same are assessed and shall be collectible as such. The amount of any assessment, whether it be the Annual Assessment or any Special Assessment that remains unpaid, together with interest at the rate established in Subsection (f) of this Section, and costs including reasonable attorneys' fees, shall be a lien upon such Unit and shall attach only upon the Unit. The said lien for payment of such Assessment shall have priority over all liens and encumbrances, recorded and unrecorded, except that such priority shall be limited as provided by law. Suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosure or waiving the lien securing the same. Said liens shall not attach to, affect or be foreclosed against any of the Common Elements, including Limited Common Elements, of the Condominium.

The Declarant or the Board on behalf of the Association may initiate action to foreclose the lien of any Assessment. In any action to foreclose a lien against any Unit for non-payment of delinquent Assessments, any judgment rendered against the owner or owners of such Unit in favor of the Association shall include all costs and an amount for reasonable attorneys' fees.

Notice of any suit to foreclose the lien of any Assessment together with notice of the amounts of said Assessments that are delinquent shall be served upon any mortgage, contract seller or other party holding a security interest in a Unit.

(i) Records. The Board shall cause to be kept detailed, accurate records of the receipts and expenditures of the Association, specifying and itemizing the operation, maintenance and repair expenses and any expenses incurred. Such records and any resolutions authorizing the payments involved shall be available for examination by any owner, Mortgagee, contract seller, or other party holding a security interest in a Unit, at convenient hours of the week.

(j) Declarant Liability. The Declarant shall not be liable for the portion or portions of any Annual Assessments or Special Assessments for any Unit(s) owned by the Declarant that is vacant and has not been sold, rented or leased.

(k) Rental Condominiums. If an Unit is rented by its owner, the Board may collect and the tenant shall be obligated to pay over to the Board so much of the rent for such Unit for as is required to pay any amounts due for Assessments, together with any interest and costs that might be owed to the Association in the event that said Assessments are in default over thirty (30) days. Failure by the Board to collect Assessments out of rent owed by the tenant to the Owner of the Units herein provided shall not constitute a waiver of any rights of the Association against the Unit or its Owner.

(l) Subordination of Lien for Assessments to Mortgages. The lien of any Assessment authorized under Section 16 of this Declaration shall be subordinate to the lien of any mortgage or mortgages. Sale or transfer of any Unit shall not affect a lien of Assessments; however, the sale or transfer of any Unit which is subject to any mortgage, pursuant to a decree of foreclosure under such mortgage, or any proceeding or action taken by the mortgage in lieu of foreclosure, shall extinguish the lien of such Assessments as to amounts which became due prior to such sale or transfer. No sale or transfer shall receive such Unit from liability for any Assessments thereafter becoming due or from any lien resulting from the failure to pay such Assessments as they become due and payable.

(m) Remedies Cumulative. The remedies available to the Association for failure by a Unit Owner to pay an Assessment pursuant to Section 16 of this Declaration are cumulative, and the Board may pursue them concurrently, as well as pursue any other remedies that might be available under law although not expressly provided for herein.

(n) Budget. No later than thirty (30) days prior to the beginning of each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a purchaser, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board of Directors determines to be required during the ensuing fiscal year to pay all Common Expenses, including, but not limited to: (i) the amount required to pay for the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units, if any, which the Association has the responsibility of maintaining, repairing, and replacing; (ii) the cost of wages, materials, insurance premiums, services, supplies, and other expenses required for the administration, operation, maintenance, and repair of the Condominium; (iii) the amount required to render to the Unit Owners all services required to be rendered by the Association under this Declaration; and (iv) any such amounts as may be necessary to provide general operating reserves and reserves for contingencies and replacements. The budget shall separately reflect any and all Common Expenses, if any, to be assessed against less than all of the Units pursuant to Subsections (b)(3) and (b)(4) above.

SECTION SEVENTEEN
RIGHT OF ENTRY FOR MAINTENANCE OR REPAIRS
& EASEMENTS

(a) Association Right of Entry. The Association and its agents or employees may enter any Unit and any Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance, or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements, the Limited Common Elements or any Unit. Except in cases of such emergency that preclude advance notice, the Association shall provide no less than twenty-four (24) hour notice to the respective Unit Owner.

(b) Association Easement. The Common Elements shall be subject to an easement in favor of the Association and its agents, employees, and independent contractors for the purpose

of the inspection, upkeep, maintenance, repair, and replacement of the Common Elements as well as for the purpose of exercising all of the rights of the Association and discharging the obligations of the Association.

Each Unit shall be subject to an easement in favor of the Association and the agents, employees, and independent contractors of the Association for the purpose of performing such pest control activities as the Association may deem necessary to control or prevent the infestation of the Condominium by insects, rodents, or other pests or to eradicate insects, rodents, or other pests from the Condominium.

(c) Utility Easement. There is hereby created an easement upon, across, over and under the Common Elements for reasonable ingress, egress, installation, replacing, repairing, or maintaining all utilities, including, but not limited to, gas, water, sewer, telephone, cable television, and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Elements, but no sewers, electrical lines, water lines, or other utility or service lines may be installed, erected, or otherwise located on the Common Elements except as originally designed, approved, and constructed by the Declarant or as approved by the Board of Directors. This easement shall in no way affect any other recorded easements on the Common Elements.

(d) Access Easement. There is hereby granted and created easements for ingress and egress for pedestrian traffic over, through, and across sidewalks, paths, walks, and lanes that from time to time may exist upon the Common Elements. There is also granted and created an easement for ingress and egress for pedestrian and vehicular traffic over, through, and across such streets, driveways and parking areas as from time to time may be paved and intended for such purposes except that such easements shall not extend to any Limited Common Elements wherever they may be located. Such easements shall run in favor of and be for the benefit of the Unit Owners and occupants of the Units and their guest, families, tenants, and invitees and in favor of the Declarant and the Owners and occupants of any Property added to the Condominium and their guests, families, tenants, and invitees whether or not the Property added has been subjected to this Declaration.

SECTION EIGHTEEN **RIGHTS OF UNIT OWNERS**

(a) Owner's Easement of Enjoyment: Every Unit Owner shall have a right and easement of enjoyment in and to the Common Elements of the condominium and such right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(1) The right of the Association, in accordance with this Declaration, and the Association's Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Elements; provided that said mortgage is subordinate to the rights of all prior Mortgagees and security holders in the Condominium and to the rights of the Owners;

(2) The right of the Association to suspend the voting rights for any period during which assessment against the Owner's Unit remains at least thirty (30) days delinquent;

(3) The right of each Unit Owner to the exclusive use and enjoyment of Limited Common Elements as specified in Section 9 of this Declaration; and

(4) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, utility district, or similar governmental body; provided that such dedication or transfer is approved by all Mortgagees of record, and at least three-fourths (3/4) of all Unit Owners;

(b) Delegation of Use: Any Owner may delegate, in accordance with this Declaration and the Association Bylaws, his or her right of enjoyment to the Common Elements to the members of his or her family, his or her tenants or his or her contract purchasers, all of whom must reside in the Units owned by him or her; and

(c) Title to the Common Elements: The Declarant hereby covenants for themselves, their heirs and assigns, that they will convey fee simple title to the Common Elements over to the Association, free and clear of any liens or encumbrances.

SECTION NINETEEN **PROTECTION OF MORTGAGEE'S INTEREST**

(a) Applicable Definitions: As used in this Declaration, the term "Mortgagees" or "holders of mortgages" shall refer to all holders of mortgages, deeds of trust or persons or entities who hold an interest in an Unit as security for the performance of a financial obligation, and the term "Mortgage" shall refer to any mortgage, deed of trust or other security in a Unit given for the performance of a financial obligation;

(b) Priority of Mortgages: The liens created pursuant to this Declaration upon any Unit for assessments shall be subordinate to the rights of the secured party in the case of any indebtedness secured by mortgages that are made in good faith and for value on any Unit. Where such Mortgagee of an Unit or other purchaser of an Unit obtains possession of such Unit as a result of foreclosure, which includes deed of trust sale, or any proceeding or action taken by the Mortgagee in lieu of foreclosure, such possessor and his successor or assigns shall not be liable for the share of common expenses or assessment of any kind levied by the Association against each Unit which became due prior to such possession, but will be liable for all such expenses and assessments after possession. Such unpaid share of expenses and assessments shall be deemed to be a common expense collectible from all the Unit Owners including such possessor, his successor or assigns;

(c) Abandonment of Condominium Status: Except when acting pursuant to the provisions of the Act involving damage, destruction or condemnation, the Association shall not without the consent of all first Mortgagees of all the Units seek to abandon the condominium status of Delano Place Condominiums;

(d) Partitions and Subdivisions: The Association shall not partition or subdivide any Unit or the appurtenant Common Elements, and Limited Common Elements without the prior approval all first Mortgagees of all Units of the Condominium;

(e) Change in Percentage: The Association shall not transfer or dedicate the Common Expense Liability of any Unit(s) without the prior approval of all first Mortgagees of all Units of the Condominium;

(f) Transfer of Common Elements: The Association shall not transfer or dedicate the Common Elements without the prior approval of all first Mortgagees of all Units of the Condominium;

(g) The Use of Insurance Proceeds for Purposes Other Than Repair and Replacement: The Association shall not use the proceeds of any insurance policy secured by the Association for the protection of the Condominium for any purpose other than to restore, repair, or replace any Unit, Common Element and facility, or Limited Common Element without the prior approval of all Units of the Condominium;

(h) Copies of Notice: All Mortgagees of all Units of the Condominium shall receive notice from the Association that the Owner of a Unit to which such mortgage has a security interest therein is in default of payment of any assessment or other obligation owed to the Association. Such notice shall specify the amount in default and the purpose for which the assessment has been levied. The Association shall also give notice to all Mortgagees of any loss to, or taking of the Common Elements of the Condominium, irrespective of the amount of money involved, or anticipated by the Association to be involved, in such loss or taking.

All notices required herein to be given to any Mortgagees shall be in writing and mailed by certified mail.

(i) Inspection of Books and Records: All Mortgagees shall be entitled to inspect all books and records of the Association at all reasonable hours of any weekday;

(j) Insurance: Where the Mortgagee of any Unit has filed a written request with the Association, the Board shall:

(1) Furnish the Mortgagee with a copy of any insurance policy or evidence thereof which is intended to protect the Condominium and all interests in the Common Elements, and Limited Common Elements appurtenant thereto to which Mortgagee has a security interest;

(2) Require any insurance carrier to give such Mortgagee at least ten (10) days written notice before canceling any insurance with respect to such property on which the mortgage has a lien; and

(3) Not make any settlement of any insurance claim for loss or damage to any Unit to which such mortgage has a security interest exceeding ONE THOUSAND DOLLARS (\$1,000.00) without the written approval of such Mortgagee, provided that the withholding of such approval shall not be unreasonable or in conflict with Section 20 of the Declaration.

SECTION TWENTY

MORTGAGEE'S RIGHTS AFTER THE FORECLOSURE

(a) Obtaining Powers of the Declarant: If the Mortgagee of the Condominium forecloses its mortgage and obtains possessory rights, legal title or certificates of the sale to the unsold Unit or Units and appurtenant Common Elements and Limited Common Elements to

which such Mortgagee has a security interest, then the Mortgagee of the Condominium may succeed to and assume, to the exclusion of the Declarant the powers of the Declarant as set forth in this Declaration;

(b) Extension of Declarant's Powers: If the Mortgagee of the Condominium accepts title to the unsold Units by deeds in lieu of foreclosure, during such times as the Declarant may perform all Board functions pursuant to Section 15, and to which said Mortgagee may succeed, shall be extended until at least eighty-five percent (85%) of the total undivided interest in the Common Elements has been transferred to new owners. The Mortgagee of the Condominium shall be entitled to appoint a receiver during the pendency of any foreclosure and said receiver shall upon his appointment succeed to and assume the rights and powers of the Declarant as established in this declaration and the Act, and the receiver shall be entitled to sell any unsold Units during the pendency of said foreclosure, and said sales shall be subject to the confirmation by court order; and

(c) Liability of Mortgagee: If the Mortgagee of the Condominium has obtained any unsold Units by conveyance in lieu of foreclosure, or obtains possessory rights, legal rights or purchaser's certificate to said unsold Units as a result of foreclosure of the mortgage covering the Condominium, said Mortgagee shall not be liable for any Common Expenses or assessments levied by the Declarant or the Association against any Unit(s) so obtained by the mortgage for which the Declarant would not be liable for said expenses or assessments under the provisions of Section 16 of this Declaration; provided that in no event shall the mortgage of the Condominium be liable for any past due assessments which accrued or became due prior to the time said Mortgagee obtained possession by foreclosure or deed in lieu of foreclosure; and provided further, that after the initial sale of an Unit by said Mortgagee, the Mortgagee shall require such Unit, or if at any time the Mortgagee retains any Unit and grants, rents, or leases the same, said Mortgagee shall be liable for the normal assessments for such Unit.

SECTION TWENTY-ONE **PROCEDURES FOR SUBDIVIDING OR COMBINING**

Subdividing, partitioning or combining any Unit or Units, Common Elements and Limited Common Elements shall be authorized only as follows:

(a) Any Owner of a Unit or Units may propose any subdividing, partitioning or combining of a Unit or Units, and appurtenant Common Elements, and Limited Common Elements in writing together with complete plans and specifications for accomplishing the same, and a proposed amendment to the Declaration, Plat covering such subdividing, partitioning or combining, to the Board, which shall then notify all other Unit Owners of the requested subdividing, partitioning or combining;

(b) Upon written approval of such proposal by all first Mortgagees and three-fourths (3/4) of all Owners, the Owner making the proposal may proceed according to such plans and specifications; provided that the Board may require that the Board administer the work or that provisions for the protection of other Units, the Common Elements and for reasonable deadlines for completion of work be inserted in the contracts for work; and

(c) The changes in the Declaration, Plat shall be recorded as amendments to the same in accordance with Section 22 of this Declaration.

(d) Any subdividing, partitioning, or combining of a Unit or Units shall comply with all City, County, and State laws, including but not limited to, ordinances, codes, procedures, and other applicable law.

SECTION TWENTY-TWO
REVOCAION OR AMENDMENT OF DECLARATION OR PLAT

(a) Declaration Revocation: This Declaration shall not be revoked or any of the provisions contained herein unless all of the Mortgagees and all of the Owners agree in writing to such revocation;

(b) Declaration Amendment: Amendments to this Declaration shall be made by written instrument recorded with the appropriate governmental offices. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by at least three-fourths (3/4) of all Mortgagees and three-fourths (3/4) of all Unit Owners; provided that any proposed amendment that would change the value of the property, the value of any Unit, or the percentage of interest of each or any Unit as is specified in Section 10 of this Declaration must be approved by all of the first Mortgagees of all Units and all of the Owners;

(c) Amendment by the Declarant: The provisions of Section 22(b) notwithstanding, the Declarant may amend this Declaration at any time according to their sole discretion prior to the conveyance of any of the Units to new owners, and the Declarant may amend this Declaration thereafter during the Declarant Control Period in exercise of the Declarant's rights set forth in this Declaration, during such period as they exercise the rights and duties of the Board pursuant to Section 15(a) of this Declaration with the agreement and assent of three-fourths (3/4) of the total number of owners and three-fourths (3/4) of all Mortgagees, or as the Declaration or Act so provides.

During the Declarant Control Period, the Declarant shall have the right to amend the Declaration, including the Plat, to (i) comply with the act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner, (ii) correct any error or inconsistency in the Declaration if the amendment does not adversely affect the rights of any Unit Owner, or (iii) comply with the rules or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments, including without limitation, the Veterans Administration, the Federal Housing Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; and

(d) Amendments to the Plat: The Plat may be amended in the same manner and following the same procedures as provided for in Section 22(b) and (c). Any such amendment shall be effective upon proper adoption by the Owners and Mortgagees, and recorded with the appropriate governmental offices.

SECTION TWENTY-THREE
INSURANCE

(a) Insurance Coverage: The Board shall obtain and maintain in force as a Common Expense of the Condominium a policy or policies, and such bonds required to provide the following:

(1) Fire insurance, with extended coverage endorsement, in an amount as near as is possible to the full insurable replacement value (without deduction for depreciation, but less any other deductions which the Board may find reasonable after careful consideration with an insurance broker or agent; provided that such deductions do not diminish the insurable interest of any Mortgagee) of the Common Elements and Limited Common Elements, and the Units, with the Board of Directors named as the insured as trustee for the benefit of the Owners and Mortgagees according to their interests as described in Section 10 of this Declaration and relevant mortgages and other security instruments, or such other fire and casualty insurance as the Board shall determine to give substantially equal or greater protection insuring the Owners, and their Mortgagees, as their interests may likewise appear.

Said policy or policies shall provide for separate protection for each Unit to the full insurable replacement value thereof, limited only as above provided, and a separate loss payable endorsement in favor of the Mortgagee or Mortgagees of each Unit, and further, a separate loss payable clause in favor of the Mortgagee of the condominium, if any. All insurance shall be obtained from an insurance carrier rated Triple A by Best's Insurance Reports or equivalent ratings service, and licensed to do business in the State of Arizona; and

(2) General comprehensive liability insurance insuring the Board, the Association, the Owners, the Declarants and manager, if any, against liability to the public or to the Owners of Units, members of their families, their guests and invitees, or their tenants, incident to the ownership of Common Elements and Limited Common Elements, under which insurance shall be not less than ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) for any one person injured, FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) for any one accident, and FIFTY THOUSAND DOLLARS (\$50,000.00) for property damage. Such policy limits shall be reviewed by the Board at least annually and modified at its discretion.

(b) Owner's Additional Insurance: Each owner may obtain additional insurance covering his or her own Unit as contemplated under A.R.S §33-1253 at his or her own expense. However, no Owner shall be entitled to exercise his right to maintain insurance coverage in any manner which would decrease the amount which the Board or any trustee for the Board, on behalf of all of the Owners, will realize under any insurance policy which the Board may have in force at any particular time. Each Owner shall notify the Board of all improvements by the owner to his or her Unit the value of which is in excess of ONE THOUSAND DOLLARS (\$1,000.00). Any Owner who obtains individual insurance policies covering any portion of the Condominium other than personal property belonging to such owner shall file a copy of such individual policy or policies with the Board within thirty (30) days after the purchase of such insurance, and the Board may review the effect of such insurance with the Board's carrier;

(c) Insurance Proceeds: Insurance proceeds for damage or destruction to any part of the property shall be paid to the Board on behalf of the Association which shall segregate such proceeds from other funds held by the Association. The Association acting through the Board

shall have the authority to settle and compromise any claim under insurance obtained by the Association and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy.

(d) Annual Insurance Review. After the termination of the Declarant Control Period, the Board of Directors shall determine annually whether the amounts and types of insurance it has obtained provide adequate coverage of the Condominium in light of increased construction costs, inflation, practice in the area in which the Condominium is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Unit Owners of the Association.

SECTION TWENTY-FOUR **DAMAGE OR DESTRUCTION; RECONSTRUCTION**

(a) Determinations: In the event of damage or destruction to any part of the Condominium, the Board shall promptly make the following determinations with respect thereto employing such advice and assistance as is deemed necessary:

(1) Whether the damage or destruction affects a single Unit and its appurtenant Limited Common Elements, the Common Elements only, or more than one Unit together with appurtenant Limited Common Elements;

(2) A reasonably reliable estimate of the cost to repair and restore the damage or destruction; and

(3) The anticipated insurance proceeds, if any, to be available from insurance policies covering the loss;

(b) Unit Damage: If the Board determines that the damage or destruction affects only a single Unit or its Limited Common Element, then the Owner of said Unit shall promptly cause the damaged or destroyed portion to be repaired. Any insurance proceeds arising from the loss shall be used to pay the cost thereof, and any balance of such proceeds shall be paid to the Owner of said Unit or his Mortgagee, if any, as their interests appear;

(c) Common Area Damaged: If the Board determines that the damage or destruction affects the Common Elements only, and that the estimated costs of repair or restoration does not exceed the anticipated insurance proceeds by a sum that would result in the need for a Special Assessment against any Unit of more than ONE THOUSAND DOLLARS (\$1,000.00) such assessment amounts to be applied to said repair and restoration to the Common Elements, then the Board shall cause the damage or destruction to be repaired and restored and the actual cost thereof in excess of the insurance proceeds paid for the loss shall be borne as a common maintenance expense specially assessed against the Units in proportion to their respective interest in the Common Elements as determined in Section 10 of this Declaration. In the event that there is an excess of insurance proceeds to make said repairs, such excess funds shall be retained by the Association.

(d) Both Area Damage: If the Board determines that the damage or destruction affects more than one Unit and its Limited Common Elements, or more than merely the Common

Elements, and that the estimated costs of repair and restoration does not exceed the anticipated insurance proceeds by a sum that would result in the need for a Special Assessment against any Unit of more than ONE THOUSAND DOLLARS (\$1,000.00) such assessment amounts to be applied to said repair and restoration to the Units and/or Limited Common Elements and/or Common Elements so damaged or destroyed, then the Board shall cause the damage or destruction to be repaired and restored and the actual cost thereof in excess of the insurance proceeds paid for the loss shall be borne as a common maintenance expense specially assessed against the Units in proportion to their respective interests in the Common Elements as determined in Section 10 of this Declaration. In the event that there is an excess of insurance proceeds to make said repairs, such excess funds shall be retained by the Association.

(e) Special Assessments Over One Thousand Dollars: If the Board makes a determination under Section 24(c) or (d) of this Declaration, it may proceed to order the repairs to be accomplished without a vote of the Owners. However, if the Board makes a determination that the estimated costs of repair and restoration to the Condominium are in excess of the actual insurance proceeds available, the Board shall be authorized to conduct a vote to determine whether a Special Assessment should be ordered. If more than a majority of the votes of the Unit Owners is cast in favor of such assessments as provided in Section 16 of this Declaration, the Board shall proceed to repair and restore the damage and destruction. The Board shall also be allowed to use the insurance proceeds therefore, and shall apply any funds collected as a Special Assessment for said purpose that are needed beyond the insurance proceeds available to accomplish such repairs in proportion to the respective interests of the Units and the Common Elements.

If less than a 2/3 affirmative vote of the Unit Owners is cast in favor of the proposed assessment, the Association shall have made a determination not to repair, restore or reconstruct the Condominium pursuant to the vote requirement herein this Declaration.

(f) Emergency Works: Under any circumstance of damage or destruction, the Board shall have the authority to take all actions reasonably necessary to accomplish such emergency work as it deems in its sole discretion to be advisable. Such emergency work shall be paid for in like manner as other restoration work. As used herein, "emergency work" shall mean all work that the Board deems necessary to avoid further damage, destruction or substantial diminution in value to the Condominium and to reasonably protect the owners from liability resulting from the condition of the site;

(g) Decision Not to Restore: In the event the Association should decide not to repair or restore damage and destruction pursuant to Section 24(e) of this Declaration, the Board may expend such of the insurance proceeds and existing common expense funds as the Board deems reasonably necessary for emergency work and the remaining funds, if any, and the property shall thereafter be held and distributed as follows:

- (1) The Property shall be owned in common by the Unit Owners and shall no longer be subject to this Declaration or to condominium ownership;
- (2) The unidentified interest in the Property owned in common which appertains to each Unit shall be the percentage of undivided interest previously owned by the other owner of such Unit in the Common Elements;

(3) Any mortgages or liens affecting any of the Units shall be deemed transferred in accordance with the existing priorities to the percentage of the undivided interest of the Unit Owner in the Property as herein provided; and

(4) The Property shall be subject to an action for partition at the suit of any Unit Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance covering the Property, if any, shall be integrated into and considered as one fund. Such funds shall be divided into separate shares – one for each Unit Owner in a percentage equal to the percentage of undivided interest owned by each such Owner in the Property; then, after first paying out of the respective share of each Unit Owner, the balance remaining in each share shall then be distributed to each Unit Owner respectively;

(5) The provisions of this Section shall constitute the procedure by which determination is to be made by the Unit Owners to repair, restore, reconstruct or rebuild in accordance with the original plan. Each Unit Owner and any party claiming by, through or under such Owners, hereby consents and agrees to the provisions hereof by the act of accepting an interest in the property. In the event that any provision of Section 24 of this Declaration shall be determined to be invalid or unenforceable by any court of competent jurisdiction then such determination shall not affect the validity of any other provision of this Declaration. The dollar amounts specified in this Section may, in the discretion of the Board, be increased proportionately by the increase in the consumer price index for all items prepared by the United States Department of Labor for the year preceding the damage over the year in which this Declaration was recorded, in order to adjust for any inflation in the value of the United States Dollar; and

(h) Procedures: The Board shall promptly notify the Unit Owners of its determinations under this Section and shall convene a meeting of the Unit Owners as required herein no later than sixty (60) days from the date the damage or destruction occurred. If the Board fails to so act, any Owner or Mortgagee may convene a meeting of the Association to consider the action to be taken. Any repair or restoration unless otherwise determined by unanimous vote of the Unit Owners shall be undertaken according to the original plans and specifications for the condominium with such modifications as may be required to meet the then applicable governmental rules and ordinances.

SECTION TWENTY-FIVE **COVENANT RUNNING WITH THE LAND**

This Declaration shall be deemed to be a set of covenants running with the land which shall be binding on the Declarant, its successors and assigns, and all subsequent Owners and tenants of the Property, together with their grantees, successors, heirs, executors, administrators, devisees, or assigns. It shall be interpreted pursuant to the Act, and shall operate independently of the Act, should the Act be inapplicable in any manner. Further, the provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Arizona law.

SECTION TWENTY-SIX
CUMULATIVE REMEDIES

All remedies available to the Unit Owners, Board of Directors, and Association under the terms of this Declaration are cumulative, and nothing in this Declaration shall be construed to limit any remedy available hereunder to an Owner, the Board of Directors, or the Association provided for under the laws of the State of Arizona.

SECTION TWENTY-SEVEN:
SEVERABILITY

If any provision of this Declaration or its application to any person or circumstance is held invalid, the remainder of the Declaration, or the application of the provisions to other persons or circumstances is not affected. Pursuant to A.R.S §33-1213, each and every provision of this Declaration is severable such that, for any provision held to be null and void, the remainder of the provisions in this Declaration shall remain in effect and shall be enforceable.

SECTION TWENTY-EIGHT:
WARRANTIES LIMITED

The Declarant submits this Declaration with the understanding that this is a conversion condominium in that all Units will be sold on an "as is/where is" condition, that no warranties will be made as to the condition of the Improvements, whether interior or exterior, and that all subsequent purchasers will purchase the Property and Improvements thereon at their own risk as to condition.

No other document, or any oral expression of any kind from any source as to the condition of the premises, shall be construed as warranty or guaranty of the condition of the premises, but merely informative, that the "as is/where is" language in this Agreement is the prevailing representation as to condition, and that all subsequent purchasers are ultimately responsible to inspect and verify the condition of the premises to their satisfaction.

Subsequent purchasers shall hold harmless and indemnify the Declarant from and against any and all claims, causes, damages, liability and related expenses arising out of or related to the inspection of any of the Units by purchaser or purchaser's employees, agents or contractors, including but not limited to environmental inspections.

All subsequent purchasers shall acknowledge, represent and warrant that, except as expressly provided, (i) any information ("Information") supplied or made available by the Declarants, whether written or oral, or in the form of maps, surveys, plats, soil reports, engineering studies, environmental studies, inspection reports, plans, specifications, or any other information whatsoever, without exception, pertaining to the Property, and any and all other matters concerning the condition, suitability, integrity, marketability, compliance with law, or other attributes or aspects of the Property, or a part thereof, is furnished to potential purchaser / subsequent purchaser solely as a courtesy; (ii) THE INFORMATION IS PROVIDED, AND THE PROPERTY IS PURCHASED, ON AN AS-IS-WHERE-IS BASIS AND DECLARANT

MAKES NO REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AS TO THE INFORMATION OR THE PROPERTY; and (iii) no representations, whether written or oral, have been made by the Declarant, or its agents or employees in order to induce the purchase of any condominium Unit. Without limiting the generality of the foregoing, subsequent purchaser shall acknowledge, warrant and represent to the Declarant that neither the Declarant nor its agents or employees have made any representations or statements, whether written or oral, to subsequent purchaser concerning the investment potential, operation or resale of the Property at any future date, at a profit or otherwise, nor has the Declarants or its agents or employees rendered any advice or expressed any opinion to Buyer regarding any tax consequences of ownership of the Property.

Subsequent purchaser shall acknowledge, represent and warrant that they are familiar with the Property and will have made such independent investigations as subsequent purchaser deems necessary or appropriate concerning the Property. If subsequent purchaser elects to proceed with the purchase of the Property, any objections which subsequent purchaser may have with respect to the Property shall be waived by purchaser. Except as expressly provided above, the Declarant makes no representations or warranties and specifically disclaims any representations, warranty, or guaranty, oral or written, past, present or future with respect to the physical condition or any other aspect of the Property and any Improvements thereon, including, without limitation, the structural integrity of the Improvements, the manner, construction, condition, and state of repair or lack of repair of any of the Improvements, the conformity of the Improvements to any plans or specifications for the Property, including, but not limited to, any plans and specifications that may have been on which may be provided to subsequent purchaser, the conformity of the Property to past, current or future applicable zoning or building code requirements or the compliance with any other laws, rules, ordinances, or regulations of any government or other body, the financial earning capacity or history or expense history of the operation of the Property, the nature and extent of any right-of-way, lease, possession, lien encumbrance, license, reservation, condition, or otherwise, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, sufficiency of drainage, whether the Property is located wholly or partially in a flood plain or a flood hazard boundary or similar area, the existence or non-existence of hazardous waste or other toxic materials of any kind (including, without limitation, asbestos) or any other matter affecting the stability or integrity of the Land and/or the Improvements.

The Declarant shall not be responsible for any negligent misrepresentation or failure to investigate the Property and any Improvements thereon on the part of any subsequent seller, any real estate broker or sales agent, or any other agent or employee of subsequent seller or any third party.

Except as expressly provided above, as part of subsequent purchaser's agreement to purchase and accept the Property and Improvements AS-IS-WHERE-IS, and not as a limitation on such agreement, SUBSEQUENT PURCHASER(S) HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE AND RELEASE ANY AND ALL ACTUAL OR POTENTIAL RIGHTS SUBSEQUENT PURCHASER(S) MIGHT HAVE REGARDING ANY FORM OF

WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY AND THE INFORMATION. SUCH WAIVER AND RELEASE IS ABSOLUTE, UNCONDITIONAL, IRREVOCABLE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER AND RELEASE INCLUDES, BUT IS NOT LIMITED TO A WAIVER AND RELEASE OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS AND CLAIMS OF EVERY KIND AND TYPE, INCLUDING, BUT NOT LIMITED, TO CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT LIABILITY TYPE CLAIMS, ANY RIGHTS AND CLAIMS RELATING TO OR ATTRIBUTABLE TO ENVIRONMENTAL CONDITIONS, ALL OTHER EXTANT OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS.

SECTION TWENTY-NINE
RELEASE AND INDEMNITY

(a) Release. All subsequent purchasers shall fully release and discharge the Declarant from and relinquish all rights, claims and actions that subsequent purchaser may have against the Declarant which arise out of or are in any way connected with the physical condition of the Property, including but not limited to the existence or presence on the Property of (i) natural defects of any kind or nature, (ii) Hazardous Materials and (iii) violations of any federal, state or local law or regulation applicable to the physical condition of the condominium property.

This release applies to all described rights, claims and actions, whether known or unknown, foreseen or unforeseen, present or future.

(b) Indemnity. Subsequent purchasers shall defend, indemnify and hold harmless the Declarant from and against all claims, damages, losses, costs, expenses and liabilities (including but not limited to all attorney's fees and court costs paid or incurred) which arise out of or are in any way connected with (i) the physical condition of the Property (including but not limited to the matters involving the use, maintenance, operation, ownership or possession of the Property).

SECTION THIRTY
DISPUTE RESOLUTION: RIGHT TO CURE,
MANDATORY BUYBACK PROGRAM, AND BINDING ARBITRATION

(a) Right to Cure. It is the Declarant's intent that all Units and Improvements constructed or renovated by the Declarant be built in compliance with all applicable building codes and ordinances and that they be of a quality that is consistent with good construction and development practices for housing of this type. Nevertheless, due to the complex nature of construction and the subjectivity involved in evaluating the quality of construction, disputes may arise as to whether a defect exists and whether the Declarant is responsible therefore. It is the Declarant's intent to address and resolve all controversies or claims regarding such "Alleged Defects" (as defined in this Section) swiftly and amicably, and without the necessity of time-

consuming and costly litigation. Accordingly, the Owners Association, Board of Directors, and all Unit Owners shall be bound by the following claim resolution procedure:

In the event that the Association, the Board of Directors, or any Unit Owner(s) (hereinafter collectively "Claimant") claim, contend, or allege that any portion of the Common Elements, any Unit, and/or any Improvements constructed on the Condominium are defective, or that the Declarant, its agents, consultants, contractors, or subcontractors (hereinafter collectively "Agents") are liable for any defect claimed in the planning, design, engineering, grading, construction, or other development of the Condominium (hereinafter collectively "Alleged Defect"); the Declarant hereby reserves the right for itself to inspect, repair, and/or replace such Alleged Defect as set forth below. In addition, in accordance with Subsection 30(b) the Declarant reserves the right to exercise the mandatory buyback of the portion of the Condominium containing the Alleged Defect.

(i) Notice of Alleged Defect. In the event that a Claimant discovers any Alleged Defect, the Claimant shall notify Declarant, in writing, within fifteen (15) days of the Alleged Defect, of specific nature of the Alleged Defect (hereinafter "Notice of Alleged Defect"). In no event shall written Notice of Alleged Defect be served upon the Declarant less than forty-five (45) days before the filing of an action or the initiation of other legal proceedings.

(ii) Right to Reenter, Inspect, Repair and/or Replace. Within a reasonable time after Declarant's receipt of a Notice of Alleged Defect, or the Declarant's independent discovery of any Alleged Defect, as part of the Declarant's reservation or right, the Declarant shall have the right, upon reasonable written notice to Claimant (with the exception of emergency, such notice shall be provided no later than twenty-four (24) hours prior to inspection), to enter onto or into, as applicable, the Common Elements, any Unit, and/or any Improvements of the Condominium during normal business hours for the purposes of inspecting and conducting testing of such Alleged Defect.

Unless otherwise agreed to in writing by the Claimant and the Declarant, within twenty-one (21) days of Declarant's receipt of Notice of Alleged Defect, the Declarant shall inspect and/or test the Alleged Defect and provide written Notice of Proposal to Claimant, which shall either: (1) propose to repair and/or replace the defect based upon the inspection; (2) propose and offer to settle the claim through monetary payment; or (3) provide notice that the Declarant disputes the claim and will neither propose to remedy the Alleged Defect nor exercise the buyback program right or compromise and settle the claim.

Where the Declarant does not respond to the Notice of Alleged Defect within twenty-one (21) days or provides Notice of Proposal containing written notice as outlined in Subsection 30(a)(ii)(3) above, the Claimant may initiate legal action as provided in this Declaration and the Act ten (10) days after serving written Notice of Legal Action on the Declarant.

The Claimant shall have thirty (30) days from the date of receipt of the Declarant's written Notice of Proposal to accept or reject the proposal. Upon the expiration of the thirtieth (30th) day, the Notice of Proposal may at any time thereafter be revoked by the Declarant upon serving Notice of Withdrawal on the Claimant, and the Claimant may initiate legal action as provided in Declaration and the Act ten (10) days after serving written Notice of Legal Action on the Declarant.

If the Claimant rejects the Notice of Proposal, the Claimant shall serve a written Notice of Rejection. The Claimant may initiate legal action as provided in Declaration and the Act ten (10) days after serving written Notice of Legal Action on the Declarant. For purposes of the Notice of Rejection, the Claimant's Notice of Rejection and Notice of Legal Action may be contained in a single written notice provided such notice contains the explicit terms: "Notice of Rejection" and "Notice of Legal Action" in bold print.

If the Claimant accepts the Declarant's Notice of Proposal which contains an offer to settle, the parties shall execute any and all requisite documents to effect the Settlement of the claim(s).

If the Claimant accepts the Notice of Proposal which contains a proposal to repair and/or replace (unless already outlined in the proposal), the parties shall, in good faith and with the goal of expedient resolution, agree to a reasonable schedule to effect repairs and/or replacement. The agreed upon repair and/or replacement schedule shall be memorialized in a written agreement executed by both the Claimant and the Declarant.

(iii) No Additional Declaration Obligations, Irrevocability and Waiver of Right. No provision contained in this Section shall be construed to impose any obligation on Declarant to inspect, test, repair, or replace any item or Alleged Defect for which the Declarant is not otherwise obligated under applicable law or any limited warranty, if any, provided by the Declarant in connection with the sale of the Units. The right of the Declarant to enter, inspect, test, repair, and/or replace hereby reserved shall be irrevocable and may not be waived or otherwise terminated except by writing, in recordable form, executed and recorded by the Declarant.

(iv) No Tolling of Statute of Limitations. In no event shall any statutes of limitations be tolled during the period in which the Declarant conducts any inspection or testing of any Alleged Defects.

(b) Buyback Program. If any controversy or claim regarding an Alleged Defect arising out of the Property or Improvements referenced herein is not resolved through the procedure outlined in Section 30(a) and cannot be settled through negotiation by the Declarant and Claimant, the Declarant reserves the right to buyback the Unit(s) from the Claimant(s) raising the controversy or claim as liquidated damages. The buyback must be initiated prior to the expiration of the tenth (10th) day after the Notice of Legal Action is served upon the Declarant. To initiate the buyback, the Declarant must serve written Notice of Buyback on the Claimant(s). The buyback purchase price shall be the original recorded purchase price for the condominium unit(s) plus an amount equal to an additional five percent (5%) interest per annum accrued on the original recorded purchase price. Payment of the amounts referenced herein as liquidated damages shall constitute full satisfaction of such controversy or claim.

(c) Legal Actions. Any and all legal actions initiated by a Claimant, shall be brought in accordance with and subject to Sections 30(d) and 30(e) of this Declaration. In the event a Claimant initiates a cause of action or other legal proceeding against the Declarant alleging damages resulting from an Alleged Defect; any judgment or award in connection therewith shall first be used to repair and/or replace such Alleged Defect or to reimburse the Claimant for any costs actually incurred by such Claimant in repairing and/or replacing such Alleged Defect.

In the event the Claimant is the Association, the Association must provide written notice to all Unit Owners prior to initiation of any cause of action or other legal proceeding against the Declarant which Notice shall (at a minimum) include: (1) a description of the Alleged Defect, (2) a description of the attempts by Declarant or third-party to repair and/or replace the Alleged Defect, (3) a certified opinion letter from an engineer licensed with the State of Arizona, or other qualified licensed professional, verifying that such Alleged Defect exists and detailing the remedial action necessary and/or recommended, (4) the estimated cost to repair and/or replace such Alleged Defect, (5) the estimated attorneys' fees and expert fees and costs necessary to pursue the claim against the Declarant and the source of funds which will be used to pay such fees and expenses, and (6) the affirmative statement and explanation that, in the event the Association recovers any funds from the Declarant (or any other Person) to repair and/or replace and Alleged Defect, any excess funds remaining after the repair of such Alleged Defect shall be paid into the Association's reserve fund until the Association holds a vote in accordance with the Declaration to determine the application of such funds.

(d) Approval of Litigation. The Association shall not incur legal expenses, including without limitation, attorneys' fees where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings without the prior written approval of the Unit Owners holding more than sixty-seven percent (67%) of the total votes in the Association, excluding the voting power and percentage of any Unit Owner who would be a defendant in such proceedings. The Association must finance any legal proceeding with monies that are specifically collected for the same and may not borrow money as an Association or fail to maintain adequate monies in the reserve fund. In the event that the Association commences any legal proceedings, all Unit Owners must notify prospective purchasers of such legal proceedings and must provide such prospective purchasers with a copy of the Notice provided by the Association pursuant to Section 30(c) of this Declaration. This Section shall not apply to any legal proceedings to enforce the uses, purposes, covenants, conditions, or restrictions contained in Section 11 or to collect any unpaid assessments or other sums duly levied in accordance with this Declaration.

(e) Binding Arbitration. In the event a dispute between or among the Declarant, its builders, contractors, brokers, or their agents or employees, on the one hand, and any Unit Owner(s) or the Association, on the other hand, regarding any controversy or claim between the parties, including any claim based on contract, tort, or statute, arising out of or relating to the rights or duties of the parties under this Declaration, the design or construction of the Condominium, or an Alleged Defect, cannot be resolved pursuant to Sections 30(a) or 30(b) or otherwise resolved; the matter shall be resolved by binding arbitration which shall be conducted in accordance with the following rules:

(i) Initiation of Arbitration. After attempting to resolve the controversy or claim as outlined in Sections 30(a) and 30(b), the arbitration may be initiated by either party delivering to the other a Notice of Intent to Arbitrate as provided for in the American Arbitration Association (hereinafter "AAA") Commercial Arbitration Rules, as amended from time to time (hereinafter the "AAA Rules").

(ii) Governing Procedures. The arbitration shall be conducted in accordance with the AAA Rules and A.R.S. §12-1501 *et seq.* In the event of a conflict between A.R.S. §12-1501 *et seq.* and Section 30 of this Declaration, the provisions A.R.S. §12-1501 *et seq.* shall govern. In the event of a conflict between the AAA Rules and Section 30, the provisions of Section 30 of this Declaration shall govern.

(iii) Appointment of Arbitrator. The parties shall appoint a single Arbitrator by mutual agreement. If the parties have not agreed, within ten (10) days of the date of the Notice of Intention to Arbitrate, on the selection of an arbitrator willing to serve; the AAA shall appoint a qualified Arbitrator to serve. Any arbitrator chosen in accordance with this Subsection (iii) shall be referred to as the "Arbitrator".

(iv) Qualifications of Arbitrator. The Arbitrator shall be neutral and impartial. The Arbitrator shall be fully active in such Arbitrator's occupation or profession, knowledgeable as to the subject matter involved in the dispute, and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired lawyers or judges.

(v) Disclosure. Any candidate for the role of Arbitrator shall promptly disclose to the parties all actual perceived conflicts of interest involving the dispute or the parties. No Arbitrator may serve if such person has a conflict of interest involving the subject matter of the dispute of the parties. If an Arbitrator resigns or becomes unwilling to continue to serve as an Arbitrator, a replacement shall be selected in accordance with the procedure outlined in Subsection (iii) above.

(vi) Compensation. The Arbitrator shall be fully compensated for all time spent in connection with the arbitration proceedings in accordance with the Arbitrator's hourly rate not to exceed Three Hundred Dollars (\$300.00) per hour, unless otherwise agreed to in writing by the parties. Pending final award, the Arbitrator's compensation and expenses shall be advanced equally by the parties.

(vii) Preliminary Hearing. Within thirty (30) days after the Arbitrator has been appointed, a preliminary hearing among the Arbitrator and counsel for the parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include, in addition to those set forth in the AAA Guidelines and Rules, the following: (1) definition of issues; (2) scope, timing, and types of discovery, if any; (3) schedule and place(s) of hearings; (4) setting of other timetables/schedules; (5) submission of motions and briefs; (6) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the parties can be obviated or minimized; (7) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (8) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding.

(viii) Management of the Arbitration. The Arbitrator shall actively manage the proceedings as the Arbitrator deems best promotes and/or facilitates the proceeding's ultimate goal of expeditious, economical, and efficient resolution.

(ix) Confidentiality. All papers, documents, briefs, written communication, testimony, and transcripts as well as any and all arbitration decisions shall be confidential and not disclosed to anyone other than the Arbitrator, the parties or the parties' attorneys and expert witnesses (where applicable to their testimony). Notwithstanding the foregoing, upon prior written consent of all the parties, such information may be divulged to additional third parties. All third parties shall agree in writing to keep such information confidential.

(x) Hearings. Hearings may be held at any place within the State of Arizona designated by the Arbitrator and, in the case of particular witnesses not subject to subpoena at the usual hearing site, at a place where such witnesses can be compelled to attend.

(xi) Final Award. The Arbitrator shall promptly (within sixty (60) days of the conclusion of the proceedings or such longer period as the parties may mutually agree) determine the claims of the parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration, the conduct of the parties and their counsel in the course of arbitration, and other relevant factors. The Arbitrator shall not award any punitive damages. The Arbitrator shall not award indirect, consequential, or special damages regardless of whether the possibility of such damage or loss was disclosed to, or reasonably foreseen by the party against whom the claim is made; provided, however, that such damages may be deemed by the Arbitrator to be direct damages in an award reimbursing payments made by a party to a third party. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party.

(xii) Statute of Limitations. All statutes of limitation applicable to claims which are subject to binding arbitration pursuant to this Section shall apply to the commencement of arbitration proceedings. If arbitration proceedings are not initiated within the applicable period, the claim shall forever be barred.

(f) Notices: In General. All notices, demands, statements, or other communications required to be given to or served on a Person under this Declaration shall be in writing and shall be deemed to have been duly provided and served if delivered personally or sent by certified United States mail, postage prepaid, return receipt requested. Any notice given by mail under this Section shall be deemed to have been received by the Person to whom the notice was addressed on the earlier of the date the notice actually received or three (3) days after the notice was deposited in the mail.

SECTION THIRTY-ONE **DECLARANTS' RESERVATION OF RIGHTS**

The Declarant reserves the right to assign, transfer, sell, lease, rent, or otherwise encumber all or a portion of the Property then owned by it and reserves the right to assign any and/or all of its rights, duties, and obligations created under this Declaration. The Declarant further reserves the right to add or remove any portion of the Condominium owned by it.

SECTION THIRTY-TWO
DECLARANT CONTROL PERIOD

Until the date upon which the Declarant Control terminates, the Declarant shall have the right to appoint and remove all members of the Board of Directors with the provisos that (1) not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board must be elected by Owners other than the Declarant and (2) not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Owners other than the Declarant, not less than one-third (1/3) of the members of the Board of Directors must be elected by Owners other than the Declarant.

Declarant Control of the Owners Association shall terminate no later than the earlier of (1) ninety (90) days after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than the Declarant; (2) four (4) years after all declarants have ceased to offer Units for sale in the ordinary course of business; or (3) the date on which the Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board of Directors. If the Declarant exercises its right to voluntarily surrender control pursuant to item (3) above, the Declarant may require that the duration of the period of Declarant Control, specified actions of the Association or the Board of Directors, as described in a recorded instrument recorded by the Declarant, be approved by the Declarant before they become effective.

Within sixty (60) days after the date upon which Declarant Control is terminated, the Declarant shall deliver to the Owners Association all property of the Owners Association and the Owners held or otherwise controlled by the Declarant in accordance with the Act.

SECTION THIRTY-THREE
TERMINATION OF CONDOMINIUM

The termination of the Condominium shall be governed by terms and provisions of A.R.S. §33-1228, or as they may come to be amended.

SECTION THIRTY-FOUR
CONDOMINIUM CONVERSION

(a) Pursuant to A.R.S. §33-1215(11), the Declarant hereby states the following:

- (i) The Property is a conversion from multifamily rental to condominiums.
- (ii) The original construction was completed in 1986.

(iii) The name and address of the original owner/builder/developer, as shown on the original Certificate of Occupancy was William Forty-Eighth Street Ventures, 4167 North Scottsdale Road, Suite 202, Scottsdale, AZ 85251.

(iv) The names and addresses of each subsequent owner as determined by a search of the county recorder's records in the county in which the property is located is as follows:

Ironstone Investments, LLC
26915 Ironstone Drive
Yorba Linda, CA 92887

James R. and Elizabeth A. Ewald
26915 Ironside Drive
Yorba Linda, CA 92887

Edward F. Streit
2000 W. Galena Blvd., Ste. 205
Aurora, IL 60506

Frank John Renner
222 West Lisa Lane
Tempe, AZ 85284

H & M Enterprises, Inc.
PO Box 591
Tempe, AZ 85280

Forth Eight Street Venture
1615 E. Weber Drive
Tempe, AZ 85281

Richard A. Gates and Larry R. Petersen
14811 Calle Del Prado
Poucasn Hills, AZ 85268

Billie Fay Brown
20 E. Lawrence
Phoenix, AZ 85008

John and Mary Gazsi
1241 N. 48th St.
Phoenix, AZ 85008

Margaret Newman
Address unknown

(e) The Declarant hereby agrees to provide the following information on request:

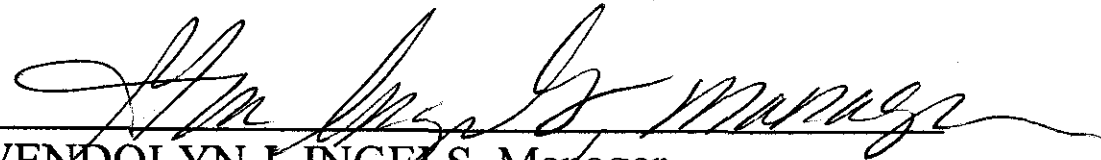
(i) The name and address of any builder, developer, general contractor, subcontractors, architects, and engineers who designed or made improvements to the property immediately before the first condominium was sold; and

(ii) A specific description of all improvements made.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed this 12 day of August, 2006.

By: DELANO PLACE, LLC, an Arizona limited liability company, Declarant

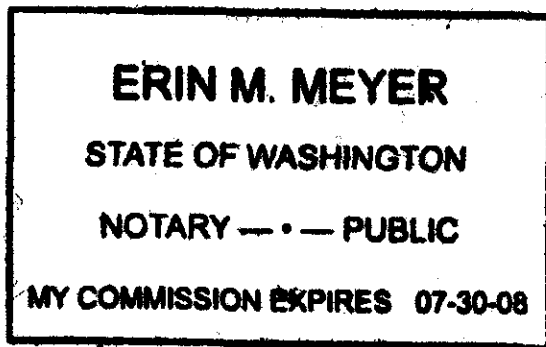
By: METROPOLITAN DEVELOPMENT GROUP OF TACOMA, LLC, a Washington limited liability company, Manager



GWENDOLYN J. INGELS, Manager

STATE OF WASHINGTON)
COUNTY OF PIERCE)

On this day personally appeared before me GWENDOLYN J. INGELS, to be known to be the individual described herein and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act for the purposes and use herein mentioned.

GIVEN under my hand and official seal this 12th day of August, 2006.




Print Name: Erin Meyer
NOTARY PUBLIC in and for the State of Washington, residing in Eatonville
My Commission Expires: July 30, 2008

The Plat referred to in this Declaration was filed with the Recorder's Office for Maricopa County, Arizona, simultaneously with this Declaration under Recordation Number 2006-1454649

The Declarant, Delano Place, LLC, an Arizona Limited Liability Company, hereby with the recordation of this Declaration, Bylaws and Plat declare and dedicate the property herein described to be condominium for the purposes and uses pursuant to the Arizona Condominium Act of the State of Arizona (A.R.S. §33-1201 *et seq.*).

**Delano Place Condominiums
A CONDOMINIUM**

**APPENDIX A
DESCRIPTION OF LAND**

Lot Two (2), DELANO PLACE, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 11 of Maps, page 26.

**Delano Place Condominiums
A CONDOMINIUM**

**APPENDIX B
UNIT DESCRIPTION
&
COMMON ELEMENT EXPENSE LIABILITY**

**APPENDIX B
UNIT DESCRIPTION
COMMON ELEMENT EXPENSE LIABILITY**

Unit No.	Level	Bldg.	Unit Type	Liveable Sq. Footage	Parking	Storage	Common Element Percentage	Common Element Expense Liability
101	1	1	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
102	1	1	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
103	1	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
104	1	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
105	1	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
106	1	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
107	1	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
108	1	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
109	1	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
110	1	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
111	1	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
112	1	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
113	1	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
114	1	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
115	1	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
116	1	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
201	2	1	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
202	2	1	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
203	2	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
204	2	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
205	2	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
206	2	1	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
207	2	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
208	2	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
209	2	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
210	2	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
211	2	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
212	2	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
213	2	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
214	2	2	1 bed/1 bath	566	*	Attached	2.5031%	2.5031%
215	2	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
216	2	2	2 bed/2 bath	791	*	Attached	3.4981%	3.4981%
				22612			100.0000%	100.0000%
* Parking Stall to be assigned by recorded amendment								
** Storage Unit to be assigned by recorded amendment								

**Delano Place Condominiums
A CONDOMINIUM**

APPENDIX C

**BYLAWS
FOR
Delano Place Condominiums
A CONDOMINIUM**

ARTICLE 1 – PLAN OF CONDOMINIUM OWNERSHIP

The following described land has been submitted as a condominium in the Declaration recorded with these Bylaws, pursuant to the Arizona State Condominium Act (A.R.S. §33-1201 *et seq.*):

**SEE “APPENDIX A – DESCRIPTION OF LAND” ABOVE &
LEGAL DESCRIPTION ON PAGE 1 OF 4 OF FINAL PLAT RECORDED HEREWITH**

The provisions of these Bylaws shall be applicable to Delano Place Condominiums, A Condominium, which shall include the Land heretofore described and all Improvements thereto. All present or future Owners of Units in Delano Place Condominiums, including lessees, future tenants, guests, occupants, invitees, or any other person who might use the buildings, Common Elements, or Limited Common Elements of the Condominium in any manner, are subject to the regulations set forth in these Bylaws and the Declaration recorded herewith.

ARTICLE 2 – OWNERS ASSOCIATION

There shall be an Association composed of all Owners of Units in Delano Place Condominiums, and each Owner shall automatically be a Member of the Association by virtue of such ownership of such Unit. Each Owner shall be entitled to one membership in the Association for each Unit he or she owns subject to the provisions of the Declaration.

2.1 **VOTING RIGHTS:** Each Member of the Association shall be entitled to vote in the affairs in of the Association according to the provisions set forth in the Declaration.

2.2 **MAJORITY OF OWNERS:** As used in these Bylaws, the term “majority of owners” shall mean those Unit Owners holding fifty-one percent (51%) of the votes in accordance with the voting rights as established in the Declaration.

2.3 **QUORUM:** Except as otherwise provided in these Bylaws, the presence in person or by proxy of persons holding fifty percent (50%) or more of the total votes shall constitute a quorum.

2.4 PROXIES: Except as otherwise provided in these Bylaws, votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association prior to the appointed time of each meeting.

ARTICLE 3 – ADMINISTRATION OF THE CONDOMINIUM

The Association shall have the responsibility of administering Delano Place Condominiums, approving the annual budget, and establishing and collecting monthly assessments. Except as otherwise provided in these Bylaws, decisions and rules and regulations of the Association shall require approval by a majority of the Unit Owners.

3.1 ANNUAL MEETINGS: The first annual meeting of the Association shall be held on January 15. Thereafter, annual meetings shall be held on the Second Tuesday of January of each succeeding year. At the annual meeting the members shall elect directors to serve on the Board of Directors in accordance with the provisions of the Declaration. Said election shall be conducted by secret ballot. The members may also transact such other business of the Association as may properly come before them.

3.2 SPECIAL MEETINGS: It shall be the duty of the President of the Association to call special meetings of the members as directed by resolution of the Board of Directors or upon receipt by the Secretary of a petition signed by persons holding more than fifty percent (50%) of the total votes requesting that a special meeting of the Association be held. No business shall be transacted at any special meeting except as specifically stated in the notice of such meeting unless by consent of those persons holding more than seventy-five percent (75%) present at such meeting, either in person or by proxy.

3.3 PLACE OF MEETINGS: All meetings of the Association shall be held at such place as is convenient to the Members. The meeting place shall be determined by the Board of Directors.

3.4 NOTICE OF MEETINGS: It shall be the duty of the Secretary of the Association to mail notices of each annual or special meeting to the members, stating the purpose of such meeting and the time and place the meeting is to be held, at least five (5) but not more than ten (10) days prior to such meeting; except that any meeting called for the purpose of levying Special Assessments of the Members shall require written notice not less than thirty (30) or more than sixty (60) days in advance of such meeting. The mailing of notices by United States mail to the last address of record for each Owner shall be considered proper notice served upon each Owner.

3.5 ADJOURNED MEETINGS: If any meeting of the Owners cannot be held because a quorum is not in attendance, the Owners who are present either in person or by proxy may, by majority vote, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was to be held.

ARTICLE 4 – BOARD OF DIRECTORS

The Association's affairs shall be governed and managed by a Board of Directors, all of whom must be Unit Owners of Delano Place Condominiums.

4.1 NUMBER OF DIRECTORS: The number of directors who shall be elected from among the owners to serve on the Board of Directors of the Association shall be three (3).

4.2 ELECTION AND TERM OF OFFICE: The term of office for the directors shall be two (2) years, with one (1) director being elected at each annual meeting during even-numbered years and two (2) directors being elected at each annual meeting during odd-numbered years in accordance with the provisions of the Declaration.

4.3 VACANCIES AND REMOVAL FROM OFFICE: Vacancies for any reason in the Board of Directors may be filled by an election held at a special meeting of the Association called for such purpose, and may also be appointed by the Board pursuant to the provisions of the Declaration. Any director may be removed from office by a majority of Unit Owners voting in person or proxy at a special meeting called for such purpose. Any director whose removal has been proposed by the Owners shall be given ample opportunity to be heard at said special meeting.

4.4 ORGANIZATION MEETING: The first meeting of the newly elected Board of Directors shall be held within thirty (30) days of the election of any director, at such time and place as shall be fixed by the directors, whereupon all three (3) duly elected directors must attend in order to constitute an organizational meeting of the directors as intended by this Article.

4.5 REGULAR MEETINGS: Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors but at least two (2) regular meetings of the Board of Directors shall be held each year. Notice of the regular meetings shall be given to each director personally or by mail, telephone or telegraph at least seven (7) days prior to the day named for such meeting.

4.6 SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by the President on seven (7) days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place, and specific purpose of the meeting. Special meetings of the Board of Directors may also be called upon the written request by any two (2) directors delivered to the President. Notice of any special meeting so called shall be in the form and manner as provided above in this Paragraph.

4.7 WAIVER AND NOTICE: Before or during any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of proper notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of proper notice by such director. If all the directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted if such meeting and the agenda for business is consented to by all the directors.

4.8 QUORUM: Two (2) members of the Board of Directors shall constitute a quorum. The Board of Directors shall act by majority vote of those present at its meetings where a quorum exists.

4.9 POWERS AND DUTIES OF THE BOARD: The Board of Directors of the Association shall have the authority and powers necessary for the proper administration and management of the Condominium and the affairs of the Association, and may do all acts and things it deems advisable in the exercise of such authority and powers. In addition to the duties imposed by the Declaration and by rules and regulations adopted by the Association, the Board shall be responsible for the following:

(a) The maintenance, care, operation and repair of the Condominium, including the purchase of all the equipment, materials, and labor necessary to properly maintain, care for, operate and keep the Condominium in good repair.

(b) The collection of monthly assessments from the Unit Owners.

(c) The health, safety and well being of the Unit Owners in their use of the Common Elements of the Condominium.

ARTICLE 5 – OFFICERS OF THE ASSOCIATION

The officers of the Association shall be a President, Secretary and a Treasurer, all of whom shall be elected from the Board of Directors.

5.1 ELECTION OF OFFICERS: The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board. The term of the office for each officer of the Association shall be one year or until his or her successor is elected

5.2 REMOVAL FROM OFFICE: On an affirmative vote of a majority of the directors, any officer may be removed from office, with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors, or at any special meeting called for such purpose.

5.3 THE PRESIDENT: The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and the Board of Directors and shall have all general powers and duties usually vested in the office of President of an Association, including but not limited to the powers to appoint committees from among the unit owners as he in his discretion deems appropriate to assist in the administration and management of the affairs of the Association.

5.4 THE SECRETARY: The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have

charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident to the office of the Secretary.

5.5 THE TREASURER: The Treasurer shall have responsibility for the Association's funds and securities, and shall be responsible for keeping full and accurate records, accounts and data regarding all receipts and disbursements of the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designed by the Board.

5.6 AMENDMENTS TO THE DECLARATION: The President, Vice-President, or Secretary may execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE 6 – OBLIGATIONS OF UNIT OWNERS

6.1 ASSESSMENTS: All owners are obligated to pay monthly assessments imposed by the Association by and through the Board of Directors, to meet the expenses of the Condominium. The assessments shall be paid in accordance with Section 16 of the Declaration.

6.2 MAINTENANCE AND REPAIR OF UNITS: Each Unit Owner shall promptly perform all maintenance and repair to and within his or her Unit, which, if left undone, will affect the general appearance or condition of the Condominium or the health, safety and welfare of any other Owner. Each Unit Owner shall provide for the proper working order and condition of all utilities servicing his or her Unit, such as water, sewage, gas, electricity, telephones, and power. Each Unit Owner shall reimburse the Association for any expenditure incurred in repairing or replacing any portion of the Common Elements damaged through his or her fault.

6.3 USE OF UNITS: Pursuant to the terms of the Declaration, the Units shall be used for residential purposes only, and no owner shall make any structural modifications or alterations to his or her Unit without first receiving the written permission to do so from the Board of Directors.

6.4 USE OF THE COMMON ELEMENTS: The use and enjoyment of the Common Elements of Delano Place Condominiums are for all Owners and no Owner shall interfere with the reasonable use and enjoyment of another Owner. No Owner shall make use of the Common Elements in such a manner as to endanger the health, welfare and well being of another Owner. Such standards are to be applied with equal force to all guests, occupants, invitees, lessees, and sublessees of any Owner.

6.5 USE OF THE LIMITED COMMON ELEMENTS: An Owner shall not use or allow to be used by his or her guests, occupants, invitees, lessees, or sublessees, any parking space that is reserved for the use and enjoyment of another Owner, without said Owner's permission.

6.6 RIGHT OF ENTRY: Owners shall grant the right of reasonable entry to the Board of Directors, its agents or any persons authorized by the Board, in case of emergency

originating in or threatening his or her unit, whether the Owner is present at the time or not. Owners shall permit the right of reasonable entry for the purpose of installing, repairing or altering the mechanical and electrical services and utilities servicing the buildings, provided that requests for entry are made seventy-two (72) hours in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of reasonable entry shall be immediate.

6.7 RULES OF CONDUCT: All Owners, lessees and sublessees shall exercise care and caution in making any noises or using musical instruments, televisions, radios and amplifiers, or other objects that might interfere with the peaceful enjoyment of other Owners. No Owner shall install or allow to be installed any wiring for electrical or telephone equipment, television antennae, air conditioning units or similar mechanical devices on the exterior of his or her Unit or that protrude through the walls or the roof of said Unit without the written permission of the Board of Directors.

ARTICLE 7 – AMENDMENT TO DECLARATION AND BYLAWS

The Declaration shall be amended only as provided in the Declaration. These Bylaws may be amended by the Association in a duly constituted meeting for such purpose upon the vote of no less than two thirds (2/3) of the Owners.

ARTICLE 8 – COMPLIANCE

These Bylaws are set forth to comply with the requirements of the Arizona Condominium Act of the State of Arizona (A.R.S. §33-1201 *et seq.*). In the event any of the provisions contained herein should conflict with the provisions of that Act, it is hereby agreed and accepted by the Declarant and the Association that the provisions of the Act shall apply.

SCHEDULE "A"

SCHEDULE A**FIRST AMENDED APPENDIX B
UNIT DESCRIPTION AND
COMMON ELEMENT EXPENSE LIABILITY**

Unit No.	Level	Bldg.	Unit Type	Liveable Sq. Footage	Parking	Storage	Common Element Percentage	Common Element Expense Liability
101	1	1	1 bed/1 bath	566	3	S101	2.5031%	2.5031%
102	1	1	1 bed/1 bath	566	5	S102	2.5031%	2.5031%
103	1	1	2 bed/2 bath	791	7	S103	3.4981%	3.4981%
104	1	1	2 bed/2 bath	791	9	S104	3.4981%	3.4981%
105	1	1	2 bed/2 bath	791	11	S105	3.4981%	3.4981%
106	1	1	2 bed/2 bath	791	13	S106	3.4981%	3.4981%
107	1	2	1 bed/1 bath	566	18	S107	2.5031%	2.5031%
108	1	2	1 bed/1 bath	566	20	S108	2.5031%	2.5031%
109	1	2	2 bed/2 bath	791	22	S109	3.4981%	3.4981%
110	1	2	2 bed/2 bath	791	24	S110	3.4981%	3.4981%
111	1	2	2 bed/2 bath	791	26	S110	3.4981%	3.4981%
112	1	2	2 bed/2 bath	791	28	S112	3.4981%	3.4981%
113	1	2	1 bed/1 bath	566	32	S113	2.5031%	2.5031%
114	1	2	1 bed/1 bath	566	34	S114	2.5031%	2.5031%
115	1	2	2 bed/2 bath	791	36	S115	3.4981%	3.4981%
116	1	2	2 bed/2 bath	791	38	S116	3.4981%	3.4981%
201	2	1	1 bed/1 bath	566	4	S201	2.5031%	2.5031%
202	2	1	1 bed/1 bath	566	6	S202	2.5031%	2.5031%
203	2	1	2 bed/2 bath	791	8	S203	3.4981%	3.4981%
204	2	1	2 bed/2 bath	791	10	S204	3.4981%	3.4981%
205	2	1	2 bed/2 bath	791	12	S205	3.4981%	3.4981%
206	2	1	2 bed/2 bath	791	14	S206	3.4981%	3.4981%
207	2	2	1 bed/1 bath	566	19	S207	2.5031%	2.5031%
208	2	2	1 bed/1 bath	566	21	S208	2.5031%	2.5031%
209	2	2	2 bed/2 bath	791	23	S209	3.4981%	3.4981%
210	2	2	2 bed/2 bath	791	25	S210	3.4981%	3.4981%
211	2	2	2 bed/2 bath	791	27	S211	3.4981%	3.4981%
212	2	2	2 bed/2 bath	791	29	S212	3.4981%	3.4981%
213	2	2	1 bed/1 bath	566	33	S213	2.5031%	2.5031%
214	2	2	1 bed/1 bath	566	35	S214	2.5031%	2.5031%
215	2	2	2 bed/2 bath	791	37	S215	3.4981%	3.4981%
216	2	2	2 bed/2 bath	791	39	S216	3.4981%	3.4981%
				22612			100.0000%	100.0000%