

When recorded mail to:  
Fidelity Title  
4455 E. Camelback Suite 130B  
Phoenix, Az 85018  
Attn: Vikki Garcia

**PROP RSTR (RM)**

DECLARATION OF HORIZONTAL PROPERTY REGIME  
AND OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
VILLA SANTA FE

RECORDED IN OFFICIAL RECORDS  
OF MARICOPA COUNTY, ARIZONA

**MAR 25 1983-10 20**

BILL HENRY, COUNTY RECORDER

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THIS DECLARATION is made and entered into as of this 24th day  
of MARCH, 1983, by MICHAEL STEIN, herein referred to as "DECLARANT".

WHEREAS, Declarant is the owner of that parcel of real property  
situated in Maricopa County, Arizona, hereinafter sometimes called  
the Parcel, and which is more particularly described as:

Lot 1, DESERT COVE APARTMENTS, according to Book  
244 of Maps, page 45, records of Maricopa County,  
Arizona.

WHEREAS, Declarant desires to submit and subject the Parcel, together  
with all buildings, improvements and other permanent fixtures of whatsoever  
kind now or hereafter located thereon, and all rights and privileges  
belonging or in anywise pertaining thereto (hereinafter sometimes called  
the "property") to a horizontal property regime pursuant to Sections  
33-551 through 33-561, Arizona Revised Statutes; and

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

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

NOW, THEREFORE, Declarant, for the purposes above set forth, declares  
as follows:

1.1 "ACT" means Section 33-551 through Section  
33-561, Arizona Revised Statutes.

1.2 "ASSOCIATION" means VILLA SANTA FE HOMEOWNERS  
ASSOCIATION, or any successor or assign, whether  
by way of consolidation, merger, transfer or otherwise.

1.3 "COMMON ELEMENTS" means the "general common elements," as that term is defined in Section 33-551, Arizona Revised Statutes, and as further described in Section 3.2 herein.

1.4 "DECLARANT" means the above recited Declarant or any person to whom Declarant's rights hereunder are specifically assigned by recorded instrument. Unless so specifically assigned, no other person shall be entitled to exercise the rights reserved to the Declarant hereunder.

However, the Declarant's rights may be hypothecated to an institutional lender as security for the performance of any legal obligation and if such lender thereafter succeeds to the Declarant's rights by foreclosure, or any other legal remedy, or conveyance in lieu thereof, such lender shall be entitled to all of the rights of the Declarant hereunder, provided that any such successor shall be bound by all of the terms of this Declaration as it relates to the rights of all parties now or hereafter affected hereby.

1.5 "DECLARATION" means this instrument by which the Property is submitted to a horizontal property regime, as such Declaration may from time to time be amended.

1.6 "MAJORITY" or "MAJORITY OF OWNERS" means the owners of more than 50% of the Units.

1.7 "OCCUPANT" means a person or persons, including an Owner, legally in possession of a Unit.

1.8 "OWNER" or "OWNERS" means the person or persons whose estates or interest individually or collectively aggregate fee simple ownership of a Unit and the person or persons who are purchasers under a valid and outstanding recorded Agreement of Sale with respect to a Unit.

1.9 "PARCEL" means the parcel or tract of real estate described above in this Declaration, submitted to a horizontal property regime.

1.10 "PERSON" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

1.11 "PLAT" means the plats of survey of the property and of all Units submitted to a horizontal property regime, as recorded in Book 250 of Maps at page 38, thereof, Maricopa County, Arizona.

1.12 "PROPERTY" shall have the same meaning as set forth in Section 33-551, Arizona Revised Statutes, as related to the development which is the subject matter of this Declaration, together with all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit and enjoyment of the Unit Owners.

1.13 "LIMITED COMMON ELEMENTS" means those areas of the subject property reserved for the use of each dwelling unit owner exclusive of other dwelling unit owners and are shown and located on the plat. The limited Common Elements of Villa Santa Fe shall consist of the Balcony areas and the Patio areas.

1.14 "RECORD" or "RECORDING" refers to record or recording in the office of the County Recorder of Maricopa County, Arizona.

1.15 "UNIT" means a part of the Property, designed or intended for independent use as permitted hereunder and as set forth on the Plat. Each Unit shall consist of the space enclosed and bounded by the horizontal and vertical planes as shown on the plat and as further described herein.

2. SUBMISSION OF PROPERTY. Declarant hereby submits and subjects the Property to a horizontal property regime pursuant to Sections 33-551 through 33-561, Arizona Revised Statutes, and does hereby declare that all of the Units shall be owned, leased, sold, conveyed and encumbered subject to the terms, conditions and other provisions of this Declaration.

3. DESCRIPTION OF THE UNITS AND THE COMMON ELEMENTS. The entire horizontal property regime shall be known as VILLA SANTA FE, and shall be constituted of 70 units as described in the Plat, together with the percentage interest in the Common Elements which is appurtenant to each Unit.

3.1 Each dwelling unit shall be separately identified numerically as shown on the plat referred to herein recorded in Book 250 of Maps page 38. Each dwelling unit in the buildings and Horizontal Property Regime shall include an individual dwelling Unit, together with an undivided 1/70th fractional interest in the Common Elements. Aside from the dwelling units and the Limited Common Elements referred to herein, no other area shall be subject to individual ownership or exclusive control.

Unit means a separate freehold estate consisting of an air-space defined as follows:

- (a) The lower vertical boundary is the interior finished surface of the floors thereof.
- (b) The upper vertical boundary is the interior finished surface of the ceilings thereof.
- (c) The lateral boundaries are the interior finished surfaces of the perimeter walls, windows and doors thereof.
- (d) Each such unit includes the surfaces so described, and the portions of the buildings and improvements lying within said boundaries.

The cubic content space of each dwelling unit is set forth and described on the plat referred to herein.

3.2 The General Common Elements shall comprise all of said property, referred to on the plat, including the land upon which the buildings and dwelling units are located; the buildings, all bearing walls, columns, floors, roofs, ceilings, slabs, foundations, storage spaces, reservoirs, all recreational facilities, landscaping, pavements, driveways, all utility and installation lines, and all other devices and premises designated for common use or enjoyment by more than the owner or owners of a single dwelling unit except for each dwelling unit as defined herein. The Common Elements shall remain undivided, and no owner shall bring any action for partition, except as noted in the Declaration of Covenants, Conditions and Restrictions, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the Common Elements.

4. ASSOCIATION. The Association has been or will be, formed so as to constitute the "council of co-owners," as that term is defined in Section 33-551, Arizona Revised Statutes, and to serve as the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Property, the assessment of expenses, payment of losses, disposition of hazard insurance proceeds, and other matters as provided in the Act and in the Declaration and in all documents governing the Association (hereinafter called the "Bylaws"). The Association

shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the provisions of the Declaration and the Bylaws. Each Owner shall be a member of the Association so long as he shall be an Owner and such membership shall automatically terminate when he ceases to be an Owner and, upon the transfer of his ownership interest, the new Owner succeeding to such ownership interest shall likewise succeed to such membership in the Association.

4.1 ASSOCIATION BOARD OF DIRECTORS Until all Units have been sold by Declarant, unless Declarant sooner terminates such control, only Declarant shall hold a voting membership in the Association, and all members of the Board of Directors of the Association (herein sometimes referred to as the "Board") shall be designated by Declarant. Upon termination of such control, Declarant shall name from among the Owners, the initial Owner-Board of Directors to serve until the next annual election of Directors. Except for members designated by Declarant, each Director shall be an Owner (Or if an Owner is a corporation, partnership, or trust, a Director may be an officer, partner, or beneficiary of such owner). If a Director shall cease to meet such qualifications during his term, he will thereupon cease to be a Director and his place on the Board shall be deemed vacant.

4.2 BOARD'S DETERMINATION BINDING. In the event of any dispute or disagreement between any Owners relating to the Property, or any question to the Property, or any question of interpretation or application of the provisions of the Declaration or Bylaws, the determination thereof by the Board shall be final and binding on each and all of such Owners.

4.3 INDEMNIFICATION. Every Director and every Officer of the Association, shall be indemnified by the Association as the case may be, against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, or any settlement thereof, whether or not he is a Director or Officer at the time such expenses are incurred, provided that the Board of Directors

of the Association shall determine, in good faith, that such Officer or Director did not act, fail to act or refuse to act wilfully or with gross negligence, or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Directors or Officers may be entitled.

4.4 EASEMENTS. In addition to the blanket easements granted in paragraph 5 below, the Association is authorized and empowered to grant such licenses, easements and rights of way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Elements or for the preservation of the health, safety, convenience and welfare of the Owners, provided that any damage to a Unit resulting from such grant shall be repaired by the Association at its expense.

5. BLANKET EASEMENTS AND USE OF COMMON ELEMENTS. There is hereby created a blanket easement upon, across, over and under the Property for ingress and egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, and electricity. By virtue of the easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary facilities and equipment on the Property and to affix and maintain wires, circuits, conduits and related facilities and equipment on, above, across and under the roofs, and exterior walls of the Units. Notwithstanding anything to the contrary contained in this Section, no easements shall be created nor shall any sewers, electrical lines, water lines, or other facilities for utilities be installed or relocated on the Property except as initially created, programmed and approved by Declarant or thereafter created or approved by Declarant or the Board. This provision shall in no way affect any other recorded easements on the Property.

If by reason of original construction or reconstructions, any portion of the Common Area encroaches upon any of the residential units, or any portion of a residential unit encroaches upon any portion of the Common Areas, or any portion of a residential unit encroaches upon any portion of another residential unit, a valid easement shall exist for such encroachment, and for the maintenance of the same so long as such encroachment exists. Easements are reserved through the property as may be required for utility services.

Each Owner shall have the right to use the Common Elements in common with all other Owners as may be required for the purposes of access and ingress and egress to, and use and occupancy and enjoyment of, the respective Unit owned by such Owner. Such right to use the Common Elements shall extend to each Owner and the agents, servants, tenants, and invitees of each Owner.

Such right to use and possess the Common Elements shall be subject to and governed by the provisions of this Declaration and the Bylaws, Rules and Regulations of the Association. The Association shall have the authority to lease or to grant concessions with respect to parts of the Common Elements, subject to the provisions of the Declaration and Bylaws.

6. Managing Agent. All powers, duties and rights of the Association or its Board, as provided by law and herein, may be delegated to a managing agent under a management agreement. If at any time any of the Units are covered by mortgages or deeds of trust required in writing by the holder thereof to qualify for the further sale thereof to the Federal Home Loan Mortgage Corporation (or any successor to such corporation which performs its present functions) the terms of any management agreement shall be in accordance with all requirements of such corporation, or its successor.

7. Common Expenses. Each Owner shall pay in regular installments, as determined by the Board, his proportionate share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in conformance with the Declaration and the Bylaws (which expenses are herein sometimes referred to as "common expenses"), including specifically, but not by way of limitation, the maintenance and repair thereof and a reserve for replacement thereof as reasonably anticipated by prudent persons. The Board shall prepare and adopt an annual budget from which common expenses shall be determined and assessed in accordance with generally recognized accounting principles. Such proportion-

ate share of the common expenses for each Owner shall be in the same ratio as his percentage of interest in the Common Elements unless otherwise provided herein. If the Units have separate meters for certain utilities, the cost of the same shall be the personal responsibility of such Unit Owner. Payment of common expenses, including any prepayment thereof required by contract for sale of a Unit, shall be in such amounts and at such times as determined by the Board. If any Owner shall fail or refuse to make any such payment of common expenses when due, each such payment shall be subject to a late payment charge of ten dollars (\$10.00), and the amount of such delinquent payment shall bear interest at the rate of ten percent (10%) per annum until paid. Such delinquent sums, late charges and accrued interest shall constitute a lien on such Owner's Unit and appurtenant share of the Common Elements, provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on, or the right, title and interest of the trustee and beneficiary under a first deed of trust in and to, the applicable Unit, except for the amount of the proportionate share of common expenses which becomes due and payable from and after the date on which the holder of the mortgage, or the trustee or beneficiary under the trust deed acquires legal title to such Unit. The lien provided for in this paragraph may be foreclosed by the Association in the same manner as provided for the foreclosure of realty mortgages in the State of Arizona.

8. Mortgages. Each Owner shall have the right, subject to the provisions hereof, to make separate mortgages and to enter into trust deeds for his respective



Unit. No Owner shall have the right or authority to make or create or cause to be made or created any mortgage, or other lien or security interest, on or affecting the Property or any part thereof, except only to the extent of his Unit and its appurtenant interest in the Common Elements.

9. Insurance. The Board shall have the authority to contract for and pay fire, casualty, liability and other insurance insuring The Association, the entire property including each of the Units and its Board of Directors and owners. Premiums for any such insurance shall be common expenses. Each unit owner shall be responsible for his own insurance on his unit, including all furnishings and personal property therein or stored elsewhere on the Property. Each Unit Owner shall further be responsible to provide his own personal liability coverage to the extent not covered by any liability insurance provided by the Board.

10.. Damage and Destruction of Common Elements. In the event any of the Common Elements is damaged or destroyed by fire or other hazards:

10.1 The Board shall contract with a licensed contractor or contractors to rebuild or repair such damaged or destroyed portions of the Property in conformance with the original plans and specifications, or, if the Board determines that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes, or other governmental rules or regulations then in effect, then such repairs or rebuilding shall be of a kind and quality substantially equivalent to the original construction of such improvements. The contract

with such licensed contractor or contractors shall provide for payment to the contractor or contractors of a specified sum for performance and execution of the work therein described, and shall have provisions for periodic disbursement of funds which shall be consistent with procedures then followed by prudent lending institutions doing business in Maricopa County, Arizona. Disbursements to the contractor shall be made subject to the prior presentation of an architect's certificate containing such provisions as may be appropriate in the circumstances and deemed suitable by the Board. The Board may employ a licensed architect to supervise the repair and rebuilding to insure that all work, services and supplies are in conformity with the requirements of the construction contract.

10.2. If the insurance proceeds are insufficient to pay all costs of repair and rebuilding, the Board shall levy a special assessment to make up any deficiency, which assessment shall be levied against all Owners to the extent necessary to make up any deficiency for repair or rebuilding of the Common Elements. If the insurance proceeds exceed the costs of repair and reconstruction, then following completion of such repair and rebuilding, the excess shall be paid over to the Owners and the holders of first mortgages of the trustees under first trust deeds as their respective interests may appear. Subject to the terms and conditions hereof, the assessment shall be levied against and all payments made to the Owners in the same proportion as their percentage interests in the Common Elements. The special assessment provided for herein shall be secured by the lien provided for in paragraph 7 of this Declaration.

11. Maintenance, Repairs and Replacements. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Unit, and of all windows, doors and locks, interior partitioning, kitchen, bathroom and lighting fixtures, and all utility lines and air conditioning and heating units serving only his own Unit. Except

as otherwise provided herein to the contrary, maintenance, repairs and replacements of the Common Elements shall be furnished by the Association as part of the common expenses, subject to the Bylaws and rules and regulations of the Association. If, due to the act or neglect of an Owner or his invitee, guest or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be at the common expense, then such Owner shall pay for such damage and for such maintenance, repairs and replacements as may be determined by the Board, to the extent not covered by the Association's insurance. An authorized representative of the Board, or of the manager or managing agent of the Building, and all contractors and repairmen employed or engaged by the Board or such manager or managing agent, shall be entitled to reasonable access to each of the Units as may be required in connection with maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Units and the Common Elements.

In the event that any Owner shall fail to maintain and repair his Unit and such improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said Unit and to repair, maintain, and restore the Unit and the exterior of the Building and any other improvements erected therein; and each Owner (by acceptance of a deed for his Unit) hereby covenants

and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due.

12. Alterations, Additions or Improvements.

No alterations of any Common Elements shall be made by any Owner without the prior written approval of the Board. Any Owner may make non-structural alterations within the Unit, or any non-structural additions or improvements within such Unit, without the prior written approval of the Board, but such Owner shall be responsible for any damage to other Units, the Common Elements, or the Property, as the result of such alteration, addition or improvement. Unless otherwise determined at any such meeting, the cost of such alterations or additions shall be paid by means of a special assessment against the Owners in the proportion of their respective undivided percentage interests in the Common Elements. Such special assessments shall be secured by the lien provided for in paragraph 7 of this Declaration.

13. Decorating and Architectural Control.

13.1 Each Owner, at his own expense, shall furnish and be responsible for all the decorating, within his own Unit from time to time including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furniture and interior decorating. Each Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings within his Unit, and such Owner shall maintain such surfaces in good condition at his sole expense as may be required from time to time, which said main-

tenance and use shall be subject to the rules and regulations of the Association and each such owner shall have the right to decorate such surfaces from time to time as he may see fit and at his sole expense. Decorating of the Common Elements (other than interior surfaces within the Unit as above provided), and any redecorating of Units to the extent made necessary by any damage to existing decorating of such Units caused by maintenance, repair or replacement work on the Common Elements by the Association, shall be furnished by the Association as part of the common expenses. The surfaces of all windows and glass doors (if any) forming part of a perimeter wall of a Unit shall be cleaned and/or washed at the expense of such Owner. The exterior side of all drapes, curtains or other window coverings except those in bathroom windows shall be of a white, beige or other color, as permitted by the Board.

13.2 Except for customary patio furniture in the areas designated subpart "B" to each Unit as described on the attached Plat, nothing shall be stored, placed, erected, hung or permitted in such areas or on the roof, the Common Elements, or upon or in the windows or outside doors of any Unit. No antenna shall be erected on the Property unless such antenna is erected on the roof of the respective Owner's Unit in such a manner so as not to be visible from the ground in any part of the Property. Maintenance and decorating of the Unit shall be the responsibility of the Owner. Any construction, alteration, replacement or repair of or upon the Common Elements, or within a Unit (if of a structural nature), must be approved by the association prior to commencement. The Association may require complete plans and specifications and may charge a reasonable fee for professional services connected with reviewing and approving such plans and specifications.

#### 14. Use and Occupancy Restrictions.

14.1 No part of the Property shall be used for other than residential or other related purposes except that Declarant reserves the right to maintain sales offices, model

units, and signs on the Property, together with rights of ingress and egress therefrom, until all Units shall have been sold and conveyed by Declarant. Each Unit shall be used as permitted by this Declaration and for no other purpose.

14.2 Subject to the provisions of these restrictions, use of the Common Elements shall be in accordance with and subject to limitations and rules as established and determined by the Association.

14.3 Nothing shall be done or kept in any Unit or in any of the Common Elements which will increase the rate of insurance thereon without the approval of the Association. No Owner shall permit anything to be done or kept in his Unit or in or upon any Common Elements which will result in the cancellation of insurance thereon or which would be in violation of any law.

14.4 No sign of any kind shall be displayed to the public view from any Unit or any Common Elements without the approval of the Association, except such signs as may be used by Declarant in connection with the development and sale of the Property.

14.5 No animals of any kind shall be raised, bred, or kept in any Unit or in or upon any Common Elements, except that dogs, cats or other household pets may be kept in Units, subject to uniform rules and regulations of the Association, provided that no animal shall be kept, bred or maintained for any commercial purpose.

14.6 The Owner shall not permit or suffer anything to be done or kept about or within his Unit which will obstruct or interfere with the rights of other occupants, or annoy them by unreasonable noises or otherwise, nor will he commit or permit any nuisance about or within his Unit or commit or suffer any immoral or illegal act to be committed therein. The Owner shall comply with all of the requirements of the health authorities and of all other governmental authorities with respect to the Property. If by reason of the occupancy or use of the Property by the Owner the rate of insurance on the building shall be increased, the Owner shall be liable for such additional insurance premiums.

14.7 There shall be no structural alteration, construction or removal of any building, fence or other structure in the Property without the approval of the Association (and Declarant until such time as all Units are sold).

14.8 No religious, professional, commercial or industrial operations of any kind shall be conducted in or upon any Unit or the Common Elements except such temporary uses as shall be permitted by Declarant while Units are being sold by the Declarant.

14.9 Except as permitted by the Association, no boats, campers, trailers or vehicles, other than operative motorcycles and operative passenger automobiles, shall be parked or stored in any Unit or in or upon the Common Elements. No vehicle shall be repaired or rebuilt in any Unit or upon the Common Elements.

14.10 All screening areas, including fences, hedges and walls, shall be erected and maintained upon the units in said Development in accordance with the original construction of the improvements located on said premises or otherwise approved by the Association.

14.11 Each unit shall be maintained free of rubbish, trash or garbage, and the same shall be removed from the premises and not allowed to accumulate thereon.

14.12 Each unit shall be landscaped and maintained in accordance with the rules and regulations prescribed in the Association. The Association shall determine whether all planting, garden, or lawn areas at each unit will be maintained by said Association or the Owners.

14.13 Subject to the limitations set forth in paragraph 4.1 above, all Owners shall be members of the Association and shall comply with and be subject to the terms and conditions as set forth in the Articles of Incorporation and Bylaws and any rule or regulation of the Association. No Owner may transfer any membership or interest in the Association, except in connection with the sale or lease of his entire Unit to which such membership is appurtenant. If an Owner leases his entire Unit to another person,

such Owner shall continue to possess all voting rights which he might then have in the Association with regard to such Unit. An Owner may assign to a tenant of his Unit such Owner's right to use and enjoy the common elements which would otherwise be enjoyed by such Owner.

14.14 No Further Subdivision or Partition. No Unit or any portion of the Common Elements may hereafter be further subdivided or otherwise partitioned, and any action taken in violation of this provision shall be void.

15. Maximum Annual Assessment. Until the first annual meeting of the Association, the maximum annual assessment per each lot conveyed shall be an amount equal to TWENTY-FIVE AND NO/100 DOLLARS (\$25.00) PER MONTH.

15.1 From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than Three percent (3%) above the maximum assessment for the previous year without a vote of the membership.

15.2 From and after January 1, of the year immediately following the conveyance of the first Lot to an owner the maximum annual assessment may be increased each year an additional Three percent (3%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

15.3 The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

16. Remedies. In the event of any default by any Owner under the provisions of the Act, this Declaration, the Bylaws, or the rules and regulations of the Association, the Association, or its successors or assigns, or the Board, or its agents, or Declarant, or its assignee, shall have each and all of the rights and remedies which



may be provided for in the Act, this Declaration, the Bylaws or said rules and regulations, or which may be available by law, and may prosecute any action or other proceedings against such defaulting Owner and others for enforcement or foreclosure of its lien and the appointment of a receiver for the Unit without notice, without regard to the value of such Unit or the solvency of such Owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Unit and to rent the Unit and apply the rents received to payment of unpaid assessments and interest accrued thereon, and to sell the same as hereinafter in this paragraph provided, or for any combination of remedies or for any other relief. The proceeds of any such judicial sale shall first be paid to discharge court costs, other litigation costs, including but without limitation reasonable attorneys' fees, and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting owner in a final judgment. Any balance of proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the Owner. Upon the confirmation of the sale, the purchasers thereupon shall be entitled to a deed to the Unit and to immediate possession of the Unit and may apply to the court for a writ of restitution for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the judgment shall so provide, that the purchaser shall take the interest in the property sold subject to this Declaration. All expenses of the Association in connection with any such action or proceeding, including court costs and reasonable attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise,

together with interest thereon at the rate of 10% per annum until paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his respective share of the common expenses, and the Association shall have a lien for all of the same, as well as for nonpayment of his respective share of the common expenses, upon the Unit of such defaulting Owner and upon all of his additions and improvements thereto. In the event of any such default by any Owner, the Association and the Board, and the manager or managing agent, if so authorized by the Board, shall have the authority to correct such default and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Owner, and such assessment shall constitute a lien against the defaulting Owner's Unit. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or the Board. The liens provided for in this paragraph 16 shall be junior to prior first mortgages and first trust deeds to the same extent as provided in paragraph 8 of this Declaration, and shall be foreclosed in the same manner as the lien provided for in paragraph 8.

If any Owner (either by his conduct or by the conduct of any other Occupant of his Unit) shall violate any of the provisions of this Declaration or the Bylaws or the rules and regulations, as then in effect, and such violation shall continue for ten (10) days after notice in writing from the Board or shall occur repeatedly during any ten-day period after written notice or request to cure such violation, then the Board, Declarant, or its assignee, shall have the power to

file an action against the defaulting Owner for a judgment or injunction against the Owner or Occupant requiring the defaulting Owner to comply with the provisions of this Declaration or the Bylaws or the rules and regulations, and granting other appropriate relief, including money damages. Anything to the contrary herein notwithstanding, any breach of any of the covenants, restrictions, reservations, conditions and servitudes provided for in this Declaration, or any right of re-entry by reason thereof, shall not defeat or adversely affect the lien of any mortgage or deed of trust made in good faith and for value upon any Unit and its appurtenant undivided percentage interest in the Common Elements, but except as herein specifically provided, each and all of said covenants, restrictions, reservations, conditions and servitudes shall be binding upon and effective against any Owner of a Unit whose title thereto is acquired by foreclosure, Trustee's Sale, sale, deed in lieu of foreclosure or otherwise. Upon request, the Board shall provide written notification to the holder of any deed of trust or mortgage covering one or more Units of any default by the Owner of such Unit(s) in the performance of any of such Owner's obligations under this Declaration or any other instrument relating to the Property, if such default has not been cured within sixty (60) days of first occurrence.

17. Duration and Amendment. The provisions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. The provisions may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, executed by record Owners

holding two-thirds (2/3) of the total vote hereunder, which amendment shall be effective upon recordation in the Office of the Recorder of the County of Maricopa, State of Arizona.

Notwithstanding the provisions of the foregoing paragraph, if the Act, this Declaration, or the Bylaws require the consent or agreement of all Owners and/or of all lienholders and all trustees and/or beneficiaries under trust deeds, for any action specified in the Act or this Declaration, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be signed by all of the Owners and/or all lienholders and trustees and/or beneficiaries under trust deeds, or both, as required by the Act or this Declaration.

18. Notices. Notices provided for in this Declaration or the Bylaws, shall be in writing and shall be addressed to the Association or the Board, as the case may be, at an address to be established by the Board, or at such other address as hereinafter provided. The Association or the Board may designate a different address or addresses for notices to them respectively by giving written notice of such change of address to all Owners at such time. All notices to Owners shall be to their respective Units. Any Owner may also designate a different address or addresses for notices to him by giving written notice of his change of address to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgement of the receipt thereof.

Upon written request to the Board, the holder of any recorded mortgage or the trustee or beneficiary under any recorded trust deed encumbering any Unit shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners of the Unit subject to such mortgage or trust deed.

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

20. Rights and Obligations. Each grantee of Declarant, by the acceptance of a deed of conveyance, or each purchaser under any contract for such deed of conveyance, or each purchaser under any agreement of sale, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land and equitable servitudes, and shall bind any person having at any time any interest or estate

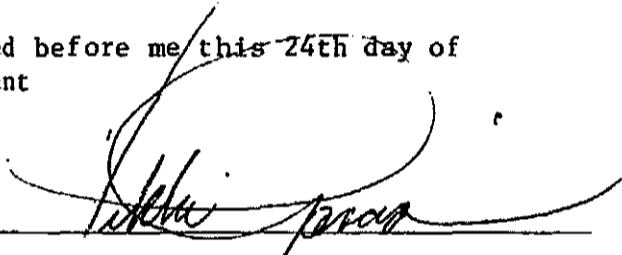
in said land, and shall inure to the benefit of such grantee or purchaser in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or purchase contract.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed.

  
MICHAEL STEIN

STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss

This instrument was acknowledged before me this 24th day of March, 1983, by Michael Stein, Declarant

  
Notary Public

My commission expires: 10-23-86