

When recorded mail to:
 Transamerica Title Ins. Co.
 P. O. Drawer 13028
 Phoenix, Arizona 85002
 Attn: ED - Tr. 5678

230878

DECLARATION 02-R MISC.

OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by Transamerica Title Insurance Company of Arizona, Trustee hereinafter referred to as "Declarant";

WHEREAS, Declarant is the owner of certain property in the County of Maricopa, State of Arizona, which is more particularly described as:

Lots Twenty (20) through Fifty-two (52), inclusive, and lots One hundred one (101) through One Hundred forty-four (144), inclusive, and including Tract "I", WEST PLAZA TOWNHOUSES UNIT 3, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 126 of Maps, page 24, thereof; and

Lots One (1) through Nineteen (19), inclusive, and lots Fifty-three (53) through One hundred (100), inclusive, and including Tract "I", WEST PLAZA TOWNHOUSES UNIT 4, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 126 of Maps, page 25, thereof.

WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property, and all of which are hereby declared to be for the benefit of all of the property described herein and the owners thereof, their heirs, successors, grantees and assigns. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described

properties or any part thereof, and shall inure to the benefit of each owner thereof. This declaration hereby establishes a plan for the individual ownership of real property estates, consisting of a lot and the improvements contained thereon, and the ownership by a non-profit association comprised of all owners of townhouses, of all of the remaining property, both real and personal, which is hereinafter defined and referred to as the "common elements." Said restrictions establish and impose a general plan for the improvement and development of said property described herein and the adoption and establishment of covenants, conditions and restrictions upon said land and upon any and all townhouse units constructed or to be constructed thereon, and upon the use, occupancy and enjoyment thereof. Every conveyance of any of said townhouses, or property or portion thereof shall be and is subject to these easements, covenants, conditions and restrictions as follows:

ARTICLE I

DEFINITIONS

Section 1. "Association" and "Corporation" shall be synonymous and shall mean and refer to WEST PLAZA 3 & 4 TOWNHOUSES ASSOCIATION, its successors and assigns.

Section 2. "Properties" or "premises" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common area" and "common elements" shall be synonymous and shall mean all property owned by the Association for the common use and enjoyment of the members of the Association, including, but not limited to, all of the above-referred to premises except the land specifically designated as a "lot" or "unit" on the above-referred to plat of record and all recorded amendments thereto, except streets dedicated to the public and accepted by a governmental agency. The common elements shall also include all recreational facilities, community facilities, if any, swimming pools, pumps, trees, pavements, streets, pipes, wires, conduits and other public utility lines. The parking area for each townhouse is contained within a "lot" and is not "common area." The legal description of the common area is as follows:

Tract "I", WEST PLAZA TOWNHOUSES UNIT 3, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 126 of Maps, page 24, thereof; and

Tract "I", WEST PLAZA TOWNHOUSES UNIT 4, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 126 of Maps, page 25, thereof.

Section 4. "Lot", "unit" and "townhouse" shall be synonymous and shall mean and refer to a separately designated and legally described freehold estate consisting of any plot of land and the improvements thereon shown upon any recorded subdivision map of the properties with the exception of the common area.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title (or legal title if equitable title has merged) of any lot which is part of the properties.

ARTICLE II

MEMBERSHIP

Membership in the Association, except for membership of the incorporators, the Declarant and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if equitable title has merged) of townhouses constructed or planned to be constructed on the property described above or on any duly annexed property. An owner of a townhouse shall automatically, upon becoming the owner of a townhouse, be a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. Ownership of a lot shall be the sole qualification and criteria for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of such townhouse and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the owner of any townhouse should fail or refuse to transfer the membership registered in his name to the purchaser of such townhouse, the Association shall have the right to record the transfer upon the books of the Association and issue a new membership to the purchaser and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered.

The record owner of equitable title (or legal title if equitable title has merged) of each townhouse shall be entitled to one membership in the Association.

In the event any such townhouse is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to each townhouse unit shall be joint and a single membership for such townhouse shall be issued in the names of all, and they shall designate to the Association in writing at the time of issuance one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

ARTICLE III

VOTING RIGHTS

Section 1. The Association shall have two classes of voting membership.

Class A. Class A members shall be all those Owners as defined in Article II. A Class A member shall be entitled to one vote for each lot owned by said member, as provided above.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each lot in which it holds the interest required for membership by Article II, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) two (2) years from the date of this Declaration.

Section 2. In the event any townhouse unit owner shall be in arrears in the payment of any amounts due under any of the provisions of this Declaration for a period of thirty (30) days, or shall be in default in the performance of any of the terms of this Declaration for a period of thirty (30) days, said unit owner's right to vote as a member of the Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Members' Easements of ment. Every member shall have a right an easement or enjoyment in and to the common elements, and such easement shall be appurtenant to and shall pass with the title to each and every townhouse. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all owners of townhouses located on the premises and is necessary for the protection of said owners. Such right and easement of enjoyment shall be subject to reasonable rules and regulations as from time to time are promulgated by the Board of Directors, and which may include, but shall not be limited to:

(a) The right of the Association to limit the number of guests of members;

(b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common areas;

(c) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the common areas and facilities and in aid thereof, to

mortgage said property. The rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder; and

(d) The right of the Association to dedicate or transfer all or any part of the common areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member not less than thirty (30) days nor more than sixty (60) days in advance.

Section 2. Delegation of Use. Any member may delegate, in accordance with the By-Laws, his right of enjoyment to the common areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Common Areas. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the common elements to the Association prior to the conveyance of the first lot. Said common elements shall be free and clear of all liens and encumbrances except normal easements and these covenants, conditions and restrictions, at the time of conveyance.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants, and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successor in title unless it is expressly assumed by them or unless prior to such transfer of title, as evidenced by the records of the County Recorder or other appropriate governmental agency, a lien for such assessments shall have been filed in writing with the County Recorder or other appropriate governmental agency.

CAT 7934 44687

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of protecting the recreation, health, safety and welfare of the residents in the properties and in particular for the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common area, and of the townhouses situated upon the properties.

Section 3. Establishment, Basis and Maximum of Assessments. Declarant and the owner of each such townhouse, for themselves, their heirs, successors, and assigns, further covenant that each such townhouse shall be subject to an assessment in an amount to be determined by the Association. The amount to be prorated among the members of the Association shall be established annually by the Board of Directors. Said amount shall be established after the Board of Directors has met with the management corporation, as hereinafter provided, and has examined the annual report to be prepared by said management corporation, and the annual audit prepared by a certified public accountant.

An annual report shall be prepared by the management corporation or by such other party as the Board of Directors shall order. The exact date for the annual report shall be determined by the Board of Directors. The Board of Directors shall meet with the management corporation or other party preparing said report within forty (40) days following the preparation of same to discuss and set the rate for the current year.

At the time of the first conveyance or occupancy (whichever occurs first) of each townhouse unit and from time to time thereafter the Board of Directors or the designated representative shall notify the owner or owners of each townhouse unit as to the amount of the estimated annual assessment and shall each month collect for each townhouse unit one-twelfth (1/12) of said townhouse unit's proportional share of said annual assessment. The assessments on a unit will commence at the time of the first conveyance or first occupancy of said unit, whichever occurs first, or in any event, shall commence as to all units on the first day of the month following the conveyance of the common areas to the Association.

Until the end of the first fiscal year immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be \$420.00 per lot. From and after the end of said first fiscal year, the maximum annual assessment may be increased, effective the first day following the end of each fiscal year by the Board of Directors not more than three percent (3%) above the maximum assessment for the previous year without a vote of the Members of the Association.

The maximum annual assessment may, at any time after the end of said first fiscal year, be increased above three per cent (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. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates

shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a signed certificate setting forth whether the assessments on a specified lot have been paid.

Section 4. Special Assessments. In addition to any other assessments authorized by this Declaration, the Association's Board of Directors shall have the right and power to levy in any assessment year, a special assessment applicable to that year only, for the purpose of providing for the construction of additional recreational and other common facilities, unexpected repairs, or the alteration, replacement, demolition or removal of existing recreational and other common facilities, from time to time, as in their discretion appears to be in the best interests of the Association and the townhouse project. Any such alteration, demolition, removal, construction, improvements or additions, increasing the owners' annual assessment over the then maximum limitation, shall be authorized by an affirmative vote of three-fourths ($3/4$) of the Board of Directors at a duly called meeting at which a quorum is present, and ratified and approved by the affirmative vote of sixty-six percent (56%) of each class of the Members of the Association present at a duly called meeting at which a quorum is present.

For purposes of Sections 3 and 4 of this Article V, the presence at a duly called meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called by sending written notice to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting, and the required quorum at any such subsequent meeting shall be one-half ($1/2$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis. Each townhouse unit's prorata share of any assessments shall be $1/144$ of the total amount of said assessment. In the event the actual number of townhouses constructed is not 144 , the denominator in the fraction, " $1/144$ " shall, wherever it appears in this Declaration, be changed to reflect the correct number of townhouses.

Section 6. Effect of Nonpayment of Assessments and Remedies of the Association. Each townhouse owner, for himself, his heirs, successors, grantees and assigns, covenants that with respect to charges so determined during the period that he is an owner, he will remit these charges directly to the management corporation, or to such other party or parties as directed by the Association's Board of Directors.

Any assessments which are not paid when due shall be delinquent. Each townhouse owner further agrees that these charges, if not paid within twenty (20) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum and shall become a lien upon said owner's lot and townhouse and shall continue to be such lien until fully paid. The lien of all annual and special assessments shall be subordinate to the lien of any first mortgage.

Each owner expressly vests in the Association, or its agents, the right and power to bring all actions against such owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage of real property, and such owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other townhouse owners. The Association, acting on behalf of the unit owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In the event the Association employs an attorney or attorneys to enforce said lien or the collection of any amount due pursuant to this Declaration, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, the owner, owners and parties against whom the action is brought shall pay all attorneys' fees and costs thereby incurred by the Association in the event the Association prevails in any such action.

No owner of a townhouse may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his townhouse.

Section 7. Exempt Property. The following property, subject to this Declaration, shall be exempt from the assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the common areas; and (c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Arizona. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI

PARTY WALLS

The rights and duties of the owners of townhouses within this townhouse project with respect to party walls shall be governed by the following:

- (a) Each wall, including patio walls, which is constructed as part of the original construction of the townhouse multi-family structure, any part of which is placed on the dividing line between separate townhouse units, shall constitute a party wall. With respect to any such wall, each of the adjoining owners shall assume the burdens and be entitled to the benefits of these restric-

(five covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto.

(b) In the event any such party wall is damaged or destroyed through the act of one adjoining owner, or any of his guests, tenants, licensees, agents or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining owner of the full use and enjoyment of such wall, then the first of such owners shall forthwith proceed to rebuild and repair the same to as good condition as formerly without cost to the adjoining owner.

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time), then in such event both such adjoining owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.

(d) Notwithstanding any other provision of this article, an owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) The right of any owner to contribution from any other owner under this article shall be appurtenant to the land and shall pass to such owner's successors in title.

(f) In addition to meeting the other requirements of these restrictive covenants and of any building code or similar regulations or ordinances, any owner proposing to modify, make additions to or rebuild his townhouse in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining owner.

(g) In the event of a dispute between owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by each of the owners and the third by the two so chosen, or if the two arbitrators cannot agree as to the selection of the third arbitrator within five days, then by any Judge of the Superior Court of Maricopa County, Arizona. A determination of the matter signed by any two of the three arbitrators shall be binding upon the owners, who shall share the cost of arbitration equally. In the event one party fails to choose an arbitrator within ten (10) days after receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators.

(h) These covenants shall be binding upon the heirs and assigns of any owners, but no person shall

be liable for any act or omission respecting any party wall except such as took place while an owner.

ARTICLE VII

ARCHITECTURAL CONTROL

No exterior additions, or alterations to any building nor changes in fences, hedges, walls and other structures shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of same shall have been submitted to and approved in writing as to conformity and harmony of external design and location with existing structures in the property by an architectural committee composed of the Board of Directors of the Association, or by a representative designated by the Board of Directors. The members of such committee shall not be entitled to compensation for services performed pursuant to this paragraph. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VIII

EXTERIOR MAINTENANCE

The Association, or its duly delegated representative, shall maintain and otherwise manage all property up to the exterior building lines and patio enclosures, including, but not limited to, the landscaping, parking areas, streets and recreational facilities, roofs, common elements and exteriors of the buildings located upon the above described properties (except windows of townhouse units and exterior door and window fixtures and other hardware), and such additional maintenance of the buildings as the Board of Directors shall from time to time determine to be in the best interest of the Association and its members and shall maintain and otherwise manage and be responsible for the rubbish removal of all areas within the above described property. The Board of Directors shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property, so that said townhouse project will reflect a high pride of ownership. All maintenance and repair of the individual townhouse units shall be the sole obligation and expense of the individual unit owners, except to the extent the exterior maintenance and repair is provided by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the common elements and all exteriors and roofs of the townhouse units, including, but not limited to, recreation and parking areas and walks, shall be taken by the Board of Directors or by its duly delegated representative. The powers, rights and duties of the Association and Board of Directors shall be as contained in this Declaration, and as may be adopted in its Articles of Incorporation and By-Laws not inconsistent herewith.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such lot is subject.

CMT 7934 PAGE 692
ARTICLE IX

Each owner shall be responsible for the upkeep and maintenance of the interior of his townhouse and for the upkeep and maintenance of individual patios, all other areas, features or parts of his townhouse and property not otherwise maintained by the Association. All fixtures and equipment installed within a townhouse unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a townhouse unit, shall be maintained and kept in repair by the owner thereof. Termite control shall be the responsibility of the owner. An owner shall do no act nor any work that will impair the structural soundness or integrity of the multi-family building or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other townhouse units or their owners.

ARTICLE X

DAMAGE OR DESTRUCTION OF PROPERTY

In the event any common element is damaged or destroyed by an owner or any of his guests, tenants, licensees, agents or members of his family, such owner does hereby irrevocably authorize the Association to repair said damaged element and the Association shall so repair said damaged element in a good workmanlike manner in substantial conformance with the original plans and specifications. The owner shall then repay the Association in the amount actually expended for such repairs.

In the event any townhouse is damaged or destroyed by an owner or any of his guests, tenants, licensees, agents or members of his family, such owner shall, within thirty (30) days from the date of the occurrence of the damage or destruction, repair and rebuild the exterior of said townhouse and any damage to adjacent townhouses or property in a good workmanlike manner in conformance with the original plans and specifications used in the construction of said townhouses. In the event such owner refuses or fails to so repair and rebuild any and all such damage to the exterior of the townhouse and adjacent property within said thirty-day period, the Association, by and through its Board of Directors, is hereby irrevocably authorized by such owner to repair and rebuild any such townhouse and/or adjacent property in a good workmanlike manner in conformance with the original plans and specifications of the townhouses. The owner shall then repay the Association in the amount actually expended for such repairs.

Each townhouse owner further agrees that these charges for repairs, if not paid within ten (10) days after completion of the work, shall be delinquent and shall become a lien upon said owner's lot and townhouse and shall continue to be such lien until fully paid. Said charges shall bear interest from the date of delinquency at the rate of five percent (5%) per annum. The amount of principal and interest owed by said owner to the Association shall be a debt, and shall be collectible by any lawful procedure allowed by the laws of the State of Arizona.

Each such owner, by his acceptance of a deed to a lot and townhouse, hereby expressly vests in the Association or its agent the right and power to bring all actions

against such owner for the collection of such charges and to enforce the aforesaid lien by all methods available for the enforcement of such liens and such owner hereby expressly grants to the Association a power of sale in connection with said lien.

Nothing contained in this Article X shall be construed in any way so as to relieve any insurance company from the payment of any and all amounts which would be payable under any policy or policies had not this article been inserted.

In the event of a dispute between an owner and the Board of Directors with respect to the cause of damage or the extent of repairs necessitated or with respect to the cost thereof, then upon written request of the owner addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association or its Board of Directors. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by the Board of Directors, one chosen by the owner, and these two arbitrators shall then choose a third arbitrator. If the two arbitrators cannot agree as to the selection of the third arbitrator, then by any Judge of the Superior Court of Maricopa County, Arizona. A determination by any two of the three arbitrators shall be binding upon the owner and the Association, who shall share the cost of arbitration equally. In the event one party fails to choose an arbitrator within ten (10) days after receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators.

ARTICLE XI

INSURANCE

The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all the buildings, including all townhouses, unless the owners thereof have supplied proof of adequate coverage to the Board of Directors' complete satisfaction, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy covering all common elements, and all damage or injury caused by the negligence of the Association or any of its agents. Said insurance may include coverage against vandalism. Premiums for all such insurance, except on the individual townhouses, shall be common expenses. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Board of Directors as trustee for each of the townhouse owners. Insurance on individual townhouses obtained by such townhouse owners may be written in the name of the individual owners. Premiums for insurance obtained by the Board of Directors on individual townhouses shall not be part of the common expense but shall be an expense of the specific townhouse or townhouses so covered and a debt owed by the owners, and shall be collectible by any lawful procedure permitted by the laws of the State of Arizona. In addition, if said debt is not paid within twenty (20) days after notice of such debt, such amount shall automatically become

a lien upon such owner's lots and townhouse and shall continue to be such lien until fully paid. This lien shall be subordinate to the lien of any first mortgagee and shall be enforceable in the same manner as any lien created by failure to pay the maintenance assessments. In addition to the aforesaid insurance required to be carried by the owners and/or the Association, any owner may, if he wishes, at his own expense, insure his own townhouse unit for his own benefit and carry any and all other insurance he deems advisable. It shall be the individual responsibility of each owner at his own expense to provide, as he sees fit, homeowners' liability insurance, theft and other insurance covering personal property damage and loss. In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Board of Directors, the Board of Directors shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a federal governmental agency with the proviso agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall contract with any licensed contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board of Directors shall levy a special assessment against all townhouse owners to make up any deficiency. The amount of any such deficiency shall automatically become a personal debt of the owner and a lien upon the lot and townhouse which has been repaired or rebuilt and shall continue to be a lien until fully paid and upon such payment, all owners shall be reimbursed in the amount of the special assessment, which they paid to make up said deficiency. This lien shall be subordinate to the lien of any first mortgage and shall be enforceable in the same manner as any lien created by failure to pay the maintenance assessments. In the event such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the respective mortgagees and owners as their interests may then appear. Such payments shall be made to all such owners and their mortgagees in proportion to their percentage interests.

In the event of damage or destruction by fire or other casualty to any townhouse, carport, storage area or other property covered by insurance written in the name of an individual owner, said owner shall, upon receipt of the insurance proceeds, contract to repair or rebuild such damaged or destroyed portions of the carport and storage area and the exterior of the townhouse in a good workmanlike manner in conformance with the original plans and specifications of said townhouse. In the event such owner refuses or fails to so repair and rebuild any and all such damage to the exterior of the townhouse and carport and storage area within thirty (30) days, the Association, by and through its Board of Directors, is hereby irrevocably authorized by such owner to repair and rebuild any such townhouse and/or carport and/or storage area in a good workmanlike manner in conformance with the original plans and specifications of the townhouses. The Board of Directors is authorized to use any association funds, whether general funds or funds raised by a special assessment for this purpose, to pay for such

repair and rebuilding. Any amount so expended by the Association for the repair or rebuilding of a lot or townhouse shall automatically become a personal debt of the owner and a lien upon the lot and townhouse which has been repaired or rebuilt and shall continue to be a lien until fully paid. This lien shall be subordinate to the lien of any first mortgage and shall be enforceable in the same manner as any lien created by failure to pay the maintenance assessments. The owner shall then repay the Association in the amount actually expended for such repairs.

ARTICLE XII

USE RESTRICTIONS

Section 1. Said premises are hereby restricted to residential dwellings for residential use. All buildings or structures erected upon said premises shall be of new construction and no buildings or structures shall be moved from other locations onto said premises, and no subsequent buildings or structures other than townhouses, being residence units joined together by party walls, shall be built on any parcel where the builder theretofore programmed and constructed a townhouse. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other out building shall be used on any portion of the premises at any time as a residence either temporarily or permanently.

Section 2. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the builder of a major portion of said townhouses to maintain during the period of construction and sale of said townhouses, upon such portion of the premises as such builder may choose, such facilities as in the sole opinion of said builder may be reasonably required, convenient or incidental to the construction and sale of said townhouses, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 3. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purposes.

Section 4. No advertising signs (except one of not more than five square feet "for rent" or "for sale" sign per parcel), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the premises, nor shall the premises be used in any way or for any purpose which may endanger the health or unreasonably disturb the owner of any townhouse or any resident thereof. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the premises. Provided, further, however, the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of the builder, its agents and assigns during the construction and sale period, and of the Association, its successors and assigns, in furtherance of its powers and purposes as herein set forth.

Section 5. All clotheslines, equipment, garbage cans, service yards, woodpiles, or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring townhouses and streets. All rubbish, trash or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. All clotheslines shall be

confined to pat io areas 7934 682

Section 6. Except in the individual patio areas, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon said premises except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Association's Board of Directors or their designated representative.

Section 7. The common elements shall remain undivided, and shall at all times be owned by the Association or its successors, 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.

Section 8. Without prior written approval authorization of the Board of Directors, no exterior television or radio antennas of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon the premises, nor upon any structure situated upon said real property, other than an aerial for a master antenna system, should any such master system or systems be utilized and require any such exterior antenna.

ARTICLE XIII

EASEMENTS

There is hereby created a blanket easement upon, across, over and under the above described premises for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewers, gas, telephones and electricity, and a master television antenna system. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said townhouses. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said premises except as initially programmed and approved by the major builder of said premises or thereafter approved by the said builder or the Association's Board of Directors. This easement shall in no way affect any other recorded easements on said premises.

Each townhouse and the common elements shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the original builder. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the multi-family structure is partially or totally destroyed, and then rebuilt, the owners of townhouses agree that minor encroachments of parts of the adjacent townhouse units or common elements due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

ARTICLE XIV

RIGHTS AND DUTIES OF FIRST MORTGAGEE

Notwithstanding and prevailing over any other provisions of this Declaration, of the Association's Articles

CAT 7934 PAGE 697 ()

of Incorporation or By-laws, or any rules, regulations of management agreements, the following provisions shall apply to and benefit each holder of a first mortgage upon a townhouse unit (called the first mortgagee):

(a) The first mortgagee shall not in any case or manner be personally liable for the payment of any assessment or charge; nor for the observance or performance of any covenant, restriction, regulation, rule, Association Articles of Incorporation or By-laws, or Management Agreement, except for those matters which are enforceable by injunctive or other equitable actions, nor requiring the payment of money, except as hereinafter provided.

(b) In the event of a foreclosure, the foreclosing party (or the receiver appointed in such action) shall not have the right nor the power to exercise any of the rights or privileges of an owner, including voting, until such party has acquired title and any redemption period has expired.

(c) At such time as the first mortgagee shall become record owner of a lot and townhouse, said first mortgagee shall be subject to all of the terms and conditions of these Covenants, Conditions and Restrictions, including, but not limited to, the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any owner.

(d) The first mortgagee, or any other party acquiring title to a mortgaged townhouse unit through foreclosure suit or through any equivalent proceedings such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title to the mortgaged townhouse unit free and clear of any lien authorized by or arising out of any of the provisions of this Declaration which secures the payment of any assessment for charges accrued prior to the final conclusion of any such foreclosure suit or equivalent proceeding, including the expiration date of any period of redemption. Any such unpaid assessment shall nevertheless continue to exist as the personal obligation of the defaulting owner of the townhouse unit to the Association, and the Board of Directors shall use reasonable efforts to collect the same from the owner even after he is no longer a member of the Association. All assessments which accrue after such mortgagee or other party acquires title shall be the personal obligation of such mortgagee or other party and shall be subject to a lien and collectible in accordance with Article V and all other appropriate provisions of these Covenants, Conditions and Restrictions.

ARTICLE XV

ANNEXATION OF ADDITIONAL PROPERTIES

Annexation of additional property shall require the assent of two-thirds (2/3) of the Class A members and two-thirds (2/3) of the Class B members, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

ARTICLE XVI

GENERAL PROVISIONS

Section 1. Binding Effect and Enforcement. The covenants, restrictions, reservations and conditions contained herein shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing or occupying any townhouse on said property, their heirs, executors, administrators, successors, grantees and assigns. After the date on which this instrument has been recorded, these covenants, restrictions, reservations and conditions may be enforced by the Association or its Board of Directors, which shall have the right and duty to enforce the same and expend Association moneys in pursuance thereof, and also may be enforced by the owner of any townhouse or any one or more of said parties. Any breach of said covenants, restrictions, reservations and conditions shall be binding upon and effective against any owner of said premises, other than one whose title thereto is acquired by foreclosure of a mortgage and the sheriff's sale or any procedure or proceeding in lieu of foreclosure thereof. Any purchaser who acquired title, except through foreclosure of a mortgage and a sheriff's sale, shall take title to said premises subject to the lien hereof for all such charges pursuant to Articles V and X that have accrued prior to such acquisition of title, and subject to the lien hereof for all said charges that shall accrue subsequent to the date said purchaser takes title, and provided also that the breach of any of said covenants, restrictions, reservations and conditions may be enjoined, abated or reviewed by appropriate proceedings, notwithstanding the lien or existence of any such mortgage. The personal obligation to pay the annual and special assessments as provided in Article V, Section 2 of this instrument shall not pass to a successor in title unless the obligation is expressly assumed by the successor in title or unless, prior to such transfer of title as evidenced by the records of the County Recorder or other appropriate governmental agency, a lien for

such assessments shall have been filed in writing with the County Recorder or other appropriate governmental agency. All instruments of conveyance of any interest of all or any part of said townhouses shall contain reference to this instrument and shall be subject to the covenants, conditions, reservations and restrictions herein as fully as though the terms and conditions of this instrument were therein set forth in full, however, the terms and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenants either to restrain violation or to recover damages. In the event the Association employs an attorney or attorneys to enforce said lien or the collection of any amounts due pursuant to this declaration, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, the owner, owners and parties against whom the action is brought shall pay all attorneys' fees and costs thereby incurred by the Association in the event the Association prevails in any such action.

Section 2. Equal Treatment of Owners. No action shall at any time be taken by the Association or its Board of Directors which in any manner would discriminate against any owner or owners in favor of the other owners.

Section 3. Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this instrument or any part thereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained therein should be invalid or should operate to render this agreement invalid, this agreement shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section or sections had not been inserted. In the event that any provision or provisions of this instrument appear to be violative of the Rule against Perpetuities, such provision or provisions shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving incorporator of the Association, or twenty-one (21) years after the death of the last survivor of all of said incorporators' children or grandchildren who shall be living at the time this instrument is executed, whichever is the later.

Section 4. Gender. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 5. Topical Headings. The marginal or topical headings of the paragraphs contained in this Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs or of this Declaration.

Section 6. Amendment. These covenants, restrictions, reservations and conditions shall remain in full force and effect for a period of twenty (20) years from the date

CAT 7934 PAGE 700

hereof. Thereafter, they shall be deemed to have been renewed for successive terms of ten (10) years, unless revoked or amended by an instrument in writing, executed and acknowledged by the then owners of not less than three-fourths (3/4) of the townhouse units on said property, which said instrument shall be recorded in the office of the Recorder for the County of Maricopa, State of Arizona, within ninety (90) days prior to the expiration of the initial effective period hereof or any ten (10) year extension. Following the expiration of the period of twenty (20) years from the date hereof, these covenants, conditions and restrictions may be amended at any time by an instrument signed by the then owners of not less than seventy-five per cent (75%) of the townhouses on said property. These covenants, conditions and restrictions may be amended during the first twenty (20) year period by an instrument signed by the then owners of not less than ninety per cent (90%) of the townhouses on said property.

Section 7. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of common areas and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 24th day of December, 19 69.

TRANSAMERICA TITLE INSURANCE
COMPANY Trustee

STATE OF ARIZONA }
County of Maricopa } ss.

On this 24th day of December, 19 69, before me, the undersigned Notary Public, personally appeared ERNEST DURRANT, who acknowledged himself to be a Trust Officer of TRANSAMERICA TITLE INSURANCE COMPANY OF ARIZONA, an Arizona corporation, and that he as such officer, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of said corporation, as Trustee, by himself as such officer.

WITNESS my hand and official seal.

James C. Franklin
Notary Public

STATE OF ARIZONA }
County of Maricopa } ss

I hereby certify that the within instrument was filed and recorded at request of Transamerica Title Ins. Co.