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TEMPE VILLAGES HOMEOWNERS ASSOCIATION, INC.

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by DOUGLAS P. PATTERSON DEVELOPMENT CORP., an Arizona corporation, hereinafter referred to as "Declarant",

WITNESSETH:

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

Lots 1 through 84, and Tracts A, B, C, D, E, F, and G, TEMPE VILLAGES UNIT 1, per map recorded in Book 152 of Maps, Page 29, in office of the County Recorder of Maricopa County, Arizona.

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, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner

shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which an assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area 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 two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded;

(d) the right of individual owners to the exclusive use of parking spaces as provided in this article.

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

ARTICLE I

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DEFINITIONS

Section 1. "Association" shall mean and refer to TEMPE VILLAGES HOME-OWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" 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 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

Tracts A to G, inclusive, TEMPE VILLAGES UNIT I, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 152 of Maps, Page 29.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to DOUGLAS P. PATTERSON DEVELOPMENT CORP., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purposes of development.

Section 3. Parking Rights. Ownership of each lot shall entitle the owner or owners thereof to the use of not more than one automobile parking space, which shall be as near and convenient to said lot as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall permanently assign one vehicle parking space for each dwelling.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. 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) on September 1, 1977.

ARTICLE IV

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 such deed, is deemed to covenant and agree to pay to the

Associations: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, 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 interest, costs, and reasonable attorney's 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 for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the

Properties and for the improvement and maintenance of the Common Area, and of the homes situated upon the Properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be five-hundred dollars (\$500.00) per Lot.

(a) 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 3% above the maximum assessment for the previous year without a vote of the membership.

(b) 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 above 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.

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

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Under Section 3 and 4. Any action authorized under Section 3 or 4, except the action of the Board of Directors as provided in Section 3(c), shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite two-thirds' (2/3's) of each class of members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than 30 days from the date of such meeting.

Section 6. 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.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. 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 certificate signed by an officer of the Association setting forth whether

the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board upon the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. If any suit or action be brought to collect any such charge, then this shall be added to the amount thereof costs of suit and reasonable attorney's fees to be fixed by the Court and included in any judgement in any suit or action.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. 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 VI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in

no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions 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. This Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded. 70.5

Section 4. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

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ARTICLE VII

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USES PROHIBITED AND PERMITTED

Section 1. Uses of Lots and Dwelling Units. A Lot shall not be used, nor shall any portion thereof be used for any purpose other than one single family residence. Provided, however, that Lots and Dwelling Units owned by Declarant or its nominees may be used as models and sales offices and construction offices for the purpose of selling the dwellings in the Properties until all of the dwellings thereon are sold by Declarant.

Section 2. Completion of Construction. When the construction of any building or any Lot is once begun, work thereof must be prosecuted diligently and it must be completed within a reasonable time.

Section 3. Maintenance and Possession of Animals on the Properties. No animals, birds, or fowls, including but not limited to hogs, cattle, cows, goats, sheep, rabbits, hares, monkeys, reptiles, dogs, cats, pigeons, pheasants, game birds, game fowl, or poultry (except as in Section 4 hereof permitted) shall be kept or maintained on any part of the Properties.

Section 4. Possession of Dogs, Cats or Birds by Occupants or Owners. Dogs, cats and birds may be kept upon any Lot in reasonable numbers as pets for the pleasure and use of the occupants of said Lot, but not for any commercial use or purpose. The Association shall have the right to determine what is a reasonable number of such animals.

Dogs belonging to occupants and/or Owners within the Properties must be kept either within an enclosure in the backyard or on a leash being held by a person capable of controlling the dog. The enclosure must be so designed that the dogs cannot escape therefrom and shall be subject to the approval of the Board of Directors of the Association or Architectural Committee.

Section 5. Stables and Horses on the Properties. No stable, livery stable, or riding academy shall be erected, conducted, carried on, kept, permitted, or maintained nor shall any horses, ponies, donkeys, or burros be kept upon any part of the Properties.

Section 6. Storage of Trailers, Boats, Tents or Commercial Vehicles. No trailers, boats, tents or commercial vehicles shall be kept or stored on the Properties; provided however, that the provisions of this paragraph shall not apply to temporary construction shelters or facilities maintained during, and used

exclusively in connection with the construction of any work or improvement thereon by the builder or the construction and sale of improvements and lots by the Declarant and its assigns as provided in Article VII, Section 1.

Section 7. Erection of Antennas, Fences, Hedges or Walls.

No antennas, including but not limited to antennas used for amateur radios, television, FM radio or AM radio shall be erected or maintained upon the outside of any building on the Properties except such antennas as are initially installed during the construction of the buildings or as are thereafter approved by the Board of Directors of the Association or Architectural Committee. Further, no fences, hedges or walls shall be erected or maintained on the Properties other than as are initially installed during the construction of the buildings unless approved by the Board of Directors of the Association or the Architectural Committee.

Section 8. Business Conducted on the Properties. No business of any kind whatsoever shall be established, maintained, operated, carried on, permitted or conducted on the Properties or any part thereof, excepting for the business of Declarant in completing the construction or residences on the property and of disposing of the same by sale, lease or otherwise, and excepting professional and administrative occupations without external evidence thereof.

Section 9. Miscellaneous Restrictions. (a) No noxious or offensive activity shall be carried on, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to other owners in the enjoyment of their property, or in their enjoyment of common areas. Without limiting any of the foregoing, no horns,

whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Lot and improvements located thereon, shall be placed or used on any such Lot or improvements. This paragraph shall not preclude the use of outdoor patio speakers for hi-fi, stereo or radios where the sound level is maintained at reasonable level with respect to adjoining property owners.

(b) All garbage and trash shall be placed and kept in covered containers. In no event shall such containers be maintained so as to be visible from neighboring property. No portion of any Lot shall be used for the storage of building materials or other materials other than in connection with approved construction.

(c) No outside clothesline or other outside clothes drying or airing facilities shall be maintained on any Lots.

(d) There shall be no exterior fires whatsoever except barbecue fires contained within receptacles thereof.

(e) There shall be no exterior newspaper tubes or free-standing mailboxes.

(f) No signs, whatsoever, including, but without limitation, commercial, political and similar signs, visible from neighboring property, shall be erected or maintained upon any such Lot except:

(1) Such signs as may be required by legal proceedings, or the prohibition of which is precluded by law,

(2) During the time of construction of any residence or other improvement by Declarant, job identification signs,

(3) Such signs as may be required for traffic control and regulations of open areas within the area,

(4) One identification sign designating the particular dwelling unit subject to the approval of the Board of Directors of the Association or the Architectural Committee as to suitability.

(5) One "For Sale" sign of customary and reasonable dimensions.

(g) The maintenance of accumulated waste plant materials is prohibited.

(h) No basketball standards or fixed sports apparatus shall be attached to any Dwelling Unit or garage or be erected on any Lot.

(i) There shall be no exterior painting or Dwelling Units or patio or yard walls by or on behalf of the Owners thereof, or any person holding thereunder, nor repair or replacing of original roofs or utility laterals by said persons nor any major landscaping in front yards by said persons, it being the intention hereunder that such items be maintained and replaced by said Association in conjunction with latter's maintenance of Common Areas in order to preserve the external harmony of the Properties, as provided in Article IX hereof. The Association is hereby granted an easement over and upon said Lots and Dwelling Units for the purpose of accomplishing the foregoing.

(j) No vehicles of any type shall be permanently or semi-permanently parked on the Properties or any Lot for purposes of accomplishing repairs thereto or the reconstruction thereof.

(k) Each Lot owner shall keep his carport areas in a neat and orderly condition with all storage areas completely enclosed.

Section 10. Common Areas: No improvement, excavation or work which in any way alters any Common Area from its natural or existing state on the date such Common Area is conveyed by Declarant to the Association shall be made or done except upon strict compliance with, and within the restrictions and limitations of, the following provisions of this section.

(a) No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon Common Area.

(b) The Association may, at any time, and from time to time:

(1) Reconstruct, replace or refinish any improvement or portion thereof upon Common Area in accordance with the original design, finish or standard of construction of such improvement when such Common Area was conveyed by Declarant to the Association and which was approved by the governmental entity having jurisdiction;

(2) Construct, reconstruct, replace or refinish any road improvement or surface upon any portion of Common Area designated on a subdivision map as a private road or parking area;

(3) Replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of Common Area;

(4) Place and maintain upon Common Area such signs as the Association may deem necessary for the identification of

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TEMPE VILLAGES and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and for the health, welfare and safety of owners and guests. Any such signs to be placed within the street area shall be subject to City approval.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, and Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful

act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. 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 Owners successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or other the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE IX

DUTIES AND OBLIGATIONS

Section 1. Exterior Maintenance of Dwelling Units. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, patio fences, exterior building surfaces, and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or 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.

Section 2. Common Area Maintenance. The Association shall maintain, or provide for the maintenance of all Common Areas and all improvements of whatever kind and for whatever purpose, including recreational facilities located thereon in good order and repair, and shall likewise maintain or provide for the maintenance of utility laterals, carports, fences, and the interior and exterior of the recreation building, and all of the utility buildings. In addition to the above described building maintenance, the Association shall provide all necessary landscaping and gardening to generally maintain and periodically replace when necessary the trees, shrubs, vines, plants, hedges, ground cover, grass and vegetation originally placed on the Properties by Declarant, and the Association shall maintain the same in a neat and attractive manner.

Section 3. Property Taxes and Assessments. To the extent not assessed to or paid directly by the owners, the Association shall pay all real and personal property taxes and assessments levied upon any portion of Common Area or other property owned by the Association.

Section 4. Insurance. The Association shall have the power and the obligation to insure and to keep insured all buildings, improvements and fixtures of the Common Areas and of the Common Areas against loss of damage by fire for the full insurable replacement cost thereof; and it may obtain insurance against such other hazards hereto as it may deem desirable. The Association may also insure any property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance

coverage with respect to each Common Area and the Common Areas shall be written in the name of, and the proceeds thereof shall be payable to, the Association, as the Trustee for the Lot owners in their respective percentages of ownership interest in and to each Common Area and in and to the Common Areas as established by this Declaration. Premiums for all of the foregoing insurance carried by the Association is a common expense included in the assessments or charges made by the Association. The insurance proceeds shall be used by the Board for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as hereinafter provided.

The Association shall have the power to and shall obtain comprehensive public liability insurance, in such limits as it shall deem desirable, and Workman's Compensation Insurance and other liability insurance as it may deem desirable, insuring each Lot owner and the Association, Board of Directors and Managing Agent, if any, from liability in connection with each Common Area, the premiums for which are common expenses included in the assessments and charges made against the owners.

Section 5. Replacement or Repair of Property. In the event of damage to or destruction of the property of the Association or any part thereof, the Association shall repair or replace the same; when the insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a special assessment against the Lot owners affected in the same proportion that their interest appears in the insurance proceeds to cover the additional cost of the repair or replacement not covered by the insurance proceeds, in

addition to any other regular assessments made against such Lot owners as part of the total project. If any damage or destruction is caused by a casualty not insured against, then the repair or reconstruction shall be accomplished in the manner provided by a written agreement approved by the owners representing more than fifty percent (50%) of all the lots affected by such damage or destruction, subject to the plans for any repairs or reconstruction being approved by the Association.

ARTICLE X

POWERS AND AUTHORITY OF THE ASSOCIATION

The Association shall have all of the powers set forth in the Articles, together with its general powers as a non-profit corporation, generally to do any and all things that a corporation organized under the laws of the State of Arizona may lawfully do in operating for the benefit of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws and in the Declaration of Restrictions, and to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of the Declaration of Restrictions and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety and/or general welfare of the owners and guests of TEMPE VILLAGES without in any way limiting the generality of the foregoing:

The Association shall have the power and authority at any time, and from time to time, without liability to any Owner, to enter upon any Lot and the exterior of any Dwelling Unit, fence

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or wall subject to these Restrictions for the purpose of enforcing any and all of the provisions of these Restrictions and for the Purpose of maintaining and repairing any such area. The Association shall also have the power and authority from time to time, and in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Declaration of Restrictions and to enforce, by mandatory injunction or otherwise, all of the provisions of the Declaration of Restrictions.

ARTICLE XI

ASSOCIATION RULES

Section 1. Adoption, Amendment and Repeal. The Association may, from time to time, and subject to the provisions of the Declaration of Restrictions adopt, amend and repeal rules and regulations, to be known as "the Association Rules", governing, among other things:

- (1) use of Common Area, which shall include individual parking areas and structures;
- (2) signs;
- (3) collection and disposal of refuse;
- (4) minimum standards of maintenance of property;
- (5) use of any closed circuit television broadcasting system.

Section 2. Restriction of Use. With respect to subparagraph

- (1) of Section 1 of Article XI above, the Association Rules may, without limitation and to the extent deemed necessary by the

Association in order to preserve the benefits of the Properties for all owners, and the families; invitees, licensees, and lessees of owners, and for guests, restrict and/or govern the use of Common Areas, by any guest, by any Owner, by the family of such Owner, or by an invitee, licensee, or lessee of such Owner; provided, however, that with respect to use of Common Areas, the Association Rules may not discriminate between Owners and the families and lessees of Owners.

Section 3. Restrictions and Limitation. With respect to subparagraph (1) of Section 1 of Article XI above, the Association Rules may include with respect to the Common Areas, but not the public streets adjacent thereto,

- (1) parking restrictions and limitations on and adjacent to such areas;
- (2) limitations upon vehicular travel;
- (3) the type or types of vehicles which may be permitted to use the areas;
- (4) the use of covered parking areas assigned to each Lot owner.

ARTICLE XII

LIMITATION OF RESTRICTIONS ON DECLARANT

Declarant is undertaking the work of constructing residential single-family dwellings and incidental improvements upon the Lots including within the subject property. The completion of that work and the sale, rental and other disposal of said residential units is essential to the establishment and welfare of said property as a residential community. In order that said work may be completed

and said property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

Section 1. Prevent Declarant, its contractors, or sub-contractors from doing on the Properties or any Lot thereof, whatever is reasonably necessary or advisable in connection with the completion of said work; or

Section 2. Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Properties, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing said property as a residential community and disposing of the same in parcels by sale, lease or otherwise; or

Section 3. Prevent Declarant from conducting on any part of the Properties its business of completing said work and of establishing said properties as a residential community and of disposing of said properties in parcels or lots by sales, lease or otherwise; or

Section 4. Prevent Declarant from maintaining such sign or signs on any of the Properties as may be necessary for the sale, lease or disposition thereof.

Section 5. Declarant shall have the right at any time prior to acquisition of title by grantee to establish additional easements, reservations and rights of way to itself, its successors and assigns in any conveyance it or they may make of said property or any portion thereof. Declarant or the organization for whose benefit said easements, reservations and rights of way have been established shall have the right at any time to cut and remove any trees or

branches or any other unauthorized object from such easements, reservations and rights of way.

ARTICLE XIII

ADDITIONAL PROVISIONS

Section 1. Use of Recreational Facilities. The Association shall have the right to limit the number of an Owners' guests who are using the recreational facilities.

Section 2. Financing Improvement of the Common Areas and Facilities. The Association shall have the right, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and facilities, and the incidentals thereto with the approval of two-thirds (2/3) of the membership of each class of members to mortgage said Common Areas and facilities, and the right of such mortgage in said Common Areas and facilities shall be subordinate to the right of the Owners hereunder.

Section 3. Mergers and Consolidations. To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit organizations organized for the same purposes as this Association, provided that any merger or consolidation shall have the written consent of all of the members or the assent by vote of two-thirds (2/3) of each class of members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance.

Section 4. Severability of Membership and the Association

from Ownership of a lot. No purchaser or owner of any Lot shall convey his interest in any such Lot without simultaneously conveying his interest in the Association and no member of the Association shall convey, transfer, sell, assign or otherwise dispose of his membership rights in the Association without at the same time conveying, selling and transferring his interest in the Lot to which his membership attaches, and the membership shall be transferred only to a new owner or purchaser of the Lot to which membership attached. Further, a tenant of an owner shall not be a member of the Association but the tenant or tenants of the owner shall have the right to use, and access to, the facilities owned by the Association.

Section 5. Easements.

There is hereby created a blanket easement upon, across, over and under the common areas and facilities for ingress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewers, gas, telephones and electricity. By virtue of this easement, it shall be expressly permissible for the providing electrical company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical wires, circuits and conduits on said townhouses. The Association does hereby grant and convey unto the Mountain States Telephone Company, its successors, and assigns, a right of way and easement to construction, operate, and maintain an underground conduit and buried cable system, together with all the necessary appurtenance, it being

understood that the said appurtenance include the right to place and maintain those wires and cables placed within the buildings to serve those inhabitants wishing telephone service. This grant shall carry with it the right of ingress and egress to and from the said right of way, with the right to use existing roads, for the purpose of constructing, inspecting, repairing, and maintaining said telephone wires, cables, and conduits, and the removal or replacement of same at will, either in whole or in part. 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 Association's Board of Directors and in no event shall any provision hereof be construed to authorize the placing or installation of sewers, electrical lines, water lines or other utilities under any permanent building structure constructed on said premises. 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.

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ARTICLE XIV

TERMINATION OF ANY RESPONSIBILITY OF DECLARANT

In the event Declarant shall convey all of its rights, title and interest to any partnership, individual or individuals, corporation or corporations, in and to the real property described herein, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

IN WITNESS WHEREOF, DOUGLAS P. PATTERSON DEVELOPMENT CORP.,

the Declarant herein, has subscribed its name this

30th day of July, 1974.

~~TESTIFIED AND APPROVED~~

ARIZONA TITLE INSURANCE & TRUST CO.
as Trustee

By _____
Trust Officer

DOUGLAS P. PATTERSON DEVELOPMENT

By Douglas P. Patterson
President

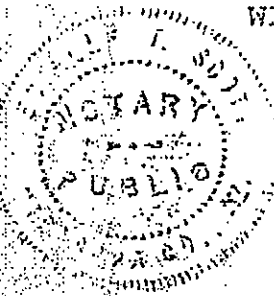
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STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this, the 30th day of July 1974, before me, the undersigned Notary Public, personally appeared; WILLIAM R. BURK, ANDREW J. RYAN, JR., DONALD E. PATTERSON, and WILLIAM D. PEACH, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.



Estelle F. Scott

Notary Public

My Commission Expires:

My Commission Expires July 5, 1977