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**SECOND AMENDED AND RESTATED
DECLARATIONS OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR
ANASAZI VILLAGE CONDOMINIUMS**

MARCH 2012

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	2
SECTION 1. "ARTICLES"	2
SECTION 2. "ASSOCIATION"	2
SECTION 3. "BOARD"	2
SECTION 4. "BUILDING"	2
SECTION 5. "BY-LAWS"	2
SECTION 6. "CONDOMINIUM ACT"	2
SECTION 7. "CONDOMINIUM DOCUMENTS"	2
SECTION 8. "DWELLING UNIT" OR "UNIT"	2
SECTION 9. "GENERAL COMMON ELEMENTS"	3
SECTION 10. "DECLARATION"	3
SECTION 11. "IMPROVEMENTS"	3
SECTION 12. "LIMITED COMMON ELEMENTS"	3
SECTION 13. "MEMBER"	3
SECTION 14. "MORTGAGE"	4
SECTION 15. "OWNER(S)"	4
SECTION 16. "PLAT"	4
SECTION 17. "PROPERTY"	4
SECTION 18. "SINGLE FAMILY"	4
SECTION 19. "VISIBLE FROM NEIGHBORING PROPERTY"	4
ARTICLE II DESCRIPTION, OWNERSHIP, USE AND MANAGEMENT OF THE COMMON ELEMENTS	4
SECTION 1. COMMON ELEMENTS.....	4
SECTION 2. OWNER'S INTEREST IN COMMON ELEMENTS.....	5
SECTION 3. CONDITIONAL USE OF GENERAL COMMON ELEMENTS.....	5
SECTION 4. DELEGATION OF USE.....	5
SECTION 5. LIMITED COMMON ELEMENTS.....	6
SECTION 6. EASEMENTS FOR UTILITIES AND MAIL.....	6
SECTION 7. EASEMENTS FOR ENCROACHMENTS.....	6
SECTION 8. ADDITIONAL EASEMENTS.....	6
SECTION 9. MANAGEMENT.....	6
ARTICLE III PERMITTED USES AND RESTRICTIONS.....	7
SECTION 1. SINGLE FAMILY RESIDENTIAL PURPOSES.....	7
SECTION 2. LEASE OF DWELLING UNIT.....	7
SECTION 3. IMPROVEMENTS AND ALTERATIONS.....	8
SECTION 4. RESTRICTION ON FURTHER SUBDIVISION.....	8
SECTION 5. LAWFUL USE.....	8
SECTION 6. OTHER USE RESTRICTIONS.....	8
ARTICLE IV MAINTENANCE, REPAIRS, AND REPLACEMENTS.....	8
SECTION 1. BY OWNER.....	8
SECTION 2. BY THE ASSOCIATION.....	9
SECTION 3. EASEMENT FOR MAINTENANCE.....	9
SECTION 4. REPAIR NECESSITATED BY OWNER.....	9
SECTION 5. UNIT OWNER'S FAILURE TO MAINTAIN.....	10
ARTICLE V THE ASSOCIATION.....	10
SECTION 1. ORGANIZATION.....	10
(a) <i>The Association</i>	10
(b) <i>Board of Directors and Officers</i>	10

SECTION 2.	POWERS AND DUTIES OF THE ASSOCIATION.....	10
SECTION 3.	ASSOCIATION RULES.....	10
SECTION 4.	PERSONAL LIABILITY.....	11
SECTION 5.	LIMITATION OF DIRECTOR LIABILITY.....	11
SECTION 6.	INDEMNIFICATION.....	11
ARTICLE VI	MEMBERSHIP AND VOTING RIGHTS.....	11
SECTION 1.	MEMBERSHIP.....	11
SECTION 2.	VOTING.....	12
SECTION 3.	RIGHTS OF MEMBERS.....	12
ARTICLE VII	COVENANT FOR ASSESSMENTS.....	12
SECTION 1.	CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS.....	12
SECTION 2.	PURPOSE OF ASSESSMENTS.....	13
SECTION 3.	CREATION OF BUDGET; ANNUAL ASSESSMENTS.....	13
SECTION 4.	LIMITS ON INCREASE AND DECREASE OF ANNUAL ASSESSMENTS.....	13
SECTION 5.	SPECIAL ASSESSMENTS.....	13
SECTION 6.	INDIVIDUAL SERVICE ASSESSMENTS.....	13
SECTION 7.	NOTICE AND QUORUM FOR AN ACTION AUTHORIZED UNDER SECTIONS 4 AND 5.....	14
SECTION 8.	UNIFORM RATE OF ASSESSMENTS.....	14
SECTION 9.	DUE DATES OF ASSESSMENTS.....	14
SECTION 10.	WORKING CAPITAL CONTRIBUTION.....	14
SECTION 11.	STATEMENT OF PAYMENT.....	15
SECTION 12.	NO EXEMPTIONS OR OFFSETS.....	15
SECTION 13.	EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION.....	15
	(a) <i>Enforcement by Suit</i>	15
	(b) <i>Enforcement by Lien</i>	15
SECTION 14.	SUBORDINATION OF THE LIEN TO FIRST MORTGAGES.....	16
ARTICLE VIII	INSURANCE.....	16
SECTION 1.	GENERAL.....	16
SECTION 2.	INSURANCE BY ASSOCIATION.....	17
SECTION 3.	INSURANCE BY OWNERS.....	18
SECTION 4.	PROVISIONS REQUIRED.....	18
SECTION 5.	NON-LIABILITY OF ASSOCIATION/BOARD.....	19
SECTION 6.	PREMIUMS.....	20
SECTION 7.	DEDUCTIBLES.....	20
SECTION 8.	INSURANCE CLAIMS.....	20
SECTION 9.	BENEFIT.....	20
SECTION 10.	ADDITIONAL INSURANCE REQUIREMENTS.....	20
ARTICLE IX	CONDEMNATION.....	21
SECTION 1.	PROCEDURE.....	21
SECTION 2.	TAKING OF COMMON ELEMENTS.....	21
SECTION 3.	TAKING OF UNITS.....	21
SECTION 4.	PARTIAL TAKING OF UNITS.....	21
SECTION 5.	TERMINATION.....	22
ARTICLE X	MORTGAGEE PROTECTIONS.....	22
SECTION 1.	RIGHT AND DUTIES OF FIRST MORTGAGEES.....	22
SECTION 2.	FIRST MORTGAGEE PROTECTIONS RELATING TO INSURANCE.....	25
ARTICLE XI	GENERAL PROVISIONS.....	26
SECTION 1.	ENFORCEMENT.....	26
SECTION 2.	COSTS OF ENFORCEMENT.....	27
SECTION 3.	REMEDIES CUMULATIVE.....	27

SECTION 4.	SEVERABILITY	27
SECTION 5.	AMENDMENTS.....	27
SECTION 6.	TERMINATION.....	27
SECTION 7.	BINDING EFFECT.....	27
SECTION 8.	POWER OF ATTORNEY.....	28
SECTION 9.	GENDER.....	28
SECTION 10.	TOPIC READINGS.....	28
SECTION 11.	CONSTRUCTION.....	28
SECTION 12.	JOINT AND SEVERAL LIABILITY.....	28
SECTION 13.	GUESTS, OCCUPANTS AND TENANTS.....	28
SECTION 14.	ATTORNEYS' FEES.....	28
SECTION 15.	INTERPRETATION.....	29
SECTION 16.	NOTICE OF VIOLATION.....	29

**SECOND AMENDED AND RESTATED
DECLARATIONS OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR
ANASAZI VILLAGE CONDOMINIUMS**

MARCH 2012

THIS DECLARATION is made on the day hereinafter set forth by Anasazi Village Condominiums Homeowners' Association, Inc., an Arizona non-profit corporation hereinafter referred to as the "Association".

WITNESSETH:

WHEREAS, Anasazi Investors, an Arizona limited partnership, hereinafter referred to as "Declarant", recorded the Amended and Restated Declarations of Covenants, Conditions and Restrictions for Anasazi Village Condominiums on March 23, 1984 at Instrument No. 1984-120422, official records, Maricopa County Recorder ("Original Declaration"), the Amended and Restated Declaration of Horizontal Property Regime of Anasazi Village Condominiums on March 23, 1984 at Instrument No. 1984-120421, official records, Maricopa County Recorder ("HPR Declaration"), the First Amendment to Amended and Restated Declarations of Covenants, Conditions and Restrictions for Anasazi Village Condominiums and Amended and Restated Declaration of Horizontal Property Regime of Anasazi Village Condominiums on March 3, 1986 at Instrument No. 1986-0101970, official records, Maricopa County Recorder ("First Amendment"), the Second Amendment to Amended and Restated Declarations of Covenants, Conditions and Restrictions for Anasazi Village Condominiums and Amended and Restated Declaration of Horizontal Property Regime of Anasazi Village Condominiums on September 20, 1988 at Instrument No. 1988-465614 ("Second Amendment"), and the Third Amendment to Amended and Restated Declarations of Covenants, Conditions and Restrictions for Anasazi Village Condominiums and Amended and Restated Declaration of Horizontal Property Regime of Anasazi Village Condominiums on January 26, 1993 at Instrument No. 1993-047351 ("Third Amendment") which governs the property in Maricopa County, Arizona, legally described in Exhibit "A" attached hereto and incorporated by reference (the "Property" or "Properties");

WHEREAS, the Association, by and through its members, wishes to amend and restate the Original Declaration, HPR Declaration, First Amendment, Second Amendment, and Third Amendment in their entirety as set forth herein;

NOW, THEREFORE, the Association hereby declares that the Property is and shall be held, conveyed, encumbered, leased and used subject to the following covenants, conditions, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. The covenants, conditions, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens set forth herein shall run with the Property; shall be binding upon all persons having or acquiring any interests in the Property or any part thereof; shall inure to the benefit of every portion of the Property and any interest

therein; and shall inure to the benefit of and be binding upon Declarant, its successors in interest, each Owner and his respective successors in interest.

ARTICLE I
DEFINITIONS

Section 1. “Articles” shall mean the Articles of Incorporation of the Association which are filed in the office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

Section 2. “Association” shall mean and refer to ANASAZI VILLAGE CONDOMINIUMS HOMEOWNERS' ASSOCIATION, INC., an Arizona nonprofit corporation, and its successors, if any.

Section 3. “Board” shall mean the Board of Directors of the Association.

Section 4. “Building” shall mean and refer to a structure surrounding Dwelling Units or a recreational Building forming part of the Common Elements, as shown on the Plat.

Section 5. “By-Laws” shall mean the By-Laws of the Association as such By-Laws may be amended from time to time.

Section 6. “Condominium Act” means the Arizona Condominium Act, A.R.S. § 33-1201, et seq., as it may from time to time be amended.

Section 7. “Condominium Documents” means this Declaration and the Articles, By-Laws, Rules, Board Resolutions, and any other documents governing the Property and the Association.

Section 8. “Dwelling Unit” or “Unit” shall mean a separate freehold estate consisting of an airspace defined as follows:

(a) The cubic content space of each Unit shall consist of, and be measured by, the entire space within the Unit's upper, lower and lateral boundaries shown or described on the Plat. Each Unit's upper boundary is a plane (extending to the lateral boundaries) which corresponds with the interior finished, but undecorated, surface of the ceiling. Each Unit's lower boundary is a plane (extending to the lateral boundaries) which corresponds with the interior finished, but undecorated, surface of the floor. Each Unit's lateral boundaries at perimeter Unit walls are the planes (extended to the upper and lower boundaries) of the interior unfinished surface of the walls as shown on the Plat. Reference is hereby made to the Plat for further description of the cubic content space of each Unit and its location or planned location within the Building.

(b) Each such Dwelling Unit includes the surfaces so described, and the portions of the Building and improvements lying within said boundaries, including lath, plaster, furring walls, wall board, paint, wallpaper and the like, carpeting and other floor covering. Each

such Dwelling Unit shall also include all the walls and partitions, ranges, dishwashers, washers, dryers, garbage disposal units, water heaters, and other household appliances lying within said boundaries and/or appurtenant areas.

(c) Additionally, each Dwelling Unit shall include the airspace and finished surfaces of balcony or patio (or porch), storage area, if any, attached and appurtenant to the Dwelling Unit, and the particular heating and air conditioning equipment serving the Dwelling Unit exclusively, whether lying within or without the Dwelling Unit.

The following are not part of a Dwelling Unit: Bearing walls, columns, vertical supports, floors, elevators, roofs, foundations, patio walls and fences, exterior doors, windows, pipes, ducts, flues, conduits, wires and other utility facilities and installations, wherever located, except the outlets thereof when located within the Dwelling Unit.

In interpreting deeds, plats, declarations, and plans, the existing physical boundaries of a Dwelling Unit or a Dwelling Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, plat, plan, or declaration, regardless of settling or lateral movement of a Building, and regardless of minor variances between the boundaries as shown on the plan or in the deed and declaration and those of a Building. Each Dwelling Unit in each Building shall be deemed to be a separate and distinct Dwelling Unit.

Section 9. “General Common Elements” shall mean all the general common elements for the common use or enjoyment by more than the Owner or Owners of a single Dwelling Unit as described on the plat referred to above and in the Condominium Act. The General and Limited Common Elements may sometimes hereinafter be referred to as “Common Elements”.

Section 10. “Declaration” shall mean this entire document, as same may from time to time be amended, relating to all or part of the Property.

Section 11. “Improvements” shall mean all physical structures, including, but not limited to, Buildings, club houses, mechanical shops, patios, porches, balconies, swimming pools, parking areas, fences and walls, driveways, sidewalks, ornamentation, and all landscaping, including, but not limited to, hedges, plantings, trees, shrubs, ponds, lakes and streams of every type and kind.

Section 12. “Limited Common Elements” shall mean these areas of the Property reserved for the use of a particular Dwelling Unit Owner to the exclusion of other Dwelling Unit Owners, as further described in Article II, Section 5 below.

Section 13. “Member” shall mean any person, corporation, partnership, joint venture or other legal entity who is a member of the Association, as further described in Article VI, Section 1 below.

Section 14. “Mortgage” means any recorded, filed or otherwise perfected instrument given in good faith and for valuable consideration which is not a fraudulent conveyance under Arizona law as security for the performance of an obligation, including without limitation deeds of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code. “Mortgagee” means the holder of a note secured by a Mortgage, including the trustee and beneficiary under any deed of trust. “Mortgagor” means the party executing a Mortgage. “First Mortgage” means a Mortgage which is the first and most senior of all Mortgages upon the same property. “First Mortgagee” means the holder of the note secured by the First Mortgage.

Section 15. “Owner(s)” shall mean and refer to the record Owner, whether one or more persons or entities, of equitable or beneficial title (or legal title if same has merged) of any Dwelling Unit. “Owner” shall include the purchaser of a Dwelling Unit under contract for the conveyance of real property. The foregoing does not include persons or entities who hold an interest in any Dwelling Unit merely as security for the performance of an obligation.

Section 16. “Plat” means the amended plat of survey of ANASAZI VILLAGE CONDOMINIUMS, as recorded in Book 264 of Maps, page 27, on March 23, 1984 Official Records of Maricopa County, Arizona, and as thereafter from time to time amended. The Plat is hereby made a part hereof with the same force and effect as if incorporated herein at length.

Section 17. “Property” shall mean and refer to the subject land, and the Buildings, all other improvements located thereon, and all easements, rights, and appurtenances belonging thereto.

Section 18. “Single Family” shall mean a group of one or more persons, each related to the other by blood, marriage, or legal adoption, or a group of not more than three persons, not all so related, who maintain a household in a Dwelling Unit.

Section 19. “Visible From Neighboring Property” shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any parcel of property adjacent to the Property or on any part of the Common Elements or on any part of a Dwelling Unit adjacent to that Dwelling Unit in or on which the object is located at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE II DESCRIPTION, OWNERSHIP, USE AND MANAGEMENT OF THE COMMON ELEMENTS

Section 1. Common Elements. The Common Elements are comprised of all of the Property except the Units, including, but not limited to, the land upon which the Buildings and Dwelling Units are located, the Buildings, all bearing walls, columns, floors, roofs, slabs, all recreational facilities including the clubhouse, landscaping, pavements, driveways, all waste, water and gas pipes, ducts, chutes, elevators, conduits, wires, drainage lines, other utility and installation lines, the foundations of the Dwelling Units, the foundation of the Buildings, common facilities including the mechanical shop, if any, for provision of water, heat, air

conditioning, cooling, electricity, other power and utilities services for the Buildings and Dwelling Units and all other devices and premises designed for common use or enjoyment by more than the owner or owners of a single Dwelling Unit.

Section 2. Owner's Interest in Common Elements. Each Owner shall have a 1/604th undivided interest in the Common Elements. Title to each Dwelling Unit shall include both the Dwelling Unit and the respective undivided interest in the Common Elements. Said undivided interest shall be deemed to be conveyed and encumbered with its respective Dwelling Unit, even though the description in the instrument of conveyance or encumbrance may refer only to title to a Dwelling Unit. Any attempt to separate the title to a Dwelling Unit from the undivided interest in the Common Elements appurtenant to each Dwelling Unit shall be null and void.

Section 3. Conditional Use of General Common Elements. Each Owner shall have a right of enjoyment in and to the General Common Elements which shall be appurtenant to and shall pass with title to every Dwelling Unit. The use of the General Common Elements by each Owner, his family, guests, tenants or lessees, shall be subject to the following provisions:

- (a) The right of the Association to charge reasonable fees for the use of any facility situated upon the General Common Elements.
- (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 any assessment against his Dwelling Unit remains unpaid; and for a period not to exceed sixty (60) days for any other infraction of this Declaration.
- (c) The right of the Association to promulgate reasonable rules and regulations to govern and restrict use of the General Common Elements pursuant to Article V, Section 4, hereof.
- (d) The right of the Association to convey the Common Elements or subject the Common Elements to a mortgage, deed of trust, or other security interest, in the manner and subject to the limitations set forth in the Condominium Act.
- (e) Dedication of certain areas of the Property as Limited Common Elements.

Section 4. Delegation of Use. If a Unit is leased or rented, the lessee and the members of his family residing with the tenant or lessee shall have the right to use the Common Elements during the term of the lease, and the Unit Owner shall have no right to use the Common Elements until the termination or expiration of the lease. The family members and guests of any Member or tenant or lessee entitled to use the General Common Elements may use the General Common Elements provided they are accompanied by a Member, tenant, or lessee entitled to use the General Common Elements. The Board of Directors shall have the right to limit the number of guests who may use the Common Elements at any one time and may restrict the use of the General Common Elements by guests and invitees to certain specified times. Such delegation of use shall never relieve an Owner of his obligations under this Declaration.

Section 5. Limited Common Elements. The Limited Common Elements are those areas reserved for the use of certain Dwelling Unit Owners or a certain Dwelling Unit Owner to the exclusion of other Dwelling Unit Owners as shown and located on the Plat and as follows:

(a) The Limited Common Elements shall include of the parking spaces allocated to use by particular Dwelling Unit Owners. At least one (1) parking unit shall be appurtenant to and allocated to each Dwelling Unit. The Board of Directors of the Association shall determine the parking unit or units that shall be appurtenant to a given Dwelling Unit, as a Limited Common Element, and, thus, subject to exclusive use by the Owner of such Dwelling Unit. The Board shall make such determination on terms (not inconsistent herewith), including imposition of appropriate fees and their amounts, that it shall deem suitable. Automobile parking areas which are not allocated as Limited Common Elements, or which, if so allocated, are not allocated to a particular Dwelling Unit, are to be available without discrimination to all of the following: Dwelling Unit Owners, their guests and invitees.

Section 6. Easements for Utilities and Mail. There is hereby created a blanket easement upon, across, over and under the Common Elements for ingress and egress, installation, replacing, repairing and maintaining all utility and services lines and systems, including, but not limited to, water, sewers, gas, telephone, electricity, television cable or communication lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company or the Association or their agent to install and maintain facilities and equipment on said Common Elements and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of any Building. Notwithstanding anything to the contrary contained in this paragraph, no sewer, electrical lines, water lines, or other utilities or service lines may be installed or relocated on said Common Elements except as initially designed and installed or thereafter approved by the Board. This easement shall in no way affect any other recorded easements on said Common Elements. There shall also be an access easement for the delivery and collection of U.S. Mail.

Section 7. Easements for Encroachments. If by reason of original construction or reconstructions, any portion of the Common Elements encroaches upon any of the Dwelling Units, or any portion of a Dwelling Unit encroaches upon any portion of the Common Elements, or any portion of a Dwelling Unit encroaches upon any portion of another Dwelling Unit, a valid easement shall exist for such encroachment, and for the maintenance of the same, so long as such encroachment exists.

Section 8. Additional Easements. The Association shall have the right to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Common Elements.

Section 9. Management. The Board shall control, maintain, manage and improve the Common Elements as provided in this Declaration, the Articles and By-Laws. Such right and power of control and management shall be exclusive. In managing the Common Elements, the Association hereby accepts responsibility for the maintenance, repair, and replacement of the Common Elements, except as otherwise provided herein.

ARTICLE III
PERMITTED USES AND RESTRICTIONS

Section 1. Single Family Residential Purposes. Dwelling Units and Limited Common Elements shall be occupied, used and devoted solely to Single Family residential use. No trade or business may be conducted in the Units or Limited Common Elements, except that an Owner or other resident of a Unit may conduct a business activity within the Unit or Limited Common Element so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside of the Unit or Limited Common Element; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Unit or Limited Common Element; (iii) the business activity does not involve persons coming onto the Property or the door-to-door solicitation of Owners or other residents in the Property; and (iv) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other residents in the Property, as may be determined from time to time in the sole discretion of the Board. Furthermore, no advertising or directional signs may be placed upon the Lot or any portion of the Common Elements regarding the business activity. The terms "business" and "trade" as used in this section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license is required for such activity.

Section 2. Lease of Dwelling Unit. An entire Dwelling Unit may be leased to a Single Family for a period of not less than thirty (30) days. All leases shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Condominium Documents, and any failure by the lessee to comply with the terms of the Condominium Documents shall be a default under the lease and grounds for eviction. In the event a Unit Owner leases his Unit other than through the management company retained by the Association, a Unit Owner shall promptly notify the Association of the commencement date and termination date of the lease and the names of each lessee or other person who will be occupying the Dwelling Unit during the term of the lease, as well as a "rental registration form", prepared for the Association by the Board of Directors. No sub-leases shall be allowed. If an Owner enters into a lease that does not comply with this Section, or if an Owner fails to provide the required information and forms to the Association in a timely manner as determined by the Board, the Association may impose reasonable monetary penalties as determined by the Board, and may pursue any other remedies available under the Declaration and Arizona law.

Any continuing violation or repeated violations (violation occurring three or more times) of the Declaration shall be a default under the lease. The Owner shall remain liable for compliance with the Condominium Documents, and shall be responsible for any violations thereof by his tenant or his tenant's agents, licensees, invitees, guests, or family. All notices shall be sent to the Owner. Each Owner shall provide a copy of the Condominium Documents to

each tenant of his Unit. By becoming a tenant, each tenant agrees to be bound by the Condominium Documents and recognizes that any continuing violation or repeated violations of the Declaration is grounds for eviction from the Unit. If a tenant commits violations that are grounds for eviction, the Association may provide notice to the Owner of the tenant's violations, and require that the Owner evict the tenant for the violations. If the Owner fails to make a good faith effort to evict the tenant, the Association may impose reasonable monetary penalties against the Owner as determined by the Board, and may exercise any other remedies available under the Declaration and Arizona law.

Section 3. Improvements and Alterations. No additions, alterations, improvements, repairs, excavation, painting, landscaping, decoration, ornamentation, or other work which in any way affects structural integrity of any Dwelling Unit or Limited Common Elements or alters the exterior appearance of the Property or is Visible From Neighboring Property, shall be commenced, erected, installed, maintained, made or done without prior written approval of the Board. Notwithstanding the foregoing, no alteration or modification of any balcony shall be made that affects either the structural integrity or the exterior appearance of said balcony. The Board may require a Unit Owner to provide certification from an architect or engineer, licensed in Arizona, stating that such addition, alteration or improvement will not impair the structural integrity of the Building within which such addition. All decisions of the Board shall be in its sole and absolute discretion and shall be final; no Owner or other party shall have recourse against the Board for its approval of or refusal to approve any plans and specifications.

Section 4. Restriction on Further Subdivision. No Dwelling Unit shall be further subdivided or separated into smaller Dwelling Units by any Owner, and no portion less than all of any such Dwelling Unit nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Board. This restriction shall not prevent the granting by an Owner thereof of an easement over part or parts of a Dwelling Unit for use by another Owner.

Section 5. Lawful Use. No illegal, improper, offensive, or unlawful use shall be made of any part of the Property. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction over the Property shall be observed. Any violation of such laws, zoning ordinances or regulations shall be a violation of this Declaration.

Section 6. Other Use Restrictions. The Association Rules may contain other restrictions on the use of the Units and Common Elements, including, but not limited to, use restrictions governing signs, flags and flagpoles, antennas, nuisances, window coverings, trash, animals, vehicles, and parking.

ARTICLE IV MAINTENANCE, REPAIRS, AND REPLACEMENTS

Section 1. By Owner. Each Owner of a Dwelling Unit shall maintain, repair, replace, and restore, at his own expense, all portions of the Dwelling Unit, as defined above, including appliances and airspace and finished surfaces of patios, porches or balconies. Notwithstanding the provisions of Article I, Section 8 which section provides that windows are not part of a

Dwelling Unit (and are thereby Common Elements), the Association shall not be responsible for maintaining or repairing glass surfaces or capital improvements built or placed by an Owner on or within his Dwelling Unit or within the patio or balcony appurtenant thereto and the Owner of said Dwelling Unit shall be solely responsible for such maintenance and repairs.

Section 2. By the Association. The Association shall have full power to control, and it shall be its duty to maintain, repair and make necessary improvements to all Common Elements and the improvements thereon, including, but not limited to, common facilities and improvements, all common landscaping and drainage facilities, swimming pools and any other recreational structures and facilities including the clubhouse, all corrective architectural, landscaping and repair work, all metered utilities for Common Elements, any other common meters, all common facilities for provision of utilities including the mechanical shop, and all roadways, parking areas, walks, elevators, and other means of ingress and egress within the Property. This shall include the Buildings (except for the Dwelling Units); the land upon which the Buildings are located, the airspace above the buildings, all bearing walls, columns, floors, roofs, slabs, foundations, storage spaces, all waste, water, sewer and gas pipes, ducts, chutes, conduits, wires, and all other utility installations of the Buildings, wherever located, except the outlets thereof when located within the Dwelling Units. The Association shall further be empowered with the right and duty to periodically inspect all Common Elements in order that minimum standards of repair, design, color and landscaping shall be maintained for beauty, harmony and conservation within the entire Property. The Association shall maintain, repair and replace all unfinished surfaces and structural portions of patio or balcony floors, ceilings, walls or fences, as part of the Common Elements.

Section 3. Easement for Maintenance. All Limited Common Elements and Dwelling Units shall be subject to an easement in favor of the Association and other Owners, and the authorized representatives of each, (a) in any case of any emergency originating in or threatening the Dwelling Unit or Limited Common Elements, whether the Owner is present or not, and (b) when entry into the Dwelling Unit or Limited Common Elements is necessary for the purpose of performing installations, alterations, or repairs to the Building and Common Elements, including, but not limited to, the mechanical or electrical services, including water, sewer and other utility services and installation and maintenance of common television antennas, provided that reasonable requests for entry are made and that such entry is at a time reasonably convenient to the Owner whose Dwelling Unit is to be entered. Notwithstanding the foregoing, in the case of an emergency, such right of entry shall be immediate without the necessity of a request for entry.

Section 4. Repair Necessitated by Owner. No Owner shall remove, alter, injure, or interfere in any way with any shrubs, trees, grass or plantings or any other improvement to the Common Elements placed upon any Property by Declarant or the Association without first obtaining the written consent of the Association. No Owner shall in any way damage or destroy any Common Elements, or interfere with the activities of the Association in connection therewith. Any amount incurred by the Association by reason of any such act of any Owner shall be paid by said Owner, upon demand, to the Association and the Association may enforce collection of same in the same manner as provided elsewhere in this Declaration for collection and enforcement of Assessments. Furthermore, each Owner shall be liable to the Association for any damage to the Common Elements which may be sustained by reason of the negligence or

willful misconduct of said Owner or of his family and guests, both minor and adult. In the case of joint ownership of a Dwelling Unit, the liability of such Owners shall be joint and several. The amount of such damage shall be an Assessment against the Dwelling Unit and may be collected as provided for herein for the collection and enforcement of other Assessments.

Section 5. Unit Owner's Failure to Maintain. If a Unit Owner fails to maintain in good condition and repair his or her Dwelling Unit, or any Limited Common Element that he or she is obligated to maintain under this Declaration, and the required maintenance, repair or replacement is not performed within fifteen (15) days after written notice has been given to the Unit Owner by the Association, or, in the case of an emergency, such time as the Association deems reasonable, the Association shall have the right, but not the obligation, to perform the required maintenance, repair or replacement. Any entry by the Association or its agents shall not be considered a trespass. The cost of these maintenance items and repairs shall be paid by the Unit Owner, upon demand, to the Association. The Association may enforce collection of such amounts in the same manner and to the same extent as provided for in this Declaration for the collection of Assessments.

ARTICLE V THE ASSOCIATION

Section 1. Organization.

(a) The Association. The Association is a non-profit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, By-Laws, and this Declaration. Neither the Articles nor By-Laws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

(b) Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers and committees as the Directors may elect or appoint, in accordance with the Articles and the By-Laws, as same may be amended from time to time.

Section 2. Powers and Duties of the Association. The Association shall have such rights, duties and powers as set forth in the Articles, By-Laws, this Declaration, and Arizona law respective to condominiums and non-profit corporations, as the same may be amended from time to time. The Association may contract with a management company or companies (the "Manager") as agent for the performance of maintenance and repair and for conducting activities on behalf of the Association.

Section 3. Association Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the "Association Rules". The Association Rules may restrict and govern the use of the Common Elements and Units by any Owner, by the family of such Owner, or by any licensee or lessee of such Owner; provided, however, that the Association

Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon such adoption, said Rules shall have the same force and effect as if they were set forth in and were part of the Declaration. Rules may provide for assessment of money penalties for breach of the Rules pursuant to Arizona law.

Section 4. Personal Liability. No member of the Board or any committee of the Association or any officer or employee of the Association, or the manager shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Association, the Board, the manager or any other representative or employee of the Association, or any committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

Section 5. Limitation of Director Liability. In accordance with the provisions of the Nonprofit Corporation Act (set forth at A.R.S. § 10-3101 et seq., as may be amended from time to time), each Director shall be immune from civil liability and shall not be subject to suit indirectly or by way of contribution for any act or omission resulting in damage or injury if said Director was acting in good faith and within the scope of his official capacity (which is any decision, act, or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized) unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the Director. This provision intends to give all Directors the full extent of immunity available under the Nonprofit Corporation Act.

Section 6. Indemnification. The Association shall indemnify any person who incurs expenses or liabilities by reason of the fact that he or she is or was an officer, director, or agent of the Association. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law; provided, however, that the Association shall have the right to refuse indemnification if the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in the action.

ARTICLE VI MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Dwelling Unit 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 Dwelling Unit which is subject to assessment. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership to such Dwelling Unit, or by intestate succession, testamentary disposition, foreclosure of a mortgage of record, exercise of a power of sale under a deed of trust, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of

Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to said Dwelling Unit shall operate to transfer said membership to the new Owner thereof.

Section 2. Voting. There shall one (1) vote for each Dwelling Unit, which may be exercised by the Owner(s) of the Dwelling Unit. When more than one (1) person holds an interest in any Dwelling Unit the vote for such Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Dwelling Unit. The vote for each such Dwelling Unit must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners casts a vote representing a certain Dwelling Unit, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Dwelling Unit. In the event more than one vote is cast for a particular Dwelling Unit, none of said votes shall be counted as said votes shall be deemed void.

Section 3. Rights of Members. Each Member shall have such other rights, duties, and obligations as set forth in the Articles and By-Laws, as same may be amended from time to time.

ARTICLE VII COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Dwelling Unit, by acceptance of a deed or recorded contract of sale therefor, whether or not it shall be so expressed in such document, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments, (2) Special Assessments, and (3) other Assessments made or levied by the Association against the Dwelling Unit Owner or Dwelling Unit pursuant to this Declaration, the By-Laws or the Association Rules, including, but not limited to, such assessments as the Association may make for individual services provided to Owners as provided in Section 6 of this Article VII below and late charges for delinquent Assessments and charges, such Assessments and charges to be established and collected as provided hereinafter. The Assessments and charges provided for in this Declaration, together with interest, late charges, collection costs, and reasonable attorneys' fees, incurred by the Association and enforced in compliance with this Declaration (whether or not a lawsuit or other legal action is instituted or commenced) shall be a lien on the Dwelling Unit and the Dwelling Unit's proportionate fractional interest in the Common Elements as created by this Declaration. Such a lien shall have priority over all liens or claims except only tax liens for real property taxes on any Dwelling Unit, assessments on any Dwelling Unit in favor of any municipal or other governmental assessing agency, and the liens of First Mortgages. Each such Assessment and charge, together with interest, late charges, collection costs, and reasonable attorneys' fees as provided above, shall also be the personal obligation of the person who was the Owner of such Dwelling Unit at the time when the assessment or charge was levied. Except as provided in Section 14 of this Article VII, any lien arising out of the existence of delinquent assessments or charges shall remain in existence notwithstanding a transfer in title of the Unit.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety, welfare and entertainment of the residents in Property, for the improvement and maintenance of the Common Elements, and for all Association purposes, powers, and duties set forth in the Condominium Documents and Arizona law, including but not limited to, insurance premiums, expenses for maintenance repairs and replacements of Common Elements, reserves for contingencies, and charges for water and other utilities for the Common Elements. Annual Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of the Common Elements, which fund shall be maintained in a separate account of the Association to be drawn upon only for those purposes.

Section 3. Creation of Budget; Annual Assessments. At least sixty (60) days before the beginning of each fiscal year of the Association, the Board shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board of Directors believes will be required during the ensuing fiscal year to pay all Association expenses. The Board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Unit Owners shall be required. The Board shall annually determine and fix the amount of the Annual Assessment against each Dwelling Unit, within the limits set forth in Section 4 below, based on the budget adopted by the Board. The Board shall notify the Owner of each Dwelling Unit in writing as to the amount of such Annual Assessment not less than thirty (30) days prior to the date that such Annual Assessment is to commence. The failure or delay of the Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay Annual Assessments and, in such event, each Unit Owner shall continue to pay the Annual Assessment against his Unit as established for the previous fiscal year until notice of the Annual Assessment for the new fiscal year has been established by the Board of Directors. If, during the fiscal year, the Board determines that the Annual Assessment is insufficient to meet Association expenses, the Board may increase the Annual Assessment within the limits set forth in Section 4 below by giving each Owner of a Lot notice of the amount of the new Annual Assessment at least thirty (30) days in advance of effective date of the increase.

Section 4. Limits on Increase and Decrease of Annual Assessments. Without the affirmative vote of Owners holding two-thirds (2/3) of the votes cast in person or by absentee ballot at a meeting duly called for this purpose, the Annual Assessment for any fiscal year may not be: (a) increased more than ten percent (10%) of the previous year's Annual Assessment, or (b) decreased by more than twenty (20%) percent below the Annual Assessment for the previous year. Notwithstanding the foregoing, Assessments may be increased above the limitation set forth above if necessary to meet increased utility and/or insurance costs.

Section 5. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any year, a Special Assessment for any proper Association purpose, provided, that any such assessment shall have the affirmative vote of Owners holding two-thirds (2/3) of the votes cast in person or by absentee ballot at a meeting duly called for this purpose.

Section 6. Individual Service Assessments. In the event the Association elects to provide, either directly or indirectly, special services, including but not limited to water, power,

telephone and cable television service to either the Owners of all Units or to those Owners who individually subscribe to such service, the Association may assess the Owners of each Unit using such services a fee to be determined by the Board of Directors of the Association which fee may be a function of the type and volume of such service.

Section 7. Notice and Quorum for an Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 and 5 of this Article VII shall be sent to all Owners not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Owners, in person or by absentee ballot, entitled to cast twenty percent (20%) of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting with a reduction in quorum shall be held more than thirty (30) days following the immediately preceding meeting.

Section 8. Uniform Rate of Assessments. Except as provided below or as specifically provided elsewhere in this Declaration, Assessments must be fixed at a uniform rate for all Dwelling Units.

(a) Any Individual Service Assessment may be assessed against only the Units receiving the services.

(b) Any Assessment or portion of an Assessment including, but not limited to, Assessments associated with the maintenance, repair and replacement of a Limited Common Element, benefitting fewer than all of the Units may be assessed against only the Units benefitted.

(c) If any Assessment is caused by the negligence or willful act of any Unit Owner, the Association, shall assess that Assessment exclusively against his Unit.

(d) Assessments to pay a judgment against the Association may be made only against the Units in the Property at the time the judgment was entered.

Section 9. Due Dates of Assessments. Annual Assessments may be due on an annual, quarterly, or monthly basis, as determined by the Board. Special Assessments shall be due within thirty (30) days after their levy or at such other time(s) as the Board shall designate. All Assessments shall be paid at such place as the Board shall designate.

Section 10. Working Capital Contribution. Each buyer/new Owner of a Dwelling Unit shall pay to the Association immediately upon becoming the Owner of the Dwelling Unit a sum equal to one-sixth (1/6th) of the then current Annual Assessment for the Dwelling Unit. This contribution will not be assessed on a Dwelling Unit that is either (1) transferred within a family or (2) transferred into a revocable living trust for the benefit of the trustor, where the Owner(s) of the Dwelling Unit becomes the trustor of the trust. This contribution shall be collectible from the buyer/new Owners at the close of escrow. Funds paid to the Association

pursuant to this Section will be deposited into the reserve account of the Association and may be used for maintenance, repairs, replacements, and additions to the Common Elements. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration. Payments made pursuant to this Section shall be deemed a contribution to the capital of the Association.

Section 11. Statement of Payment. The Association shall, within ten (10) days of a request therefor from a lienholder, escrow agent, Unit Owner or person designated by a Unit Owner, for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on the specified Dwelling Unit have been paid.

Section 12. No Exemptions or Offsets. No Owner of a Dwelling Unit may exempt himself from liability for Assessments by waiver and non-use of the Common Elements and facilities or by the abandonment of his Dwelling Unit. No offsets against Assessments, monetary penalties and other fees and charges shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Condominium Documents or the Condominium Act.

Section 13. Effect of Non-payment of Assessments: Remedies of the Association. Each Owner of any Dwelling Unit shall be deemed to covenant and agree to pay to the Association the Assessments provided for herein, and agrees to the enforcement of the Assessments in the manner herein specified. In the event that the Association employs an attorney for collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred, regardless of whether suit is filed, in addition to any other amount due or any other relief or remedy obtained against said Owner. In the event any Owner fails to make payment of any Assessment within ten (10) days of the due date therefore, the Association may impose a late charge as determined by the Board. Any part of any Assessment or other amount due from the Owner to the Association, including interest and/or late charges, not paid within thirty (30) days after the due date shall bear interest at the rate of twelve (12%) per annum from the due date of the Assessment until paid. In addition to any other remedies herein or by law provided, if the Assessment is not paid within thirty (30) days of the due date, the Association may enforce each such obligation in any manner provided by law or in equity or without any limitation of the foregoing, by either of the following procedures:

(a) Enforcement by Suit. The Board may cause a suit of law to be commenced and maintained in the name of the Association against an Owner to enforce each such Assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of twelve (12%) percent per annum, late charges, court costs, and reasonable attorneys' fees and collection costs in such an amount as the court may adjudge against the delinquent Owner or member.

(b) Enforcement by Lien. There is hereby created a right of claim of lien, with power of sale, on each and every Dwelling Unit to secure payment to the Association of any and all Assessments levied against any and all Dwelling Units under this Declaration, together with

interest thereon at the rate of twelve percent (12%) per annum, late charges, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees and court costs. At any time after the occurrence of any default in the payment of any such Assessment, the Association, or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner, on behalf of the Association. Said demand shall state the date and the amount of the delinquency. If the assessment is not paid within thirty (30) days after the due date therefor, the Association may also elect to file such a notice and claim of lien on behalf of the Association against the Dwelling Unit of the defaulting Owner but nothing herein requires the Association to file such a notice and claim of lien. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien.

Any such lien may be foreclosed by appropriate action in court in the manner provided by law for the foreclosing of a realty mortgage or trust deed as set forth by the laws of the State of Arizona, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all the Dwelling Unit Owners. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage, and convey any Dwelling Unit. In the event such foreclosure is by action in court, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law and this Declaration. Any Assessments and other amounts due after application of any sale proceeds after foreclosure of the lien above shall continue to exist as personal obligations of the defaulting Owner of the Dwelling Unit to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a member of the Association. In a voluntary conveyance of a Dwelling Unit, the grantee of the same shall not be personally liable for assessments or any other charges due to the Association in connection with that Dwelling Unit which accrued prior to the conveyance unless liability therefore is specifically assumed by the grantee. Each Owner by becoming an Owner of a Dwelling Unit hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

Section 14. Subordination of the Lien to First Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Dwelling Unit shall not affect the Assessment lien. However, the sale or transfer of possession of any Dwelling Unit pursuant to the foreclosure of a First Mortgage or any proceeding in lieu thereof, shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Dwelling Unit from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE VIII INSURANCE

Section 1. General. The Association, by and through the Board, shall purchase and maintain certain insurance upon the Property including but not limited to the insurance described below. Provision shall be made for the issuance of certificates of endorsement to any First Mortgagee. Such policies and endorsements thereon, or copies thereof, shall be deposited with

the Association. The Board shall deliver a copy of the policies, or by and through its agent, advise the Owners of the coverage of said policies, to permit the Owners to determine which particular items are included within the coverage so that the Owners may insure themselves as they see fit if certain items are not insured by the Association.

Section 2. Insurance by Association. The Association shall maintain and pay for policies of insurance as follows:

(a) A multi-peril type policy covering the Common Elements as originally constructed, providing, as a minimum, fire and extended coverage, and all other coverage in kinds and amounts customarily acquired or required for projects similar in construction, location and use, including, without limitation, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, and windstorm and water damage, in an amount not less than 100% of the insurable value (based upon replacement cost as determined from time to time by the Board). It is the intent of the Association to carry a "bare walls" policy; thus, the Association does not intend to carry insurance coverage for the following:

(i) Floor coverings of any kind, including but not limited to: carpeting, vinyl goods, ceramic tile, hardwood flooring. In the event of a loss, coverage will stop at the upper edge of the sub-flooring.

(ii) Wall coverings of any kind; no coverage is intended to be provided for dry wall or plastered surfaces, or for anything permanently attached to these surfaces. In the event of a loss, coverage stops at the inside edge of the vertical stud wall and the lowest edge of the ceiling joist or rafter.

(iii) Cabinetry, built-in appliances, or electrical/plumbing fixtures, including all HVAC equipment located inside or outside of the Unit.

(b) A comprehensive policy of public liability insurance covering all of the Common Elements and public ways in the Property in a minimum amount of at least \$1,000,000.00 per occurrence for personal injury and/or property damage. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association and its agents or other Owners. The scope of such coverage shall include all other coverage in the kinds and amounts customarily acquired or required for projects similar in construction, location and use, including, without limitation, water damage liability, liability for non-owned and hired automobiles, and liability for property of others.

(c) If there is a steam boiler in operation in connection with the Property, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing, as minimum coverage, \$50,000.00 per accident per location.

(d) If the Property is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood

insurance on the Property must be maintained in the amount of the outstanding principal balances of the First Mortgage loans on the Units comprising the Property or the maximum limit of coverage available under the National Flood Insurance Act of 1969, as amended, whichever is less. Such flood insurance policy shall be in the form of the standard policy issued by the National Flood Insurance Association.

(e) The Association must obtain fidelity coverage against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity insurance must name the Association as the named insured and shall be written to provide protection which is in no event less than one-half times the Association's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any person who serves without compensation shall be added if the policy would not otherwise cover volunteers.

(f) A workmen's compensation policy, if necessary to meet the requirements of law.

(g) Such other insurance as the Board shall determine from time to time to be desirable.

Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, so long as either of the foregoing is a Mortgagee or Owner of a Unit within the Property, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Section 3. Insurance by Owners. Without limiting the generality of the foregoing, it shall be each Owner's responsibility to provide for himself insurance for his or her own Dwelling Unit, the additions, improvements, and betterments thereto, decorating therein and furnishings and personal property therein, his or her personal property stored elsewhere on the Property, his or her personal liability to the extent not covered by the liability insurance for all of the Owners obtained as above provided, and such other insurance which is not carried by the Association as the Owner desires. No Owner shall maintain any insurance on his Unit which would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Association in the event of damage to the improvements or fixtures on the Property.

Section 4. Provisions Required. The insurance policies purchased by the Association shall, to the extent possible, contain the following provisions:

(a) The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by Owners or First Mortgagees.

(b) The conduct of any one or more Owners shall not constitute grounds for avoiding liability on any such policies.

(c) There shall be no subrogation with respect to the Association, its agents or employees, Owners and members of their household and their families and employees, and each Mortgagee of all or any part of the Property or of any Dwelling Unit, or the policy(ies) should name said persons as additional insureds; and, each policy must contain a waiver of any defenses based on co-insurance or on invalidity arising from the acts of the insured.

(d) A “severability of interest” endorsement shall be obtained which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners.

(e) A standard Mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interests may appear, or which must be otherwise endorsed to fully protect the interest of First Mortgagees, their successors and assigns.

(f) For policies of hazard insurance, a standard Mortgagee clause shall provide that the insurance carrier shall notify the First Mortgagee named at least ten days in advance of the effective date of any reduction in or cancellation of the policy.

(g) Any “no other insurance” clause shall exclude insurance purchased by Owners or First Mortgagees.

(h) Coverage must not be prejudiced by (a) any act or neglect of Owners when such act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

(i) Coverage may not be cancelled or substantially modified without at least 30 days’ (or such lesser period as otherwise provided herein) prior written notice to any and all insureds including First Mortgagees, their successors, and assigns.

(j) Any policy of property insurance which gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that such election is not exercisable without the prior written approval of the Association.

Section 5. Non-Liability of Association/Board. Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board member or other person shall be liable to any Owner or Mortgagee if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Owner may desire.

Section 6. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense, except that the amount of increase over any annual or other premium occasioned by the negligence or willful conduct of the Unit Owner shall be assessed against that particular Owner, provided, however, that liability hereunder shall be limited to that provided for in the statutory or case laws prevailing in the State of Arizona.

Section 7. Deductibles. If there is insurance coverage for damage which results from the negligence or willful conduct of the Unit Owner, the Unit Owner is responsible for payment of the insurance deductible. If an Owner is required to pay the amount of the deductible to the Association to perform any repair or reconstruction work, said amount shall be paid within sixty (60) days of its due date, as established by the Association. Any unpaid deductible shall be collectible in the same manner as a delinquent Assessment.

Section 8. Insurance Claims. The Association, acting by and through its Board, is hereby irrevocably appointed agent for each owner and for each holder of a First Mortgage or other lien upon a Unit, and for each owner of any other interest in the Property, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and the Board has full and complete power to act for the Association in this regard.

Section 9. Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and First Mortgagees, as their interest may appear.

Section 10. Additional Insurance Requirements. It is the intent of this Article VIII of this Declaration to generally set forth the insurance requirements for the Property which are, at all times, to comply with Federal Home Loan Mortgage Corporation ("FHLMC") and Federal National Mortgage Association ("FNMA") requirements. Because FHLMC and FNMA Insurance requirements are very lengthy and subject to change from time to time, it is impractical to set forth all of those requirements herein. Therefore, the Association, the Board and the Owners shall at all times, carry, maintain in good standing, and pay for all hazard, liability, fidelity and other insurance policies, binders and bonds required by the FHLMC and FNMA, and FHLMC and FNMA regulations or guidelines as such requirements change from time to time, and shall provide satisfactory evidence thereof promptly to any First Mortgagee or insurer or guarantor of any First Mortgage which requests such evidence. All such policies, binders and bonds shall comply with and be consistent in form and substance with all such FHLMC and FNMA requirements as they may change from time to time, and shall include all Mortgagee clauses and endorsements of any kind or nature required by the FHLMC and FNMA, and FHLMC and FNMA regulations or guidelines as such requirements change from time to time.

ARTICLE IX
CONDEMNATION

Section 1. Procedure. Upon receipt of notice of intention or notice of proceedings whereby all or any part of the Property is to be taken by any governmental body by exercise of the power of condemnation or eminent domain, all Owners and First Mortgagees shall be immediately notified by the Association thereof. The Association shall represent the Owners in any condemnation or eminent domain proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any part of the Property, and every Owner appoints the Association his attorney-in-fact for this purpose. The entire award made as compensation for such taking, including but not limited to any amount awarded as severance damages, or the entire amount received and paid in anticipation and settlement for such taking, after deducting therefrom, in each case, reasonable and necessary costs and expenses, including but not limited to attorneys' fees, appraisers' fees and court costs (which net amount shall hereinafter be referred to as the "Award"), shall be paid to the Association as trustee for the use and benefit of the Owners and their First Mortgagees as their interests may appear.

Section 2. Taking of Common Elements. If the portion of the Property taken or conveyed does not include all or any part of a Building, the Association shall, as it is practicable, cause the Award to be utilized for the purpose of repairing and restoring the Property, including, if the Association deems it necessary or desirable, the replacement of any improvements so taken or conveyed. Any portion of the Award attributable to the acquisition of Limited Common Elements shall be equally divided among the Owners of Units to which such Limited Common Elements were allocated at the time of acquisition if not replaced as provided herein.

Section 3. Taking of Units. If the portion of the Property taken or conveyed is comprised of or includes all or any part of the Units in a Building, the Association, after its receipt of notice of the final amount of the Award, shall call a special meeting of the Members of the Association, with notice thereof to all First Mortgagees, to determine whether the parts of the Property taken shall be restored, reconstituted or replaced, and if so, in what manner. These matters, together with the use, disposition and distribution of the Award, shall be as provided by an agreement approved not by less than fifty-one percent (51%) of the votes cast by the membership and not less than fifty-one percent (51%) of all First Mortgagees [based on one (1) vote for each First Mortgage held]. Dwelling Unit Owners whose Units will be taken and not replaced shall be compensated for the fair market value of the Unit prior to the taking including that Unit's fractional interest in the Common Elements and shall be divested of all interest in the Property, and all remaining Dwelling Unit Owners will automatically have their fractional interests in the reduced Property proportionately increased. The Association shall promptly prepare, execute and record an amendment to this Declaration reflecting such reallocations.

Section 4. Partial Taking of Units. In the case of Dwelling Unit Owners whose Units are partially taken and not replaced as provided above (which partial Unit may practically and lawfully be used for residential purposes) said Unit Owners shall be compensated for the reduction in the fair market value of the Unit prior to the taking including its fractional interest in the Common Elements. Any such Unit's fractional interest shall be reduced proportionately and the fractional interest divested from the partially acquired Unit is automatically reallocated to

that Unit and the other Units in the Property in proportion to the respective fractional interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced fractional interests.

Section 5. Termination. If all of the Units are acquired by condemnation or eminent domain, the horizontal property regime (statutory condominium) is terminated and the provisions of A.R.S. §33-1228 of the Condominium Act shall apply.

ARTICLE X MORTGAGEE PROTECTIONS

Section 1. Right and Duties of First Mortgagees. Notwithstanding and prevailing over any other provisions of this Declaration, the Articles, By-laws, rules or regulations of the Association, or management agreements, the following provisions shall apply to and benefit each holder of a First Mortgage upon a Unit:

(a) Neither the Declaration nor any related document shall provide that the right of an Owner to sell, transfer or otherwise convey his Unit will be subject to any right of first refusal, or similar restriction, in favor of the Association. Any "right of first refusal" that may be contained in the Declaration or any related document shall not impair or affect the rights of a First Mortgagee to foreclose or take title to a Dwelling Unit pursuant to the remedies provided in the First Mortgage, to accept a deed (or assignment) in lieu of foreclosure in the event of a default by a Mortgagor, or interfere with a subsequent sale or lease of a Dwelling Unit so acquired by the First Mortgagee.

(b) A First Mortgagee who comes into possession of a mortgaged Dwelling Unit by virtue of foreclosure of the Mortgage, or through any equivalent proceedings, such as but not limited to the taking of a deed or assignment in lieu of foreclosure or acquiring title at a trustee's sale under a first deed of trust, or any third-party purchaser at a foreclosure sale or trustee's sale, will not be liable for such Dwelling Unit's unpaid dues, charges or assessments which may accrue prior to the time such First Mortgagee or third-party purchaser comes into possession of such Dwelling Unit, and shall acquire title free and clear of any lien authorized by or arising out of the provisions of this Declaration which secures the payment of any dues, charges or assessments accrued prior to the time such First Mortgagee or third-party purchaser comes into possession of such Dwelling Unit. Any such unpaid dues, charges or assessments against the Dwelling Unit foreclosed shall be deemed to be a Common Expense charged proratably against all of the Dwelling Units. Nevertheless, in the event the Owner against whom the original assessment was made is the purchaser or redemptionor, the lien shall continue in effect and may be enforced by the Association, or by the Board, for the respective Dwelling Unit's assessment that was due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid assessment shall continue to exist as the personal obligation of the defaulting Owner of the respective Dwelling Unit to the Association, and the Board may use reasonable efforts to collect the same from said owner even after he is no longer a member of the Association.

(c) Notwithstanding anything to the contrary contained in this Declaration, without the prior written approval of at least two-thirds (2/3) of the First Mortgagees (based upon one (1) vote for each First Mortgage held) or of the Owners other than Declarant (except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Elements of the Property), the Association or Owner shall not be entitled to and no provision of this Declaration shall be applied, effective, interpreted or construed to (or entitle the Association or Owners to):

(1) By act or omission, seek to abandon or terminate this Declaration or the horizontal property regime (statutory condominium);

(2) Change the pro rata percentage of interest in the Common Elements or obligation of any individual Dwelling Unit for the purpose of: (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (b) determining the pro rata share of ownership of each Dwelling Unit in the Common Elements.

(3) Partition or subdivide any Dwelling Unit.

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the condominium project shall not be deemed a transfer within the meaning of the clause.)

(5) Use hazard insurance proceeds payable or paid due to losses to the Property or portion thereof (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Property.

(d) All taxes, assessments and charges which may become liens prior to a First Mortgage under local law shall relate only to the individual Dwelling Unit and not to the Property as a whole.

(e) No provision of the Declaration or any related document shall give an Owner, or any other party, priority over any rights of the First Mortgagee of a Dwelling Unit pursuant to its First Mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Dwelling Units and/or Common Elements.

(f) A First Mortgage on a Dwelling Unit shall include any and all interest enjoyed by the Owner of said Unit in any amenities pertaining to the Property.

(g) A First Mortgagee and any insurer or guarantor of a First Mortgage shall be entitled to written notification from the Association of: (i) any condemnation or casualty loss that affects either a material portion of the Property or the Dwelling Unit securing its Mortgage; (ii) any delinquency in the payment of assessments or charges or other default in the performance of a Mortgagor under this Declaration or any related document which is not cured within thirty (30) days; (iii) any lapse, cancellation or material modification of any insurance

policy or fidelity bond maintained by the Association; and (iv) any proposed action which would require the consent of a specified percentage of Eligible First Mortgagees.

(h) A First Mortgagee shall not in any case or manner be personally liable for the payment of any assessment or charge, nor the observance or performance of any covenant, restriction, or rule and regulation of the Association, or any provision of the Articles or By-laws, or any management agreement, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as specifically provided in this Section 11.

(i) An action to abate the breach of any of these covenants, restrictions, reservations and conditions may be brought against the purchasers who have acquired title through foreclosure of a First Mortgage and the subsequent foreclosure or trustee's sale (or through any equivalent proceedings), and the successors in interest to said purchasers, even though the breach existed prior to the time said purchaser acquired an interest in such Dwelling Unit.

(j) During the pendency of any proceedings to foreclose a First Mortgage (including any period of redemption) or from the time a trustee under a first deed of trust has given notice of sale pursuant to power of sale conferred under a deed of trust and pursuant to law, the First Mortgagee, or a receiver appointed in any such action, may but need not exercise any or all of the rights and privileges of the Owner in default of a Unit including, but not limited to, the right to vote as a member of the Association in the place and stead of the defaulting Owner.

(k) At such time as the First Mortgagee shall come into possession of or become record Owner of a Unit, the First Mortgagee shall be subject to all of the terms and conditions of this Declaration including, but not limited to, the obligation to pay all assessments and charges accruing thereafter, in the same manner as any other Owner.

(l) The lien of the assessments provided for herein shall be subordinate to the lien of any First Mortgage now or hereafter placed upon any Dwelling Unit; provided that such First Mortgage is in favor of a bank, savings and loan association, insurance company, mortgage banker, other institutional lender, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and their successors or assigns; and provided further that such subordination shall apply only to the assessments which have accrued prior to the time that a First Mortgagee shall come into possession of or become a record Owner of a Unit by a sale or transfer of any such property pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure.

(m) Notwithstanding any provision in the Declaration or any related document to the contrary, no provision of this Declaration or any related document related to costs, use, set-back, minimum size, building materials, architectural, aesthetic or similar matters shall provide for reversion or foreclosure of title to a Unit in the event of a violation thereof. No breach or violation of any provision of this Declaration or any related document shall affect, impair, defeat or render invalid the interest or lien of any First Mortgagee.

(n) Compliance with FHLMC and FNMA Regulations. Notwithstanding and prevailing over all other provisions hereof, no amendment to this Declaration shall be made or become effective which in any way affects, diminishes or impairs any of the rights, privileges or powers granted to any First Mortgagee or which is in any way inconsistent with the customary rules, regulations or requirements of institutional First Mortgagees or their successors or assigns without the prior written consent of all institutional First Mortgagees. First Mortgagees shall have the right to enforce against Owners, the Association and all others, any and all provisions of this Declaration including, without limitation, the obligations under Article X herein. Enforcement by First Mortgagees may be by injunction, mandatory or prohibitory, or any other lawful procedure. The Declarant intends that the Property shall comply with all requirements of the FHLMC and the FNMA pertaining to the purchase by the FHLMC and FNMA of conventional home loans. Declarant and all Unit Owners therefore agree that, in the event the Property or any of the documents therefor, including, without limitation, this Declaration, do not comply with FHLMC and FNMA requirements, the Board shall have the power on behalf of the Association to enter into an agreement with the FHLMC or FNMA (or its/their designee(s)) reasonably required by the FHLMC or FNMA (or its/their designee(s)) to allow the Property to comply with such requirements and make such changes in the Declaration, the Articles, By-Laws or the Association Rules to effectuate the same by recorded amendment or otherwise without the consent of any other Owners.

(o) No breach of any of the covenants, conditions and restrictions contained in this Declaration nor the enforcement of any lien provisions herein, shall render invalid the lien of any First Mortgage on any Dwelling Unit, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through Mortgage foreclosure, trustee's sale or otherwise.

Section 2. First Mortgagee Protections Relating to Insurance. The following provisions apply to insurance maintained by the Association on the Property.

(a) The Association shall provide each First Mortgagee with a letter wherein the Association agrees (a) to give timely written notice to each First Mortgagee, or any entity or person designated by such First Mortgagee, whenever damage to the Common Elements and related facilities exceeds \$10,000 and (b) to give timely written notice to the First Mortgagee of a First Mortgage, or any entity or person designated by such First Mortgagee whenever damage to a Unit covered by such First Mortgage exceeds \$1,000.

(b) Each hazard insurance policy shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Experts of Class VI or better, or if such rating service be discontinued, an equivalent rating by a successor thereto or a similar such rating service.

(c) Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Arizona.

(d) Policies shall not be utilized where: under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Owner or First Mortgagee or any entity or person purchasing or guaranteeing any First Mortgage; by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or, the policy includes any limiting clauses (other than insurance condition) which could prevent any Owner or the First Mortgagee, its successors or assigns, from collecting insurance proceeds.

(e) The mortgagee clause of each insurance policy shall be properly endorsed, and there must have been given necessary notices of transfer, and any other action required to be taken must be taken in order to fully protect, under the terms of the policies and applicable law, the interest of all First Mortgagees, their successors and assigns. Where permissible, the insurance carrier shall be required to name the servicer of a First Mortgage, or “[name of servicer], its successors or assigns,” as the First Mortgagee under the mortgagee clause. If permissible, where a deed of trust is utilized, the insurance carrier shall be required to use “[name of servicer], its successors or assigns, beneficiary” or “[name of trustee], its successors or assigns, for the benefit of [name of servicer]” instead of only the name of the trustee under the deed of trust.

(f) All insurance drafts, notices, policies, invoices and all other similar documents, or their equivalent, shall be delivered directly to each servicer involved, regardless of the manner in which the mortgagee clause is endorsed. The servicer's address on any First mortgagee endorsement on a policy shall be used in the endorsements in lieu of the address of the First Mortgagee if requested by the First Mortgagee.

(g) First Mortgagees may pay overdue premiums, or may secure new insurance coverage on the lapse of a policy, with respect to any insurance required to be maintained by the Association as provided in this Declaration, and First Mortgagees making expenditures therefor shall be owed immediate reimbursement by the Association.

ARTICLE XI 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 Condominium Documents provided, however, that an individual Owner shall have no right to enforce the collection of any Assessment levied against any other Owner or to exercise self-help to remove, cure, or abate a violation. Without limiting the generality of the foregoing, suit to recover a money judgment for unpaid Assessments, interest, rent, court costs, collection costs, attorneys' fees and/or other amounts due under this Declaration, to obtain specific performance of an obligation imposed hereunder and/or to obtain injunctive relief may be maintained without foreclosing, waiving or releasing or satisfying the liens created for Assessments or other amounts due hereunder. The 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. Costs of Enforcement. If the Association takes any action to enforce the provisions of the Condominium Documents, whether or not a lawsuit is filed, the Association shall be entitled to recover from the Owner against whom enforcement is sought all costs of enforcement, including but not limited to attorney's fees incurred by the Association. Such amounts shall be collectible in the same manner as Assessments. If, however, a lawsuit is filed, and the Owner is the prevailing party in such lawsuit, the Owner shall not be required to pay the Association's attorney's fees, court costs, costs of investigation and other related expenses incurred therewith.

Section 3. Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or Court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 5. Amendments. The Declaration may be amended by the vote of Owners holding at least sixty-seven percent (67%) of the votes in the Association. Any amendment must be recorded. The Articles of Incorporation for the Association may be amended, by the vote or written consent, or any combination thereof, of Owners holding at least seventy-five percent (75%) of the votes in the Association, provided, however, that the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision. The By-Laws for the Association may be amended by the members as provided in the By-Laws.

Section 6. Termination. The covenants and restrictions of this Declaration shall run with and bind the Dwelling Units and Common Elements unless and until terminated as provided in Article IX herein or as provided in A.R.S. §33-1228 of the Condominium Act, as amended from time to time (or any successor statute thereto) and subject to any additional requirements set forth elsewhere in this Declaration for approvals by First Mortgagees of certain actions.

Section 7. Binding Effect. By acceptance of a deed or acquiring any ownership interest in any of the Property included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing hereby acknowledges that this Declaration sets forth a general scheme for real property covered thereby and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

Section 8. Power of Attorney. Whenever the Association is granted rights, privileges or duties in this Declaration, the Board shall have the authority to act for the Association in accordance with the Articles and By-Laws. Further, unless otherwise specifically restricted by the provisions of this Declaration or Arizona law, wherever the Association is empowered to take any action or do any act, including but not limited to actions or acts in connection with the Common Elements or withdrawal of the Property from the horizontal property regime and sale thereof, the Owners and each of them hereby constitute and appoint the Association as their attorney-in-fact for the purposes of taking such action or doing such acts including but not limited to executing, acknowledging and delivering any instruments or documents necessary, appropriate or helpful for such purposes. It is acknowledged that this power of attorney is irrevocable and coupled with an interest and by the acceptance of a deed for a Dwelling Unit or by signing a contract for purchase of a Dwelling Unit or by succeeding in any other manner to the ownership of a Dwelling Unit, each Owner shall be deemed and construed to have ratified and expressly granted the above power of attorney.

Section 9. Gender. The singular, wherever used in this Declaration, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this Declaration apply either to corporations or individuals, or men or women, shall in all cases be assumed as though in each case fully expressed.

Section 10. Topic Readings. The marginal or topical headings of the sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of the sections or of this Declaration.

Section 11. Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, By-Laws, or Association Rules, the provisions of this Declaration shall prevail.

Section 12. Joint and Several Liability. In the case of joint ownership of a Unit, the liabilities and obligations of each of the joint Unit Owners set forth in, or imposed by, the Condominium Documents shall be joint and several.

Section 13. Guests, Occupants and Tenants. Each Unit Owner shall, to the extent required by Arizona law, be responsible for compliance by his agents, tenants, guests, occupants, invitees, licensees and their respective servants, agents, and employees with the provisions of the Condominium Documents. A Unit Owners' failure to insure compliance by such persons shall be grounds for the same action available to the Association or any other Unit Owner by reason of such Unit Owner's own non-compliance.

Section 14. Attorneys' Fees. In the event the Association incurs legal expenses and costs, including, but not limited to, attorney's fees, in bringing claims against Owners or defending claims brought by Owners in an administrative action or proceeding, including but not limited to, proceedings before an Administrative Law Judge, the Association shall be entitled to recover its attorney's fees and costs from the Owner involved in the administrative proceeding if the Association is the prevailing party.

Section 15. Interpretation. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of the Condominium Documents. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions of the Condominium Documents shall be final, conclusive and binding as to all persons and property benefitted or bound by the provisions of the Condominium Documents.

Section 16. Notice of Violation. The Association shall have the right to record a written notice of a violation by any Unit Owner of any restriction or provision of the Condominium Documents. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (i) the name of the Unit Owner; (ii) the legal description of the Unit against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Unit Owner to cure the violation. Recordation of a notice of violation shall serve as a notice to the Unit Owner and to any subsequent purchaser of the Unit that there is a violation of the provisions of the Condominium Documents. If, after the recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the actual violation referred to in the notice has been cured, the Association shall record a notice of compliance which shall state the legal description of the Unit against which the notice of violation, and shall state that the violation referred to the notice of violation has been cured, or if such be the case, that it did not exist.

CERTIFICATION

The President of the Association hereby certifies that the provisions contained within this Amended and Restated Declaration have been approved by the required percentage of the Owners.

DATED this 20 day of March, 2013.

Anasazi Village Condominiums Homeowners' Association, Inc.
an Arizona non-profit corporation

By: *Janet Frintner*
Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 20 day of March, 2013, before me personally appeared Janet Frintner, whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed this document.

Barbara Tisai
Notary Public

Notary Seal:

