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AMENDED AND RESTATED

DECLARATION OF CONDOMINIUM

OF

VILLAGE AT TOWNE CENTER CONDOMINIUMS

This Amended and Restated Declaration of Condominium is made and executed as of the ²⁵ day of October, 2004, by El Lago Road LLC, an Arizona limited liability company, with reference to the following facts:

- I. Declarant, as of the 16th day of April, 2004 caused the Declaration of Condominium of Village at Towne Center Condominiums to be recorded upon the Official Records of Maricopa County, Arizona, as Document No. 2004-0406014 (the "Declaration").
- II. The Declarant as Owner of all of the Units has the right to amend the Declaration.
- III. Declarant desires to amend the Declaration for the purpose of modifying certain provisions of Articles 16 and 17 and to effect the waiver of Sections 12-1361 through 12-1365, Arizona Revised Statutes, all as hereinafter more specifically provided.
- IV. In order to give effect to the amendments described in paragraph III, above, Declarant has elected to amend and restate the Declaration in its entirety.

NOW, THEREFORE, the Declarant does hereby amend and restate the Declaration of Condominium of Village at Towne Center Condominiums, in its entirety, as follows:

RECITALS

A. Description of Land. The Declarant is the owner of that certain parcel of Land as more particularly described in Exhibit "A", attached hereto and incorporated herein by this reference, which is located in Scottsdale, County of Maricopa, State of Arizona.

B. Buildings and Improvements. The Declarant has constructed or will construct on the Land certain improvements as shown on the Plat referred to below.

C. Intent and Purpose. The Declarant intends by recording this Declaration and the Plat to submit the Land, and all other improvements situated in or upon the Land to the provisions of the Arizona Condominium Act, as amended, Arizona Revised Statutes, Section 33-1201, et seq., as a fee simple condominium project and to impose upon said Land mutually beneficial restrictions under a general plan of improvement for the benefit of all Condominiums and the Owners thereof.

NOW, THEREFORE, the Declarant does hereby make the following declaration:

ARTICLE 1

DEFINITIONS

Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article 1.

1.1 "Act" shall mean the Arizona Condominium Act, as amended, Arizona Revised Statutes, Section 33-1201, et seq.

1.2 "Affiliate of Declarant" shall mean any person who controls, is controlled by or is under common control with Declarant.

1.3 "Allocated Interest" shall mean the undivided interest in the Common Elements, the Common Expense Liability and the votes in the Association allocated to each Unit.

1.4 "Articles of Incorporation" shall mean the instrument by which the Association is formed and organized under the Arizona NonProfit Corporation Act.

1.5 "Association" shall mean Village at Towne Center Homeowners Association, an Arizona nonprofit corporation, organized to be the Association referred to herein.

1.6 "Board of Directors" shall mean the governing board or management committee of the Association.

1.7 "Building" shall mean the buildings in the Project containing one or more Units and/or one or more Garages that have been or will hereafter be constructed on the Land, as such building is shown on the Plat.

1.8 "Bylaws" shall mean the bylaws of the Association.

1.9 "Common Elements" shall mean all physical portions of the Project except all Units and Limited Common Elements.

1.10 "Common Expense Fund" shall mean the fund created or to be created pursuant to the provisions of Article 9 of this Declaration and into which all monies of the Association shall be deposited.

1.11 "Common Expense Liability" shall mean the liability for Common Expenses allocated to each Unit pursuant to Article 9.

1.12 “Common Expenses” shall mean expenditures made or financial liabilities of the Association, together with any allocations to reserves.

1.13 “Common Facilities” shall mean all furniture, furnishings, equipment, facilities and other property (real, personal or mixed) and interests therein at any time leased, acquired, owned or held by the Association for the use and benefit of the Owners and all other property (real, personal or mixed) hereafter purchased in accordance with this Declaration with monies from the Common Expense Fund. Common Facilities shall be deemed to be part of the Common Elements, except to the extent otherwise expressly provided in this Declaration.

1.14 “Condominium” shall mean a Unit and the undivided interest (expressed as a fraction of the entire ownership interest) in the Common Elements appurtenant to such Unit, and, as applicable, a Garage Unit.

1.15 “Declarant” shall mean El Lago Road LLC, an Arizona limited liability company, and its successors and assigns.

1.16 “Declaration” shall mean this Declaration of Condominium of Village at Towne Center Condominiums.

1.17 “Development Rights” shall mean any right or combination of rights reserved by or granted to Declarant in this Declaration to do any of the following:

1.18.1 Add real estate to the Project;

1.18.2 Create easements, units, common elements or limited common elements in the Project;

1.18.3 Subdivide units, convert units into common elements or convert common elements into units;

1.18.4 Withdraw real estate from the Project;

1.18.5 Make the Project part of another condominium project or planned community;

1.18.6 Amend the Declaration during any period of Declarant control, pursuant to § 33-1243.D of the Act.

1.18 “FHA” shall mean the Federal Housing Administration.

1.19 “FHLMC” shall mean the Federal Home Loan Mortgage Corporation.

1.20 “First Mortgagee” shall mean a Mortgagee which has a first mortgage or deed of trust lien on any Condominium in the Project. “Eligible First Mortgagee” shall mean any First Mortgagee who has requested notice of those certain matters referred to in Section 14.1.

1.21 “FNMA” shall mean the Federal National Mortgage Association.

1.22 “Identifying Number” shall mean a symbol or address that identifies a Unit.

1.23 "Land" shall mean the Land upon which the Project is situated, as more particularly described in Exhibit "A" attached hereto.

1.24 "Limited Common Elements" shall mean any portion of the Common Elements designated as reserved for use of a certain Unit or Units to the exclusion of the other Units in the Project.

1.25 "Manager" shall mean the person, firm or company, if any, designated from time to time by the Association to manage, in whole or in part, the affairs of the Association and the Project.

1.26 "Mortgage" shall mean any mortgage, deed of trust or other security instrument by which a Condominium or any part hereof is encumbered. "First Mortgage" shall mean any first mortgage, deed of trust or other security instrument by which a Condominium or any part thereof is encumbered.

1.27 "Mortgagee" shall mean (i) any persons or entities named as the mortgagee or beneficiary under any Mortgage or Deed of Trust by which the interest of any Owner is encumbered, (ii) any successor to the interest of such person or entity under such Mortgage or Deed of Trust or (iii) any insurer or guarantor of such person or entity under such Mortgage or Deed of Trust.

1.28 "Owner or Unit Owner" shall mean the person or persons, including the Declarant, owning in fee simple a Condominium in the Project, and, as applicable, a Garage Unit, as such ownership is shown by the records of the County Recorder of Maricopa County, State of Arizona. The term "Unit Owner" shall not refer to any Mortgagee (unless such Mortgagee has obtained title in fee simple to a Condominium pursuant to a judicial or nonjudicial action, including, without limitation, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure). In the case of a contract for conveyance of real property, as defined in A.R.S. § 33-741, Unit Owner shall mean the purchaser of a Unit.

1.29 "Parking Space" shall mean each of the separate parking spaces on the Land as shown on the Plat.

1.30 "Person" shall mean a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity. In case of a subdivision trust as defined in A.R.S. § 6-801, person means the beneficiary of the trust who holds the right to subdivide, develop or sell the real estate rather than the trust or trustee.

1.31 "Plat" shall mean the plat map for Village at Towne Center Condominiums, recorded in Book 680 on Page 32, records of Maricopa County, Arizona, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, and any supplemental plats pertaining to the Project and recorded or to be recorded in the office of the County Recorder of Maricopa County, State of Arizona.

1.32 "Project" shall mean the Village at Towne Center Condominiums and shall include Land, the Units and all improvements submitted by this Declaration and the Plat to the provisions of the Act.

1.33 "Rules and Regulations" shall mean the rules and regulations, if any, adopted by the Association pursuant to Section 8.6 and the Articles of Incorporation and Bylaws.

1.34 “Special Declarant Rights” shall mean any right or combination of rights reserved by or granted to the Declarant in this Declaration to do any of the following:

1.34.1 Construct improvements provided for in the Declaration;

1.34.2 Exercise any Developmental Right;

1.34.3 Maintain sales offices, management offices, signs advertising the Project, and models;

1.34.4 Use easements through the Common Elements for the purpose of making improvements within the Project or within any real estate which may be added to the Project;

1.34.5 Appoint or remove any officer of the Association or any board member during any period of Declarant control.

1.35 “Total Votes of the Association” shall mean the total number of votes appertaining to all Units in the Project, as shown in Exhibit “C” attached hereto.

1.36 “Town” shall mean the Town of Fountain Hills, Arizona.

1.37 “Unit” shall mean an individual air space unit, consisting of (i) enclosed rooms occupying part of a building and bounded by the unfinished interior surfaces of the walls, floors, ceilings, windows and doors along the perimeter boundaries of the air space, as said boundaries are shown on the Plat, together with all the fixtures and improvements therein contained and including the heating, ventilating and air conditioning equipment and (ii) an enclosed portion of a Building, designated upon the plat as a part of, or as assigned to, a Unit, and for use for automobile parking (a “Garage”). All lath, furring, wallboard, plasterboard, plaster, paneling tiles, wallpaper, paint, finished flooring and other wall, ceiling or floor coverings on interior surfaces shall be deemed to be part of the Unit. All other portions of the walls, floors or ceilings are a part of the Common Elements. Notwithstanding the fact that they may be within the boundaries of such air space, the following are not part of a Unit insofar as they are necessary for the support or for the use and enjoyment of another Unit: Bearing walls, floors, ceilings and roofs (except the interior surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations, except the outlets thereof when located within the Unit. The interior surfaces of a window or door mean the points at which such surfaces are located when the window or door is closed.

1.38 “VA” shall mean the Veterans’ Administration.

1.39 “Withdrawable Land” shall mean one or more portions of the Land within the Project which may be withdrawn in accordance with the provisions of this Declaration and the Act.

ARTICLE 2

SUBMISSION AND DIVISION OF PROJECT

2.1 Submission to Condominium Act. The Declarant hereby submits the Land, the Units and all other improvements now or hereafter made in or upon the Land to the provisions of the Act. All of said property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and

improved as a fee simple condominium project to be known as Village at Towne Center Condominiums. All of said property is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said Project and in furtherance of a plan for improvement of said property and division thereof into Condominiums; further, each and all of the provisions hereof shall be deemed to run with the Land and shall be a burden and a benefit on the Land and shall be binding upon the Declarant, its successors and assigns, and to any person acquiring, leasing or owning an interest in a Condominium and to their respective personal representatives, heirs, successors and assigns.

2.2 Division into Condominiums. The Project is hereby divided into Condominiums, each such Condominium consisting of a Unit and an appurtenant undivided interest in the Common Elements, as set forth in Exhibit "C" attached hereto and incorporated herein by reference.

2.3 Exercise of Development Rights. The Declarant hereby reserves the right and is hereby granted the right to exercise any and all Special Declarant Rights and Development Rights.

ARTICLE 3

UNITS AND COMMON AREAS

3.1 Building and Improvements. The Building and other improvements constructed or to be constructed on the Land are described on the Plat. The following information regarding the Buildings is also contained on the Plat: (i) the number of floors in the Building, (ii) the number of Units on each floor of the Building, and (iii) where applicable, the number of Garage Units in the Building.

3.2 Description of Units. The Plat contains the unit number, location and dimensions of each Unit in the Project and all other information necessary to identify each such Unit.

3.3 Description of Common Elements. The Plat contains a description of the Common Elements of the Project, which Common Elements include all portions of the Project other than the Units and Limited Common Elements. All front entries, exterior stairs, balconies and decks located outside the Unit's boundaries are part of the Common Elements.

3.4 Description of Limited Common Elements. The Plat contains a description of the Limited Common Elements of the Project and designates the Unit to which each of the Limited Common Elements is reserved. Any shutters, awnings, window boxes, doorsteps, stoops, balconies, or rear patios and rear porches, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

ARTICLE 4

NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

4.1 Interior of Units. Subject to the limitations of Section 6.26, each Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of his Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries. Each Owner shall also have the right to construct partition walls, fixtures and improvements within the boundaries of his Unit; provided, however, that such partition walls, fixtures and improvements (i) shall comply with all applicable laws, ordinances and building codes, (ii) shall not interfere with facilities necessary for the support, use or enjoyment of any other part of the Project, (iii) shall not impair the structural soundness or integrity of the Building in which it is located and (iv) shall not encroach upon the Common Elements or any part thereof.

4.2 Maintenance of Units. Each Owner shall keep the interior of his Unit including interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto and the exterior surface of any floors of Limited Common Elements allocated exclusively to that Unit, in a clean and sanitary condition and in a state of good repair. In the event that any such Unit or Limited Common Elements allocated to that Unit shall develop an unsanitary or unclean or unsafe condition or fall into a state of disrepair, and in the event that the Owner of such Unit or Limited Common Elements allocated to that Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Board of Directors, the Board of Directors on behalf of the Association shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit or Limited Common Elements allocated to that Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate any such condition or state of disrepair. In addition to keeping the interior of his Unit and Limited Common Elements allocated to that Unit clean, sanitary, and in good repair, each Owner shall be responsible, at such Owner's sole expense, for:

(a) cleaning, maintenance, repair, and/or replacement of any and all plumbing fixtures, electrical fixtures, and/or appliances (whether "built-in" or free-standing, including, by way of example and not of limitation: water heaters (and associated parts), furnaces, plumbing fixtures, lighting fixtures, refrigerators, dishwashers, garbage disposals, microwave ovens, washers, dryers, ranges and smoke detectors), within the Unit;

(b) cleaning, maintenance, repair, and/or replacement of: (i) the door connecting the Unit to the patio (including, if such door is a glass door the metal frames, tracks, and exterior screens thereof), and (ii) any storage room door located on the patio; respectively subject to the requirement that the exterior appearance of such doors shall not deviate from their external appearance as originally installed by Declarant;

(c) cleaning, maintenance, painting and repair of the interior of the front door of the Unit; cleaning and maintenance of the exterior of said front door, subject to the requirement that the exterior appearance of such door shall not deviate from its external appearance as originally installed by Declarant;

(d) cleaning, maintenance, repair, and/or replacement of all windows and window glass within or exclusively associated with, the Unit, including the metal frames, tracks, and exterior screens thereof, subject to the requirement that the exterior appearance of such items shall not deviate from its external appearance as originally installed by Declarant;

(e) cleaning, maintenance, and non-structural repair of the patio floor, ceiling, and the interior surfaces of the patio exterior wall, subject to the requirement that the appearance of

such areas, visible from ground level adjacent to the Unit, shall not deviate from their appearance as originally installed by Declarant;

(f) cleaning, and prompt, like-kind replacement of burned-out patio and entryway light bulbs;

(g) cleaning of the stairway landing and deck area adjacent to the front door of the Unit;

(h) cleaning, maintenance, repair, and replacement of the HVAC (but not the pad under such HVAC), subject to the requirement that the appearance of such items shall not deviate from their appearance as originally installed by Declarant;

(i) if applicable, maintenance, repair, and replacement of the dual-button garage remote opener, subject to the requirement that any replacement therefor be purchased by the Owner from the Association;

(j) if applicable, and without limiting any of the foregoing: cleaning, maintenance, repair, and replacement of the door opener and opening mechanism located within the Garage.

4.3 Reporting Responsibility of Owners. Each owner shall promptly report in writing to the Board any and all visually discernible items or other conditions, with respect to his Unit, appurtenant patio, building, stairway, landing and deck areas adjacent to his Unit, which reasonably appear to require repair. Delay or failure to fulfill such reporting duty may result in further damage to improvements, requiring costly repair or replacement.

4.4 Title. Title to a Condominium within the Project may be held or owned by any person or entity, or any combination thereof, and in any manner in which title to any other real property may be held or owned in the State of Arizona, including, without limitation, joint tenancy, tenancy in common, community property or community property joint-tenancy.

4.5 Ownership of Common Elements. The undivided interest in the Common Elements appurtenant to each Unit in the Project shall be as set forth in Exhibit "C" attached hereto. The undivided interest appurtenant to each Unit as shown in said Exhibit "C" shall have a permanent character and shall not be altered except with the unanimous written consent of all Owners expressed in an amendment to this Declaration duly recorded. Except as otherwise provided in this Declaration, any Owner shall be entitled to nonexclusive use of the Common Elements (other than Limited Common Elements) in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules and regulations promulgated by the Association. Except as otherwise provided in this Declaration, any Owner shall have the exclusive right to use and enjoy any Limited Common Element that may be designated for exclusive use by such Owner.

4.6 Inseparability. Title to no part of a Condominium within the Project may be separated from any other part thereof, and each Unit and the undivided interest in the Common Elements appurtenant to each Unit shall always be conveyed, devised, encumbered and otherwise affected only as a complete Condominium. Any purported devise, encumbrance, conveyance, judicial sale or other voluntary or involuntary disposition of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void. Every devise, encumbrance, conveyance or other disposition of a Condominium, or any part thereof, shall be construed to be a devise, encumbrance, conveyance or other disposition, respectively, of the entire Condominium, together with all appurtenant rights created by law or by this Declaration, including appurtenant membership in the Association as hereinafter set forth.

4.7 No Partition. The Common Elements shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof.

4.8 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Condominium. No Owner shall attempt to or shall have the right to mortgage or otherwise encumber the Common Elements or any part thereof, except the undivided interest therein appurtenant to his Unit. Any mortgage or other encumbrance of any Condominium within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise.

4.9 Separate Taxation. Each Condominium within the Project, including each Unit and appurtenant undivided interest in the Common Elements shall be deemed to be a parcel of real property and shall be assessed separately for all taxes, assessments and other charges of the State of Arizona or of any political subdivision or of any special improvement district or of any other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Elements shall be apportioned among the Units in proportion to the undivided interests in Common Elements appurtenant to such Units. All such taxes, assessments and other charges on each respective Condominium shall be separately levied against the Owner thereof. No forfeiture or sale of any Condominium for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Condominium. Notwithstanding the foregoing, any portion of the Common Elements which the Declarant has reserved the right to withdraw from the Project shall be separately taxed and assessed against the Declarant and the Declarant alone is liable for payment of those taxes, as long as the Declarant retains this right to withdraw.

4.10 Mechanics Liens. No labor performed or material furnished for use in connection with any Unit with the consent or at the request of an Owner or his agent or subcontractor shall create any right to file a statement of mechanic's lien against the Unit or Garage Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Elements, except the undivided interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished.

4.11 Description of Condominium. Every contract for the sale of a Condominium and every other instrument affecting title to a Condominium within the Project may describe a Unit by its identifying number or symbol as indicated in this Declaration or as shown on the Plat together with the name of the Project, and the recording information for the Declaration. Such description will be construed to describe the Unit, together with its appurtenant undivided interest in the Common Elements, and to incorporate all of the rights incident to ownership of a Condominium within the Project and all of the limitations on such ownership.

ARTICLE 5

EASEMENTS

5.1 Easements for Encroachments. If any part of the Common Elements encroaches or shall hereafter encroach upon any Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Elements, or upon an adjoining Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Common Elements or any part of a Unit shall hereafter encroach on real property now owned by the Declarant outside the boundaries of the Land, an easement for such encroachment shall and does exist. Such encroachments shall not be considered to be encumbrances either on the Common Elements, the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Building or any improvements constructed or to be constructed within the Project, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project, or any part thereof, in accordance with the provisions of this Declaration.

5.2 Easements for Maintenance, Cleaning and Repair. Some of the Common Elements are or may be located within the Units or may be conveniently accessible only through the Units. The Association shall have the irrevocable right to have access to each Unit and to all Common Elements from time to time during such reasonable hours as may be necessary for the maintenance, cleaning, repair or replacement of any Common Elements or for making emergency repairs at any time therein necessary to prevent damage to the Common Elements or to any Unit. In addition, agents of the Association may enter any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, landscaping, construction or reconstruction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association with funds from the Common Expense Fund.

5.3 Right to Ingress, Egress and Support. Each Owner shall have the right to ingress and egress over, upon and across the Common Elements as necessary for access to such Owner's Unit, to any Limited Common Elements appurtenant to such Unit and shall have the right to horizontal, vertical and lateral support of such Unit and such rights shall be perpetual and shall be appurtenant to and pass with title to each Condominium.

5.4 Association's Right to Use Common Elements. The Association shall have an easement to make such use of the Common Elements as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain in the Common Elements (other than Limited Common Elements) facilities for use by Owners generally or by the Association and its agents exclusively.

5.5 Easement for Completion of Project. The Declarant shall have a transferable easement over and on the Project for the purpose of completing construction of the Project and making improvements therein as shown on the Plat and for the purpose of doing all things reasonably necessary or appropriate in connection therewith including the exercising of Special Declarant Rights. To the extent that damage is inflicted on any part of the Project by any person utilizing said easement, the Declarant and the person causing the damage shall be liable to the Association for the prompt repair of such damage.

5.6 Easements Deemed Created. All conveyances of Condominiums within the Project thereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

ARTICLE 6

RESTRICTIONS ON USE

Without limiting the covenants and restrictions imposed by the Master Declaration, the following covenants and restrictions shall apply to the Project.

6.1 Single-Family Residential Use. The Land may be used only for the construction and occupancy of Units intended for the single-family residential use and enjoyment of the Unit Owners and incidental residential activities, such as the construction and use of swimming pools, spas, tennis courts, roadways and other recreational amenities, as applicable.

6.2 No Noxious or Offensive Activity. No noxious, destructive or offensive activity shall be carried on or placed in or upon any Unit or in the Common Elements, or Limited Common Elements, or any part thereof, which shall interfere with the legal rights of other Owners nor shall anything be done therein which is or may become an annoyance or nuisance to any other Owner or to any person at any time residing in the Project. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

6.3 Restrictions on Signs. No signs, flags or advertising devices of any nature, including, without limitation, commercial, political, informational or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Board of Directors, except as may be necessary temporarily to caution or warn of danger. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association.

6.4 Pets and Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Elements except that a maximum of two household pets no larger than thirty (30) pounds may be kept or housed in Units when expressly permitted in writing by the Board of Directors. Each Owner who desires to keep a pet in his Unit shall apply in writing to the Board of Directors for permission to keep such pet. Walking of pets on the Common Elements shall be restricted by Rules and Regulations of the Association. In no event shall any pet be permitted in any portions of the Common Elements unless carried or on a leash not exceeding six (6) feet in length. No pet owner shall permit any pet to relieve itself on any portion of the Common Elements. It shall be the responsibility of the Owner, lessee or guest to remove immediately any droppings from pets. Each Owner who keeps a pet in a Unit shall indemnify and hold all other Owners harmless against any loss or

liability of any kind or character whatsoever arising from or as a result of having such pet in the Project. If a pet disturbs other Owners, the Board of Directors will give notice to the Owner of such pet to cause such annoyance to be discontinued, and if such annoyance is not discontinued and corrected, the Board of Directors may revoke its permission to keep the pet in the Project and the pet shall be removed therefrom.

6.5 Trucks, Trailers, Campers and Boats. No trucks for commercial use, mobile homes, travel homes, tent trailers, trailers, camp shells, detached campers, recreational vehicles, boats, boat trailers or other similar equipment or vehicle may be parked, kept, maintained, constructed, reconstructed or repaired on any part of the Project. No trucks, vans or minivans may be parked, kept, maintained, constructed, reconstructed or repaired on any part of the Project except for pick up style trucks, vans or minivans which (1) do not exceed 210 inches in length or 80 inches in width, (2) do not display commercial signage, (3) do not have stored equipment, tools, supplies or other materials exposed unless these items are covered by a permanently installed shell or cover, (4) are parked in compliance with the Declaration and the Rules and Regulations and are used on a regular and recurring basis for basic transportation.

6.6 Motor Vehicles. Except for emergency repairs, no automobile, motorcycle, motor bike or other motor vehicle shall be constructed, reconstructed, serviced or repaired on any portion of the Project, and no inoperable vehicle may be stored or parked on any portion of the project. No automobile, motorcycle, motor bike or other motor vehicle shall be parked upon any street within the Project.

6.7 Towing of Vehicles. The Board of Directors shall have the right to have any truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer or similar equipment or vehicle or any other automobile, motorcycle, motor bike or other motor vehicle parked, kept, maintained, constructed, reconstructed or repaired in violation of the Declaration or Rules and Regulations towed away at the sole cost and expense of the Owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the Owner of the vehicle or equipment.

6.8 No Alterations. No Owner shall, without the prior written consent of the Board of Directors in each specific instance, make or cause to be made any alteration, addition, removal or improvement in or to the Common Elements, Limited Common Elements or a Unit or any part thereof, or do any act that would impair the structural soundness or integrity of the Buildings or mechanical systems and improvements or jeopardize the safety of persons or property or impair any easement or hereditament appurtenant to the Project.

6.9 No Obstructions. No Owner shall obstruct the Common Elements or any part thereof. No Owner shall store or cause to be stored in the Common Elements any property whatsoever, unless the Board of Directors shall consent thereto in writing.

6.10 No Overloading. No Owner shall bring anything into his Unit or permit anything to be done in his Unit that will cause damage to the Building. No Owner shall overload the floor of his Unit. No Owner shall permit the use or operation in his Unit of any equipment, machinery or other apparatus that will in any manner injure, vibrate or shake the Building or portions thereof.

6.11 Prohibition of Damage and Certain Activities. Nothing shall be done or kept in any Unit in the Common Elements or in any other part of the Project that would result in cancellation of the insurance on the Project or any part thereof nor shall anything be done or kept in any Unit that would increase the rate of insurance on the Project or any part thereof over that which the Association, but for such activity, would pay. Nothing shall be done or kept in any Unit or in the Common Elements or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental authority. No damage to, or waste of, the Common Elements or any part thereof shall be committed by any Owner or guest of any Owner, and Owner shall indemnify and hold harmless the Association and the other Owners from and against all loss resulting from any such damage or waste caused by such Owner or by the guests, tenants, licensees or invitees of such Owner. No hibachis or barbecue equipment shall be used on any part of the Project except in portions of the Common Elements designated by the Board of Directors for such use.

6.12 Parking Spaces. The Board of Directors may assign parking spaces in the Common Elements to Owners or make such parking spaces available for guest parking.

6.13 No Commercial Business. No commercial business shall be permitted within the Project.

6.14 Leasing Restrictions. No Owner shall be permitted to lease his or her Condominium for a period of less than thirty (30) days. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing.

6.15 Trash. No garbage or trash may be stored or placed on any portion of the Project except in a trash receptacle of a size, type, and style approved by the Board of Directors and the City. All garbage and trash must be removed regularly. Trash receptacles serving the Project may be located only at places approved by the Board of Directors and must be screened from view in a manner approved by the Board of Directors.

6.16 Hazardous Wastes. No Owner may permit any hazardous waste or substance to be produced, stored, dumped, or generated on the Project or the Owner's Unit.

6.17 Drainage. No Owner may interfere with or obstruct the drainage pattern over the Project from or to any other Units, or the Common Elements, as may be established by the Declarant.

6.18 Outside Lights. Except as initially installed by Declarant, no spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any building, structure, balcony, or patio or parking space which in any manner will allow light to be directed or reflected to the Project.

6.19 Noise. No windbells, windchimes, exterior speakers, horns, whistles or similar sound devices, except security devices, shall be used or permitted on the Project.

6.20 Air conditioners. No window air conditioners or portable units visible from outside the Unit shall be installed in any Unit.

6.21 Outside Furniture and Fixtures. Enclosures, shades, screens or other items affecting the exterior appearance of any patio or balcony shall not be permitted without the express written consent of the Board of Directors and shall be subject at all times to the Rules and Regulations. Patios and balconies shall be furnished only with normal patio furniture and furniture and furnishings and shall not be used for storage of personal items, such as bicycles, exercise equipment, trash containers, pet houses, storage boxes.

6.22 Window Coverings. No reflective materials, including, but not limited to, aluminum foil, reflective screens or glass, mirrors or similar items shall be installed upon the outside or inside of any window of a Unit. All enclosures, drapes, blinds, shades, screens, or other items affecting the exterior appearance of a Unit shall be (i) white, (ii) a neutral wood tone, or (iii) with the approval of the Board of Directors, any other natural wood tone to the exterior view and shall be subject to the approval of the Board of Directors.

6.23 Antennas. No radio, television or other antennas of any kind or nature shall be placed or maintained upon any Unit or Building without the prior written consent of the Board of Directors, except that Declarant shall have the right to install a master antenna or antennas and to provide access to such antenna to the Units.

6.24 Rules and Regulations. Each Owner shall comply strictly with all Rules and Regulations adopted by the Association for the governance of the Units, the Common Elements and the Project, as such Rules and Regulations may be modified, amended and construed by the Association in the sole discretion of its Board of Directors.

6.25 Construction and Sales Period Exemption. During the course of the construction and sale of any permitted structures or improvements within the Project, the provisions, covenants, conditions and restrictions contained in this Declaration shall be deemed waived to the extent necessary or convenient to permit such construction and sale. As used herein, "sale" shall include the sale and closing of Units.

6.26 Hard Surface Limitations. Tile and other non-vinyl hard flooring surfaces are permitted only in kitchens, baths and entryways on second floor units. This limitation shall not apply to second floor units above garage units.

ARTICLE 7

THE ASSOCIATION

7.1 Membership. Each Owner shall be entitled and required to be a member of the Association. Membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Unit is held by more than one person, the membership appurtenant to that Unit shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. Each membership shall be appurtenant to the Unit to which it relates and shall be transferred automatically by conveyance of that Unit. Ownership of a Unit within the Project cannot be separated from membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance or other disposition, respectively, of the Owner's membership in the Association and rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Unit. The Association shall make available to the

Owners, Mortgagees and the holders, insurers and guarantors of the first mortgage on any Unit current copies of the Declaration, Articles, Bylaws and other rules governing the Project and other books, records and financial statements of the Association. The Association also shall be required to make available to prospective purchasers of Units current copies of the Declaration, Articles, Bylaws, other rules governing the Project and the most recent annual audited financial statement of the Association, if such is prepared. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances. Copies, of such documents, may be obtained at the expense of the prospective purchaser requesting copies.

7.2 Board of Directors. Until such time as the responsibility for electing the Directors of the Association is turned over to the Owners in accordance with this Declaration, the Articles and Bylaws, the Declarant shall have the exclusive right to appoint and to remove all such Directors. This exclusive right shall terminate after the first to occur of the following:

7.2.1 Four (4) years from the date after Declarant has ceased to offer Units for sale in the ordinary course of business; or

7.2.2 Ninety days after seventy-five percent (75%) of the Units which may be created in the Project have been conveyed by Declarant to the purchasers thereof.

7.3 Votes. The number of votes appurtenant to each Condominium shall be as set forth in Exhibit "C." The number of votes appurtenant to each Condominium as set forth in said Exhibit "C" shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration.

ARTICLE 8

CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION AND BOARD OF DIRECTORS

8.1 The Common Elements. The Board of Directors, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Elements and all improvements thereon and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair; provided, however, that unless otherwise stated herein, each Owner shall keep the Limited Common Elements designated for use in connection with his Unit, if any, in a clean, sanitary, safe and attractive condition and in good order and repair. The Association shall be responsible for the maintenance and repair of the exterior of the Buildings, other improvements and grounds, including, without limitation, painting thereof, repair and replacement of exterior trim, roofs and fences and maintenance of landscaping, walkways, driveways, parking areas, pool and spas. The Board of Directors shall also be responsible for maintenance, repair and replacement of Common Elements within the Buildings, including, without limitation, landings, stairways, utility lines, and all improvements and other items located within or used in connection with the Common Elements. The specification of duties of the Board of Directors with respect to the Common Elements shall include, but not necessarily be limited to, the following:

(a) Painting, Repairs and Replacement. The Board shall cause all improvements in the Common Elements to be repaired, replaced and/or repainted as necessary to maintain the original appearance thereof (normal wear and fading excepted).

(b) Utilities. The Board shall cause to be maintained properly and in good condition and repair all utilities and utility systems in the Common Elements. The Board shall cause all water and/or sewer infrastructure, as set forth herein, to be inspected at least quarterly, and at least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such water/sewer infrastructure, who shall provide a written report to the Board. Common Element sewer lines shall be cleaned annually (or on such other periodic frequency as deemed reasonably prudent by the Board), from each building to the street. Common Element water lines shall be "exercised" once each year (or on such other periodic frequency as deemed reasonably prudent by the Board), by turning each valve off and on several times in succession. The Board shall cause any and all necessary or prudent repairs to be undertaken and completed without delay in a manner and to the extent necessary to prevent avoidable deterioration or property damage.

(c) Drainage; Landscaping; Irrigation. The Board shall cause all drainage systems, landscape installations, and irrigation systems within the Common Elements to be inspected at least monthly. In particular, the Board shall inspect for any misaligned, malfunctioning or nonfunctional sprinklers, or blocked drainage grates, basins, lines, and systems, which could cause damage to the Project. At least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such drainage and landscape installations, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will need further review and analysis, and shall specifically include a review of all irrigation and drainage systems on the Project. The Board shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage. Without limiting the following, all landscaping shall be maintained as per the following minimum maintenance standards:

- (1) lawn and ground cover shall be kept mowed and/or trimmed regularly;
- (2) plantings shall be kept in a healthy and growing condition; fertilization, cultivation, spraying and tree pruning shall be performed as part of a regular landscaping program;
- (3) stakes, guys and ties on trees shall be checked regularly, to ensure the correct function of each; ties shall be adjusted to avoid creating abrasions or girdling of the trunk or stem;
- (4) damage to plantings shall be ameliorated within thirty (30) days of occurrence; and
- (5) irrigation systems shall be kept in sound working condition; adjustment, replacement of malfunctioning parts, and cleaning of systems, shall be an integral part of the regular landscaping program.

(d) Hardscape; Private Streets. The Board shall cause all hardscape, paved areas, and Private Streets within the Project to be inspected at least quarterly. At least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such hardscape and paved areas, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will

need further review and analysis. The Board shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage. Without limiting the foregoing, the Board shall cause all asphalt to be sealed and restriped at least once every four (4) to five (5) years, or more frequently, if so required.

(e) Water Features and Swimming Pool. The Board shall cause all waterscape and water features within the Common Elements (including, but not necessarily limited to, the swimming pool and spa) to be inspected at least monthly. At least one such inspection each year shall be done by a licensed and qualified contractor with expertise in the construction and maintenance of such waterscape and water features, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will need further review and analysis. The Board shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage. Without limiting the foregoing, the Board shall cause all caulking/grout to be maintained, as needed, around the coping and decking of the swimming pool and any other water features.

(f) Structures and Roofs. The Board shall cause the structures and roofs of all Buildings and other improvements within the Project to be inspected at least quarterly. At least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such structures and roofs, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will need further review and analysis. The Board shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage.

(g) Inspections. After the end of Declarant's control of the Board, the Board shall conduct inspections of the Common Elements as set forth above, and shall provide Declarant with at least ten days' prior written notice of each such inspection. Declarant shall have the option, in its sole discretion, without obligation, to attend each such inspection.

(h) Reports. For a period of ten (10) years from the date of this Declaration, the Board shall promptly deliver to Declarant information copies of all written inspections and reports rendered pursuant to the Association's maintenance and repair responsibilities hereunder (without any obligation whatsoever of Declarant to review such documents or to take any action in connection therewith).

(i) Preventive Maintenance Workbooks. At the option of the Board, the Association may, but shall not be required to, prepare and maintain preventive maintenance workbooks setting forth the minimum requirements and additional requirements suggested to be deemed necessary by the Board for the continuing upkeep and maintenance of the Common Elements, including the Limited Common Elements (including, but not necessarily limited to, the items set forth in this Section 8.1). Such Preventive Maintenance Workbooks shall also include requirements for periodic maintenance, repairs and improvements, not required to be performed monthly, quarterly, or annually, for which Association funds may be used.

8.2 Manager. The Board of Directors may retain the services of an experienced, professional Manager to manage the Project. Appropriate fidelity bond coverage shall be required for any employee of the Manager who handles funds of the Association. The Board of Directors may by written contract delegate in whole or in part to a Manager such of the duties, responsibilities, functions and powers hereunder of the Board of Directors as are delegable. The services of any Manager retained by the Board of Directors shall be paid for with funds from the Common Expense Fund. Any management contract, employment contract or lease of recreational or parking areas or facilities, or any contract or lease, including franchises or licenses, to which the Declarant or an affiliate of the Declarant is a party which binds the Association either directly or indirectly shall provide that without cause such agreement may be terminated by the Board of Directors or the Association, without penalty at any time after transfer of control by the Declarant, upon not more than thirty (30) days' written notice to the other party thereto.

8.3 Miscellaneous Goods and Services. The Board of Directors may, on behalf of the Association, obtain and pay for such goods or services of such personnel as the Board of Directors shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Board of Directors may, in behalf of the Association, obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. In addition to the foregoing, the Board of Directors may, in behalf of the Association, acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, electrical, gas and other necessary or desirable utility services for the Common Elements insurance, bonds and other goods and services common to the Units.

8.4 Right of Board of Directors to Bind Association. A contract for any of the following, if entered into before the responsibility for electing the Board of Directors of the Association is turned over to the Owners in accordance with Section 7.2, shall contain a provision in the contract that the contract may be terminated without penalty by the Association at any time after the Board of Directors elected by the Unit Owners takes office:

8.4.1 Any management contract or employment contract.

8.4.2 Any other contract or lease between the Association and Declarant or affiliate of a Declarant.

8.4.3 Any contract or lease that is not bona fide or was unconscionable to the Owners at the time thereto and under the circumstances then prevailing.

The Board of Directors shall notify the appropriate contractual party of the termination in not fewer than thirty (30) days before termination. If a contract covered by this Section 8.4 fails to contain the provisions required by this Section, the contract shall be voidable at the option of the Association.

8.5 Real and Personal Property. The Board of Directors may acquire and hold on behalf of the Association real, personal and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise, provided that any acquisition or disposition of value of any real, personal or mixed property by the Board of Directors wherein such property exceeds Ten Thousand Dollars (\$10,000) must be approved by a vote of at least fifty-one percent (51%) of the Total Votes of the Association at a meeting duly called for that purpose. All such property shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall be part of such fund.

8.6 Rules and Regulations. The Board of Directors shall make reasonable Rules and Regulations governing the use of the Units, the Common Elements, the Limited Common Elements and all parts of the Project, which Rules and Regulations shall be consistent with the rights and duties established by this Declaration. The Board of Directors in behalf of the Association may take judicial action against any Owner to enforce compliance with such Rules and Regulations or other obligations of such Owner arising hereunder, or to obtain damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorneys' fees, from the offending Owner.

8.7 Granting Easements. The Board of Directors may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable, easements, licenses and rights-of-way over, under, across and through the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

8.8 Other Rights and Duties. The Association may exercise any right, power or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege, including, but not limited to the following:

8.8.1 Adopt and amend bylaws and rules.

8.8.2 Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for Common Expenses from Owners.

8.8.3 Hire and discharge managing agents and other employees, agents and independent contractors.

8.8.4 Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Project.

8.8.5 Make contracts and incur liabilities.

8.8.6 Regulate the use, maintenance, repair, replacement and modification of Common Elements.

8.8.7 Cause additional improvements to be made as a part of the Common Elements.

8.8.8 Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property, except that Common Elements may be conveyed or subjected to a security interest only pursuant to A.R.S. § 33-1252.

8.8.9 Grant easements, leases, licenses and concessions through or over the Common Elements.

8.8.10 Impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements other than Limited Common Elements described in A.R.S. § 33-1212, Paragraph 2 and 4, and for services provided to Unit Owners.

8.8.11 Impose charges for late payment of assessments and impose reasonable monetary penalties upon Owners for violations of the Declaration, Bylaws and Rules and Regulations of the Association.

8.8.12 Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments.

8.8.13 Provide for the indemnification of its officers and Board of Directors and maintain directors' and officers' liability insurance.

8.8.14 Assign its right to future income, including the right to receive common expense assessments, but only to the extent the Declaration expressly provides.

8.8.15 Be the Voting Member of any entity owning, maintaining or governing in any respect any portion of other property benefiting or related to the Project or the Owners in any respect.

8.8.16 Exercise any other powers conferred by the Declaration or Bylaws.

8.8.17 Exercise all other powers necessary and proper for the governance and operation of the Association.

8.9 Power of Attorney and Amendments. Each Owner makes, constitutes and appoints the Association his true and lawful attorney in his name, place and stead to make, execute, sign, acknowledge and file with respect to the Project such amendments to this Declaration and the Plat as may be required by law or by vote taken pursuant to the provisions of the Declaration.

8.10 Request for Approval. Any action by an Owner requiring written or other approval of the Board of Directors shall be submitted to the Board of Directors in the form of a written request. The Board of Directors shall have thirty (30) days from receipt of the written request to respond to such Owner. In the event the response reasonably takes longer than said thirty-day period the Board of Directors shall have such additional time as is necessary to respond. No Owner shall proceed to act upon such request without a written response from the Board of Directors. In the event the Board of Directors fails to respond within thirty (30) days the request shall be deemed denied by the Board of Directors.

8.11 Financial Statements. From and after the first fiscal year of the Association, the Association shall make available to a First Mortgagee an audited financial statement for the preceding fiscal year upon written request for such audited financial statement from the First Mortgagee. The audited financial statement shall be available within 120 days of receipt of the First Mortgagee's written request for the audited financial statement.

8.12 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. Neither the Association, nor the Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Project, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Unit that the Association, its officers, directors, agents and committees, Declarant, and any successor Declarant are not insurers and that each Person using the Project assumes all risks of personal injury and loss or damage to property, including Units and contents of Units, resulting from acts of third parties.

8.13 Personal Liability. No member of the Board or any other committee of the Association, no officer of the Association and no manager or other employee of the Association shall be personally liable to any Member, or to any other Person 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 or any member thereof, the manager, any representative or employee of the Association, any officer of the Association or any member of any committee of the Association; provided, however, the limitations set forth in this Section shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

ARTICLE 9

ASSESSMENTS

9.1 Agreement to Pay Assessments. The Declarant, for each Condominium owned by it within the Project, and for and as the owner of the Project and every part thereof, hereby covenants and each Owner of any Condominium by the acceptance of a deed for the Condominium, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established and collected from time to time as provided in this Article 9.

9.2 Annual Assessments. Annual Assessments shall be computed and assessed against all Condominiums in the Project as follows:

9.2.1 Common Expense. Annual Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Elements and/or furnishing utility services and other common items to the Units. Such estimated expenses shall include, without limitation, the following: Expenses of management; real property taxes and special assessments (unless and until the Condominiums are separately assessed); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages for Association employees, including fees for a Manager (if any); utility charges, including charges for utility services to the Units to the extent not separately metered or billed; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis, and such reserve shall be funded by monthly payments rather than extraordinary special assessments; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Such shall constitute the Common Expense, and all funds received from assessments under this Section 9.2 shall be part of the Common Expense Fund.

9.2.2 Apportionment. Expenses attributable to the Common Elements, Limited Common Elements, or the Project as a whole shall be apportioned among and assessed to all Units in proportion to their respective undivided interests in the Common Elements. The Declarants shall be liable for the amount of any assessments against Condominiums owned by it. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively to such Owner.

9.2.3 Uncompleted Units. At the Declarant's option, the Annual Assessment for any Unit on which construction has not been substantially completed may be an amount which is not less than twenty-five percent of the Annual Assessment for Units which have been substantially completed; provided, the Declarant shall pay to the Association any deficiency in funds due to the Declarant having paid a reduced Annual Assessment and necessary for the Association to be able to timely pay all Common Expenses.

9.2.4 Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of this Declaration, and, on or before December 15 of each year thereafter, the Board of Directors shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual Period.

9.2.5 Notice and Payment. Except with respect to the first fiscal year, the Board of Directors shall notify each Owner as to the amount of the Annual Assessment against his or her Condominium on or before December 15 each year for the fiscal year beginning on January 1 next following. Each Annual Assessment shall be payable in twelve equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the assessment relates; provided, however, the Annual Assessment for the first fiscal year shall be based upon such portion of the first fiscal year. The Owners shall commence payment of the full monthly assessments against their respective Condominiums no later than sixty (60) days after the conveyance of the first Condominium in the Project or phase. All unpaid installments of any Annual Assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date each such installment became due until paid. In addition, in the event that any installment Annual Assessment is not paid within fifteen (15) days of the date such installment becomes due, the Association may, at its option, and upon fifteen (15) days prior written notice to the Owner, accelerate the due date for all remaining unpaid installments of the Annual Assessment for the remainder of the fiscal year and all accrued but unpaid interest thereon. Payment of the Annual Assessment installments so accelerated shall be due at the expiration of said fifteen(15) day notice period and interest shall accrue on the entire sum at the rate of eighteen percent (18%) per annum from such date until paid in full. The failure of the Board of Directors to give timely notice of any Annual Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in this Declaration.

9.2.6 Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Board of Directors may, on behalf of the Association, levy additional assessments in accordance with the procedure set forth in Section 9.3 below, except that the vote therein specified shall be unnecessary.

9.3 Special Assessments. In addition to the Annual Assessments authorized by this article, the Board of Directors may, on behalf of the Association, levy, at any time and from time to time, upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association, Special Assessments, payable over such periods as the Board of Directors may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration (including, without limitation, Common Expenses). This section shall not be construed as an independent source of authority for the Association to incur expenses but shall be construed to prescribe the manner of assessing for expenses authorized by other sections or articles hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective undivided interests in the Common Elements. Notice in writing of the amount of each such Special Assessment and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any Special Assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date such portions become due until paid. All funds received from assessments under this section shall be part of the Common Expense Fund.

9.4 Lien for Assessments. All sums assessed to Owners of any Condominium within the Project pursuant to the provisions of this Article 9, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Condominium in favor of the Association. Recording of the Declaration constitutes record notice and perfection of the lien. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the foreclosure of mortgages or in any other manner permitted by law. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Condominium which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Directors shall have the right and power in behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Condominium in the name of the Association.

9.5 Personal Obligation of Owner. The amount of any Annual or Special Assessment against any Condominium shall be the personal obligation of the Owner of such Condominium to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Elements or by abandonment of his Condominium or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

9.6 Statement of Account. Upon written request of any Owner, Mortgagee or prospective purchaser of a Condominium, the Board of Directors shall within twenty (20) days issue a recordable written statement setting forth the following: The amount of the unpaid assessments, if any, with respect to such Condominium; the amount of the current Annual Assessment and the date or dates upon which installments thereof become due; and credit for advanced payments or prepaid items, including, without limitation, the Owner's share of prepaid insurance premiums. Such statements shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Notwithstanding the foregoing, the Association shall comply with the provisions of Section 33-1806, Arizona Revised Statutes, as the same may be amended from time to time.

9.7 Personal Liability of Purchaser. Subject to the provisions of Section 9.6 and 14.9, a purchaser of a Condominium shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Condominium up to the time of the grant or conveyance; provided, however, that the provisions of this section shall not prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

9.8 Reserves and Working Capital. The Association shall establish the following funds:

9.8.1 Reserve Fund. The Association shall establish and maintain a segregated reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements and to the Limited Common Elements the Association may be obligated to maintain. The reserve fund shall be maintained out of regular assessments for common expenses.

9.8.2 Working Capital Fund. The Association shall also establish and maintain an initial working capital fund equal to at least two monthly installments of the Annual Assessment in effect at the time of closing the first unit sale by Declarant for each Condominium. Payment into the working capital fund shall be made by the Owner and only apply to sales by Declarant. Each Condominium's share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Condominium. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any regular assessment. Shortages in the working capital fund at the end of any fiscal year must be replenished in the next fiscal year through increases in annual and/or special assessments.

9.9 Reserve Study. The Declarant shall prepare an initial reserve study at the time of the turnover of the Declarant's exclusive right to appoint and remove Directors. The Board of Directors shall thereafter update this reserve study at least every two years. A copy of the Association's updated reserve study shall be given to each of the Unit Owners upon its completion. A copy of the updated reserve study shall also be given contemporaneously to the Declarant for a period of ten years after said turnover.

9.10 Amendment of Article. This Article 9 shall not be amended unless the Owners of seventy-five percent (75%) of the Condominiums in the Project consent and agree to such amendment in a duly executed and recorded instrument.

ARTICLE 10

INSURANCE

10.1 Types of Insurance. Commencing not later than the time of the first conveyance of a Condominium to a person other than Declarant, the Association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies licensed to do business in the State of Arizona:

10.1.1 Hazard Insurance. The Association shall obtain, maintain and pay for as a Common Expense a "master" or "blanket" multi-peril policy of property insurance covering the entire

Project, including, without limitation, the Common and Limited Common Elements, fixtures and Building service equipment to the extent that they are part of the Common Elements or Limited Common Elements, common personal property and supplies belonging to the Association. Such master policy of hazard insurance shall provide, as a minimum, protection against the following:

(a) Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(b) All other perils customarily covered with respect to projects similar to the Project in construction, location and use, and any other perils for which coverage is commonly required by private institutional mortgage investors for such projects, including all perils normally covered by the standard "all risk" endorsement, where such is available. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the actual cash value of the insured property (based upon the current replacement cost of the Project and all property covered by the policy). In addition, such master policy of hazard insurance shall include the following endorsements, if available: An Agreed Amount and Inflation Guard Endorsement; and, if the Project should hereafter become subject to a construction code provision which would require the Association to incur a significant expense in order to effect code required changes in the undamaged portions of the Project in the event of the partial destruction of the Project by an insured peril, Construction Code Endorsements (e.g., a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement).

10.1.2 Public Liability Insurance. The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all of the Common Elements, in the Project. Such insurance policy shall contain a Severability of Interest Endorsement or equivalent coverage which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners. The scope of coverage shall include, without limitation:

(a) Legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements and legal liability arising out of lawsuits related to employment contracts of the Association; and

(b) Additional coverages as may be required to include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location and use, any other coverage in the kinds and amounts required by private institutional mortgage investors for such projects, including, but not limited to, host liquor liability, contractual and all-written contract insurance and comprehensive automobile liability insurance.

Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location and use; provided, however, that such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence.

10.1.3 Workmen's Compensation Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amount and in the forms now or hereafter required by law.

10.1.4 Fidelity Insurance or Bond. The Association shall obtain and maintain blanket fidelity bonds against dishonest acts on the part of all officers, directors, trustees, managers and employees of the Association and all other persons, including without limitation, volunteers handling or responsible for funds of or administered by the Association. Furthermore, where the Association has designated some or all of the responsibility for the handling of funds to a management agent, such bonds shall be required for such management agent's officers, employees and agents handling or responsible for funds of, or administered by the Association. Furthermore, where the Association has designated some or all of the responsibility for the handling of funds to a management agent, such bonds shall be required for such management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall meet the following requirements:

- (a) All shall name the Association as an obligee and the named insured;
- (b) All shall be based on the best business judgment of the Association and shall not be written in an amount less than one and one-half times the amount of the Association's estimated annual operating expenses and reserves, or the estimated maximum of funds, including reserve funds in the custody of the Association or the Manager at any time during the term of each fidelity bond, whichever is greater. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all Condominiums plus reserve funds;
- (c) All shall contain waivers by the issuers of the bonds or policies of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar terms or expressions or shall contain an appropriate endorsement to the policy to cover any persons who serve without compensation if the policy would not otherwise cover volunteers;
- (d) All shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association or any Insurance Trustee ; and
- (e) The premiums shall all be paid by the Association as a common expense, except for premiums on fidelity bonds or insurance maintained by a management agent for its officers, employees and agents.

10.1.5 Flood Insurance. The Project is not located in either an area identified by the Secretary of Housing and Urban Development or the Federal Emergency Management Agency as an area having special flood hazards for which flood insurance is not available because the community in which the Project is located is ineligible for participation in the National Flood Insurance Program. However, a portion of the Project is located in an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program. The Association shall maintain at all times a blanket policy of flood insurance that meets the then existing FHLMC/FNMA flood insurance requirements for similar condominium projects.

10.1.6 Lender Requirements. Notwithstanding any other provisions contained herein to the contrary, 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 development projects established by FHA, VA, FNMA and the Government National Mortgage Association, so long as any of them is a Mortgagee or owner of a Condominium within the Project, except to the extent such coverage is not available or has been waived in writing by FHA, VA, FNMA or the Government National Mortgage Association.

10.1.7 Errors and Omissions Insurance. The Association shall obtain and maintain for the benefit of the officers and directors of the Association a policy or policies insuring the Association, its officers and directors against liability resulting from errors and/or omissions of the officers and/or directors in an amount of not less than \$1,000,000.00. Said policies of insurance shall also contain an extended reporting period endorsement (a tail) for a two-year period.

10.2 Insurance Policy Requirements. The Hazard, Public Liability and Flood Insurance policies obtained by the Association pursuant to Sections 10.1.1, 10.1.2, and 10.1.5 shall be subject to the following:

10.2.1 The named insured under any such policies shall be set forth therein substantially as follows: " Association for the use and benefit of the individual Owners" (designated by name if required by Law). The policies may also be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement or any successor to such trustee (each of which shall be referred to as "Insurance Trustee") for the use and benefit of the individual Owners. Loss payable shall be paid in favor of the Association (or Insurance Trustee) as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of the policies according to the undivided interest in the Common Elements appurtenant to each Owner's respective Condominium in the percentage of common ownership. Evidence of insurance shall be issued to each Owner and Mortgagee upon request;

10.2.2 Insurance coverage obtained and maintained pursuant to the requirement of Sections 10.1.1, 10.1.2, and 10.1.5 shall be primary in the event any Owner has insurance covering the same loss;

10.2.3 Insurance coverage must not be prejudiced by an act or omission of individual Owners when such act or omission is not within the control of either such Owners collectively or the Association;

10.2.4 Coverage may not be canceled, changed in a way which is adverse to an Owner or substantially reduced or modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice in advance of the effective date of any reduction in or cancellation of the policy to the Association;

10.2.5 All policies must contain a waiver of subrogation by the insurer as to any and all claims against the Association, any Owner and/or their respective agents, employees or tenants;

10.2.6 Each hazard insurance policy shall be written by a hazard insurance carrier which has a current financial rating by Best's Insurance Reports of Class B+/VI or better;

10.2.7 Policies shall be deemed unacceptable where (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, an Owner, FNMA, FHLMC or any designee of FNMA or FHLMC; or (ii) 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 (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA or an Owner from collecting insurance proceeds;

10.2.8 All policies shall contain or have attached the standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Project is located and which appropriately names all First Mortgagees in the policy. The standard mortgagee clause in each policy must be endorsed to provide that any proceeds shall be paid to the Association, or any Insurance Trustee named to represent the Association as provided in Section 10.7, for the use and benefit of the Owners and their first mortgage holders as their interests may appear or must be otherwise endorsed to fully protect FNMA's and FHLMC's interests;

10.2.9 Policy contracts shall provide that no assessment may be made against FNMA, FHLMC (or their designees) and that any assessment made against others may not become a lien on the Mortgaged Premises superior to the first mortgage; and

10.2.10 Policies shall be in compliance with and consistent with applicable local and state insurance law. Each insurer and any reinsurer must be specifically licensed or authorized by law to transact business within the State of Arizona.

10.3 Evidence of Insurance. Upon request, the Board of Directors shall provide the First Mortgagee with a copy of the "master" or "blanket" policy of multi-peril property insurance, including copies of endorsements to such policy as required by FHLMC or FNMA, and, where applicable, a copy of any flood insurance policy, a copy of the comprehensive policy of public liability insurance, an appropriate certificate or memorandum of insurance as to each Condominium in the Project which is the subject of a mortgage being serviced for FHLMC or FNMA, any other insurance drafts, policies, notices, invoices and other similar documents.

10.4 Additional Coverage. The provisions of this Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration, in such amounts and in such forms as the Association may deem appropriate from time to time.

10.5 Owner's Own Insurance. Each Owner, at his own expense, may procure and maintain at all times fire and extended coverage insurance covering personal property of such Owner and additional fixtures and improvements added by such Owner against loss by fire and other casualties, including, without limitation, vandalism and malicious mischief. All policies providing such casualty insurance shall provide that they do not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this article. Notwithstanding the provisions hereof, each Owner may obtain insurance at his own expense providing such other coverage upon his Condominium, his personal property, for his personal liability and covering such other risks as he may deem appropriate, provided that each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this article. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's right of subrogation against

the Association, the Declarant, the Manager, other Owners and their respective servants, agents and guests.

10.6 Review of Insurance. The Association shall review annually the coverage and policy limits of all insurance on the Project to be maintained by the Association and adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the Project by a representative of the insurance carrier or carriers providing the policy or policies on the Project or by such other qualified appraisers as the Association may select.

10.7 Insurance Trustee. Power of Attorney. Notwithstanding anything to the contrary in this Declaration, the Hazard, Public Liability and Flood Insurance policies obtained by the Association pursuant to Sections 10.1.1, 10.1.2, and 10.1.5 may name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"). All such policies obtained by the Association must provide for recognition of any insurance Trust Agreement, and the Insurance Trustee, or such other authorized representative, shall have exclusive authority to negotiate losses under any such policy. Each Owner appoints the Association, or the Insurance Trustee (in the event a trustee is designated hereafter to represent the Association), as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: The collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association or any Insurance Trustee must hold or otherwise properly dispose of any proceeds of insurance in trust for the Owners and their first mortgage holders, as their interests may appear.

ARTICLE 11

DAMAGE OR DESTRUCTION

11.1 Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute an appointment by said grantee of the Association as his attorney in fact as herein provided. As attorney in fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted.

11.2 Definition of Repair and Reconstruction. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before.

11.3 Procedures. In the event all or any part of the Project is damaged or destroyed and subject to the provisions of Article 14 below, the Association shall proceed as follows:

11.3.1 Notice to First Mortgagees. The Association shall give timely written notice to any institutional holder of any first mortgage on a Unit in the event of substantial damage to or destruction of any Unit or any part of the Common Elements.

11.3.2 Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Association shall obtain complete and reliable estimates of the costs to repair and reconstruct the part of the Project damaged or destroyed.

11.3.3 Sufficient Insurance. If the proceeds of the insurance maintained by the Association exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out, unless eighty percent (80%) of the Owners, and every Owner of a Unit which has been damaged votes not to rebuild.

11.3.4 Insufficient Insurance--Less Than Seventy-Five Percent (75%) Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out unless eighty percent (80%) of the Owners, and every Owner of a Unit which has been damaged votes not to rebuild. The Association shall levy a Special Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Assessment shall be allocated and collected as provided in Section 9.3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

11.3.5 Insufficient Insurance--Seventy-Five Percent (75%) or More Destruction. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if seventy-five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, unless enough Eligible First Mortgagees approve the termination of the Project pursuant to Section 14.2.1 or, within one hundred (100) days following the damage or destruction, and unless at least eighty percent (80%) of the Owners and every Owner of a Unit which has been damaged votes not to rebuild. If, however, the termination of the Project is approved by a sufficient number of Eligible First Mortgagees and Owners, the Association shall record in the office of the County Recorder of Maricopa County, State of Arizona, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

- (a) The Project shall be deemed to be owned in common by the Owners;
- (b) The undivided interest in the Project owned in common which shall appertain to each Owner shall be the percentage of the undivided interest previously owned by such Owner in the Common Elements;
- (c) Any liens affecting any of the Condominiums shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Project; and
- (d) The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners in a percentage equal to the percentage of undivided interest owned by each respective Owner in the Common Elements, as set forth in Exhibit "C" hereto, after first paying out of the respective share of each Owner, to the extent

sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner.

11.3.6 In no event shall an owner of a Unit or any other party have priority over the institutional holder of any first mortgage on such Unit with respect to the distribution to such Unit of any insurance proceeds.

11.4 Repair or Reconstruction. If the damage or destruction is to be repaired and reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Elements having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original architectural plans and specifications, unless other action is first approved in writing by a sufficient number of Eligible First Mortgagees pursuant to Section 14.2.

11.5 Disbursement of Funds for Repair and Reconstruction. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments made pursuant to Sections 11.3.4 hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance attributable to Units and allocated Limited Common Elements which are not rebuilt shall be first distributed to the Owners of such Units in proportion to their respective percentages of ownership in the Common Elements (to the extent of the fair value of such Units and Common Elements which are not rebuilt), and the remainder, if any, shall be distributed to the Owners in proportion to their respective percentages of ownership of the common Elements.

11.6 Amendment of Article. This Article 11 shall not be amended unless the Owners of eighty percent (80%) of the Condominiums in the Project consent and agree to such amendment in a duly executed and recorded instrument.

ARTICLE 12

CONDEMNATION

12.1 Condemnation. If at any time or times all or any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this article shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain. If any Unit or portion thereof or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Board of Directors shall give prompt written notice of any such proceeding or proposed acquisition to each Owner in the Project and to any First Mortgagee. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements, or any part thereof, and each Owner hereby appoints the Association as such Owner's attorney in fact for the purposes of such representation.

12.2 Proceeds. All compensation, damages and other proceeds from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the Association and shall be distributed by the Board of Directors, on behalf of the Association as herein provided.

12.3 Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership pursuant thereto shall terminate and the condemnation award shall be allocated among and distributed to the Owners in proportion to their respective undivided interests in the Common Elements. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

12.4 Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

12.4.1 Allocation of Award. As soon as practicable, the Board of Directors shall, on behalf of the Association, reasonably and in good faith, apportion the condemnation award between compensation, severance damages or other proceeds and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(a) The total amount apportioned to taking of or injury to the Common Elements shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken) in proportion to their respective undivided interests in the Common Elements;

(b) The total amount apportioned to taking of or injury to the Limited Common Elements shall be allocated equally among and distributed to the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition;

(c) The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Condominiums that have not been taken in proportion to their respective undivided interests in the Common Elements;

(d) The respective amounts apportioned to the taking of or injury to a particular Unit and its appurtenant undivided interest in the Common Elements shall be allocated and distributed to the Owner of such Unit;

(e) The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

(f) If apportionment or allocation is already established by negotiation, judicial decree, statute or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable;

(g) Distribution of allocated proceeds shall be made by check payable jointly to individual Owners and their respective Mortgagees, as their interests may appear; and

(h) No provision of this Article 12 or any other provisions in this Declaration, the Articles or the Bylaws shall entitle the owner of a Unit or other party to priority over any First Mortgagee holding such Unit with respect to the distribution to such Unit of the proceeds of any award, settlement or proceeds from any eminent domain or condemnation proceeding.

12.4.2 Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall not terminate but shall continue. In such event the Project shall be reorganized as follows:

(a) If any partial taking results in the taking of an entire Unit, then the Owner thereof shall cease to be a member of the Association and all voting rights and the undivided interest in the Common Elements appertaining to such Unit shall be reallocated to, and shall appertain to, the remaining Units in proportion to their respective undivided interests in the Common Elements;

(b) If any partial taking results in the taking of a portion of a Unit and if no determination is made by the Board of Directors, after duly considering any recommendations, proposals or other input from the Owners, that such taking does not make it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then all voting rights and the undivided interest in the Common Elements appertaining to such Unit shall be reduced in proportion to the reduction in square footage of floor area of such Unit resulting from the taking. The voting rights and undivided interest in the Common Elements so divested from such Unit shall be reallocated to, and shall appertain to, such Unit and the other Units in the Project in proportion to their respective undivided interests in the Common Elements; provided, however, that such Unit shall participate in such reallocation on the basis of the undivided interest reduced in accordance with the preceding sentence;

(c) If any partial taking results in the taking of a portion of a Unit and if there is a determination made by the Board of Directors, after duly considering any recommendations, proposals, or other input from the Owners, that such taking makes it impractical to use the remaining portion of such Unit for any lawful purpose permitted by this Declaration, then all voting rights and the entire undivided interest in the Common Elements appertaining to such Unit shall be reallocated to, and shall appertain to, the remaining Units in

proportion to their respective undivided interests in the Common Elements, and the remaining portion of such Unit shall thenceforth be part of the Common Elements;

(d) The Board of Directors, after duly considering any recommendations, proposals or other input from the Owners, shall have the duty and authority to make all determinations and to take all actions necessary or appropriate to effectuate reorganization of the Project under the provisions of this Section 12.4.2; provided, however, that if any such determination shall have been or such action taken by judicial decree, the Board of Directors shall defer thereto and proceed in accordance therewith.

12.4.3 Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by its provisions specified in Article 11 hereof for cases of Damage or Destruction; provided, however, that the provisions of said article dealing with sufficiency or insufficiency of insurance proceeds shall not be applicable.

ARTICLE 13

OBSOLESCENCE

13.1 Adoption of Plan. Subject to the provisions of Section 14 hereof, Owners holding eighty percent (80%) or more of the Total Votes of the Association may agree that the Project is obsolete and adopt a written plan for the renewal and reconstruction of the Project. Written notice of adoption of such a plan shall be given to all Owners and First Mortgagees.

13.2 Payment for Renewal and Reconstruction. The Association shall levy a Special Assessment sufficient to provide funds to pay the estimated expenses of renewal or reconstruction. Such Special Assessment shall be allocated and collected as provided in Section 9.3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected prove insufficient to pay the actual expenses of such renewal or reconstruction. In the event amounts collected pursuant hereto are in excess of the amounts required for renewal or reconstruction, such excess shall be distributed to the Owners in proportion to their respective percentages of ownership of the Common Elements.

13.3 Sale of Project. Subject to the provisions of Section 14 hereof, the Owners may at any time, by an affirmative vote of at least ninety-five percent (95%) of the Total Votes of the Association, at a special meeting of the members of the Association duly called for such purpose, elect to sell or otherwise dispose of the Project. In such event, the Board of Directors shall forthwith record in the office of the County Recorder of Maricopa County, State of Arizona, a notice setting forth such facts, and upon the recording of such notice by the Board of Directors, the Project shall be sold or otherwise disposed of by the Board of Directors, as attorney in fact for all of the Owners. Such action shall be binding upon all Owners and each Owner shall have the duty to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary or appropriate to effect such sale or other disposition of the Project. The proceeds of such sale or disposition shall be apportioned among the Owners in proportion to their respective undivided interests in the Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium. Each such account shall remain in the name of the Association and shall be further identified by the Condominium designation and the name of the Owner. The Board of Directors, as attorney in fact, shall use and disburse the total amount of each such account, without contribution from one account to another, first to the payment of valid tax and special assessment liens on the

Condominium in favor of any governmental assessing authority, second to the payment of any First Mortgagee holding a first mortgage lien on the Condominium, third to the payment of assessments made pursuant to this Declaration, fourth to the payment of other holders of liens or encumbrances on the Condominium in the order of priority of their liens and the balance remaining, if any, to the respective Owners.

13.4 Amendment of Article. This Article 13 shall not be amended unless the Owners of ninety-five percent (95%) of the Condominiums in the Project and at least sixty-seven percent (67%) of First Mortgagees, based on one vote for each First Mortgage, consent and agree to such amendment by duly executed and recorded instruments.

ARTICLE 14

MORTGAGE PROTECTION

14.1 Notice of Action. Upon written request made to the Association by a First Mortgagee, or an issuer or governmental guarantor of a First Mortgage, which written request shall identify the name and address of such First Mortgagee, issuer or governmental guarantor and the Unit number or address of the Unit, any such First Mortgagee, issuer or governmental guarantor shall be entitled to timely written notice of:

14.1.1 Any condemnation loss or any casualty loss which affects a material portion of the Project or any Condominium on which there is a first mortgage held, insured or guaranteed by such First Mortgagee, issuer or governmental guarantor;

14.1.2 Any default in the performance by the Owner of a Condominium which is held or is subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor, of any obligation under this Declaration, including, without limitation, any delinquency in the payment of assessments or charges owed by such Owner, which default remains unaccrued for a period of sixty (60) days;

14.1.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

14.1.4 Any proposed action which would require the consent of a specified percentage of Eligible First Mortgagees as specified in Section 14.2 below.

14.2 Matters Requiring Prior Eligible First Mortgagee Approval. Except as provided under the Act in case of condemnation or substantial loss to the Units and/or Common Elements, the prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the Total Votes in the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the Total Votes in the Association is required, in which case such specific provisions shall control), Eligible First Mortgagees holding First Mortgages on Condominiums having at least fifty-one percent (51%) of the votes of the Condominiums subject to First Mortgages held by Eligible First Mortgagees shall be required to:

14.2.1 Abandon or terminate the legal status of the Project (whether by act or omission);

14.2.2 Sell or otherwise dispose of the Project pursuant to Section 13.3 of this Declaration;

14.2.3 Establish self-management of the Project by the Association when professional management has been previously required by any First Mortgagee;

14.2.4 Add or amend any material provision of the Declaration, Articles, Bylaws or Plat, which establishes, provides for, governs or regulates any of the following (an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only):

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Elements;
- (d) Fidelity Bonds or Insurance;
- (e) Rights to use of Common Elements;
- (f) Responsibility for maintenance and repair of the several portions of the Project;
- (g) Boundaries of any Unit;
- (h) The undivided ownership interests in the Common or Limited Common Elements;
- (i) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his or her Condominium; and
- (j) Any provisions which are for the express benefit of First Mortgagees.

14.2.5 Change the pro rata interest or obligations of any individual Condominium 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 ownership interest of each Condominium in the Common Elements.

14.2.6 Partition or subdivide any Condominium;

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

14.2.8 Use hazard insurance proceeds for losses to any portion of the Project (whether to Units, Garage Units or Common Elements) for other than the repair, replacement or reconstruction of the Project.

In addition, the prior written approval of Eligible First Mortgagees holding First Mortgages on Condominiums having at least fifty-one percent (51%) of the votes of Condominiums subject to First Mortgages held by Eligible First Mortgagees, shall be required to (i) effect any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, which will not be substantially in accordance with the Declaration and the original architectural plans and specifications of the Project, (ii) expand or contract the Project or add to or withdraw any property from the Project or (iii) convert any of the Units in the Project into Common Elements or Common Elements into Units. Any Eligible First Mortgagee who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request.

14.3 Prior Liens Relate Only to Individual Condominiums. All taxes, assessments and charges which may become liens prior to the first mortgage under local laws shall relate only to the individual Condominiums and not to the Project as a whole.

14.4 Subordination of Common Expense Lien. To the extent permitted by the Act, any lien which the Association may have on any Condominium in the Project for the payment of common expense assessments attributable to such Condominium and any fees, late charges, taxes or interest levied by the Association in connection therewith shall be subordinate to the lien or equivalent security interest of any First Mortgage on the Condominium recorded prior to the date on which any such common expense assessments became due.

14.5 Information Made Available to Owners and First Mortgagees. Any Owner or First Mortgagee shall, upon two (2) business days notice and request, be entitled to inspect current copies of the Declaration, Bylaws, other rules and regulations concerning the Project and the books, records and financial statements of the Association during normal business hours or under other reasonable circumstances.

14.6 Additional Information Made Available to First Mortgagees. In addition to the rights granted in Section 14.5, any First Mortgagee shall, upon request, be entitled to written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

14.7 Priority of First Mortgagee in Event of Damage. In the event of substantial damage to or destruction of any Unit or any part of the Common Element, no provision of the Declaration, Articles or Bylaws or any amendment thereto shall entitle the owner of a Unit or other party to priority over any First Mortgagee with respect to the distribution to such Owner of any insurance proceeds.

14.8 Priority of First Mortgagee in Event of Condemnation. If any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, no provision of the Declaration, Articles or Bylaws or any amendment thereto shall entitle the Owner of a

Unit, or any other party, to priority over any First Mortgagee with respect to the distribution to such Unit of the proceeds of any award or settlement.

14.9 First Mortgagee Rights in Event of Foreclosure. To the extent permitted by the Act, each First Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments and charges against the Unit which accrue prior to the acquisition of title to such Unit by the First Mortgagee or purchaser at foreclosure sale.

14.10 No Right of First Refusal. No "right of first refusal" shall be included or added by amendment to the Declaration, Articles or Bylaws.

14.11 Audited Financial Statement. A First Mortgagee may have an audited financial statement of the Association prepared at its own expense. A copy of the audited financial statement shall be delivered to the Association upon receipt by the First Mortgagee.

ARTICLE 15

COMPLIANCE WITH DECLARATION AND BYLAWS

15.1 Compliance. Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association and the decisions and resolutions of the Association adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief or for both, maintainable by the Association or, in a proper case, by an aggrieved Owner.

15.2 Enforcement and Remedies. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any Supplemental or Amended Declaration, with respect to the Association or Condominiums within the Project shall be enforceable by the Declarant or by any Owner of a Condominium within the Project, subject to this Declaration, by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any Supplemental or Amended Declaration, with respect to a person or entity or property of a person or entity other than the Association shall be enforceable by the Declarant or by the Association or, in a proper case, by an aggrieved Owner by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. No summary abatement or similar procedure may be utilized through nonjudicial means to alter or demolish items of construction.

ARTICLE 16

AMENDMENTS

16.1 Approval of Owners. Except in cases of amendments that may be executed by a Declarant in the exercise of its Development Rights under this Declaration or under Section 33-1220 of the Act, by the Association under Section 33-1206 or 33-1216(D) of the Act, or by certain Owners under

Section 33-1218(B), Section 33-1222, Section 33-1223(B) of the Act, and except to the extent permitted or required by other provisions of the Act, the Declaration, including the Plat, may be amended only by a vote of the Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated. Notwithstanding the foregoing, Section 17.13 of this Declaration may be amended only by a vote of the Owners to which at least eighty percent (80%) of the Total Votes of the Association are allocated.

16.2 Amendments Requiring Unanimous Consent. Except to the extent expressly permitted or required by the Act, the amendment to the Declaration shall not create or increase Special Declarant Rights, increase the number of Units or change the boundaries of any Unit, the allocated interest of a Unit, or the use as to which any Unit is restricted, in the absence of unanimous consent of the Unit Owners.

16.3 Amendments Requiring Declarant Approval. An amendment to the Declaration shall not terminate or decrease any unexpired Development Right, Special Declarant Right or Period of Declarant control unless the Declarant approves the amendment in writing.

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

16.5 Recordation of Amendment. Any amendment adopted by the Owners pursuant to Subsection 16.1 or 16.2 above shall be signed by the President or Vice President of the Association and shall be recorded with the County Recorder of Maricopa County. Any such amendment shall certify that the amendment has been approved as required by this Article 16. Any amendment by the Declarant pursuant to Subsection 16.4 of this Section or the Condominium Act shall be executed by the Declarant and shall be recorded with the County Recorder of Maricopa County.

ARTICLE 17

GENERAL PROVISIONS

17.1 Intent and Purpose. The provisions of this Declaration, and any Supplemental or Amended Declaration, shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision, restriction, covenant or condition contained in this Declaration, or in any Supplemental or Amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant or condition or of any other provisions, restrictions, covenants or conditions.

17.2 Construction. The provisions of this Declaration shall be in addition and supplemental to the provisions of the Act and all other provisions of law. Whenever used herein, unless the context shall otherwise require, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof and any gender shall include both genders. The article and section headings set forth herein are for convenience and reference only and are not intended to expand, limit or otherwise affect the meaning or interpretation of this Declaration or any provision hereof. The provisions hereof shall be deemed independent and several, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

17.3 Notices and Registration of Mailing Address. Each Owner shall register from time to time with the Association his current mailing address. All notices, demands and other communications to any Owner as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first-class U.S. mail, postage prepaid, addressed to the Owner at his registered mailing address or, if no address has been registered, to the Unit of such Owner. All notices, demands and other communications to the Association as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first-class U.S. mail, postage prepaid, addressed to the Association. Any notice, demand or communication referred to in this Declaration shall be deemed to have been given and received when personally served or when deposited in the U.S. mail, postage prepaid, and in the form provided for in this section, as the case may be.

17.4 Audit. Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association. The Association, at the expense of the Common Expense Fund, may obtain an audit, by certified public accountants, of all books and records, pertaining to the Project at no greater than annual intervals, and copies thereof shall be furnished to the Owners.

17.5 Duration. The covenants and restrictions of this Declaration shall run with and bind the Condominium, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

17.6 Effective Date. This Declaration shall take effect upon recording.

17.7 Agent for Service. The name and address of the person to receive service of process in all cases provided by the Act shall be the registered agent and address of the Association as shown on the official corporate records maintained in the office of the Secretary of State of the State of Arizona. On the date of this Declaration, the registered agent of the Association is Lee E. Esch, Jennings, Strouss & Salmon, P.L.C., 201 E. Washington Street, Phoenix, Arizona 85004.

17.8 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service (if any) to be obtained and paid for by the Association hereunder, or for injury or damage to any person in or upon the Project, or resulting from electricity, water, rain, snow or ice which may leak or flow from outside or from any parts of the Building or its drains, pipes, conduits, appliances or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules or order of any governmental authority.

17.9 Owner's Obligations. All obligations of an Owner, under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may be leasing, renting or selling under contract his Condominium. The Owner of a Condominium within the Project shall have no obligation for expenses or other obligations accruing after he conveys such Condominium.

17.10 Model Units, Sales Offices and Advertising Signs. Declarant and Declarant's duly authorized agents, representatives and employees shall have the right to establish and maintain model units and sales offices in Units and within the Project and the right to use such model units and sales offices during the period that Condominiums in the Project remain unsold. Declarant reserves the right to relocate the same from time to time within the Project. Declarant further reserves the right to maintain advertising signs on the Project and to place the same in any location and to relocate, replace and remove the same at the sole discretion of Declarant during the period that Units in the Project remain unsold. A Unit remains unsold until such time as the sale of such Unit has closed by recording the deed to such Unit in the Recorder's office of Maricopa County.

17.11 Association's Election to Waive the Application of the Provisions of Arizona Revised Statutes, Section 12-1361 through 12-1365. This Declaration provides in Sections 17.12 and 17.13 for commercially reasonable alternative dispute resolution procedures. Therefore, pursuant to Arizona Revised Statutes, Section 12-1366.A.1, the application of provisions of Arizona Revised Statute Sections 12-1361 through 12-1365 is waived by the Association. The Association shall instead be bound by the commercially reasonable alternative dispute resolution procedures set forth in Sections 17.12 and 17.13 hereof.

17.12 Notice and Opportunity to Repair.

(a) At least one hundred twenty (120) days before the Association initiates procedures for final and binding arbitration pursuant to Section 17.13 hereof, the Association shall give written notice by certified mail, return receipt requested, to the Declarant specifying in reasonable detail the basis of any claim that the Association may have against the Declarant arising out of, or related to, the design, construction and/or condition of the Project. If the claim involves alleged defects that are substantially similar in various portions of the Project, then a reasonable detailed description of the alleged defects in a fair and representative sample of the affected portion of the Project shall be sufficient.

(b) After the receipt of the notice described in Section 17.12(a) of this Declaration, the Declarant shall inspect the Project to determine the nature and cause of the alleged defects and the nature and extent of any repairs or replacements necessary to remedy the alleged defects. The Association shall insure that the portions of the Project affected are made available for inspection no later than thirty (30) days after the Declarant receives the Association's request for an inspection. The Declarant shall provide reasonable notice to the Association before conducting the inspection. The inspection shall be conducted at a reasonable time. The Declarant may use reasonable measures, including testing, to determine the nature and cause of the alleged defects and the nature and extent of any repairs or replacements necessary to remedy the alleged defects. If the Declarant conducts testing pursuant to this Section 17.12(b), the Declarant shall restore the applicable portions of the Project to their condition before testing.

(c) Within sixty (60) days after receipt of the notice described in Section 17.12(a), the Declarant shall send to the Association, in good faith, a written response to the Association's notice by certified mail, return receipt requested. The response may include an offer to repair or replace any alleged defects, to have such defects repaired or replaced at the Declarant's expense or to provide monetary compensation to the Declarant. The offer shall describe in reasonable detail all repairs or replacements the Declarant is offering to make or provide to the Project and a reasonable estimate of the date by which the repairs or replacements will be made or monetary compensation will be provided.

(d) If the Association does not provide a written response to the Declarant's notice within thirty (30) days, the Association shall be entitled to initiate the final and binding arbitration proceedings provided for in Section 17.13 hereof.

(e) Within twenty (20) days after receipt of the Declarant's offer made pursuant to Section 17.12(c), the Association shall provide a good faith, written response. If the Association accepts the Declarant's offer made pursuant to Section 17.12(c) hereof, the Association shall do so in writing by certified mail, return receipt requested. If the Association rejects the Declarant's offer made pursuant to Section 17.12(c) hereof, the Association shall respond to the Declarant in writing by certified mail, return receipt requested. The response shall include the basis for the Association's rejection of the Declarant's offer and may include a counter-offer. Within twenty days (20) after receipt of the Association's response, the Declarant shall make a best and final offer to the Association in writing by certified mail, return receipt requested.

(f) If the Declarant fails to make a best and final offer, or if the Association fails to accept said offer, then the Association shall be entitled to initiate final and binding mandatory arbitration procedures as provided for in Section 17.13 hereof.

17.13 Limited Warranty and Mandatory Arbitration. The Association and each Condominium Unit Owner acknowledge that each initial purchaser of a Condominium Unit has entered into a separate Purchase Contract, Deposit Receipt and Escrow Instruction ("Purchase Agreement"), which provides for mandatory arbitration of claims and disputes between the Condominium Unit Owner of such Condominium Unit and the Declarant, all pursuant to the Declarant's Home Builder's Limited Warranty, which is set forth on PWC Form No. 117 Rev. 05/02, a copy of which has been furnished to each purchaser and the Association. In accordance with the Declarant's Home Builder's Limited Warranty and the agreements of the Condominium Unit Owners to abide by said warranty program, the Association hereby agrees that any and all claims and/or disputes of any kind relating to the common elements of the Project or to the Condominium Units, to the extent of the Association's interest and standing, shall be submitted

by the Association to final and binding arbitration pursuant to and in accordance with the provisions of the arbitration agreement contained in the Declarant's Home Builder's Limited Warranty, which arbitration agreement is incorporated herein as though fully set forth. This Section 17.13 shall not be amended at any time, including after closing on the sale by the Declarant of all of the Condominium Units at the Project, without the prior express written consent and joinder of the Declarant, together with such other approval requirements as set forth in this Declaration.

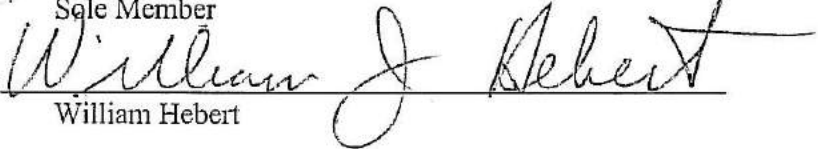
IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

DECLARANT:

EL LAGO ROAD, LLC, an Arizona limited liability company

By: Towne Realty, Inc., a Wisconsin corporation

Its: Sole Member

By: 
William Hebert

Its: Vice President

STATE OF ARIZONA)

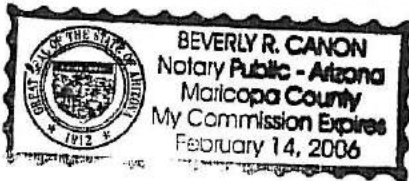
County of Maricopa)

) ss.

)

On this, the 25 day of OCTOBER, 2004, before me, the undersigned Notary Public, personally appeared William Hebert, who acknowledged himself to be the Vice President of Towne Realty, Inc., a Wisconsin corporation, the Sole Member of El Lago Road, LLC, an Arizona limited liability company, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Beverly R. Canon
Notary Public

My Commission Expires:

02/14/06

EXHIBIT "A"

[LEGAL DESCRIPTION OF LAND]

EXHIBIT "A"

PARCEL NO. 1

A portion of the Southwest quarter of Section 14 and the Southeast quarter of Section 15, Township 3 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at a brass cap found at the intersection of El Lago Drive and La Montana Drive;

thence along the center line of El Lago Drive South 69 degrees 21 minutes 52 seconds West a distance of 984.00 feet;

thence North 20 degrees 38 minutes 08 seconds East a distance of 42.00 feet to the Point of Beginning;

thence along the West property line of Block 8, being the centerline alignment of Verde River Drive (now abandoned), per Town of Fountain Hills Plat 208, as recorded in Book 144, Page 4 of Maps, Records of Maricopa County, Arizona, North 20 degrees 38 minutes 08 seconds East a distance of 516.00 feet to the Northwest corner of said Block 8 and the beginning of a non-tangential curve concave Northerly, having a radius of 60.00 feet and a chord bearing South 85 degrees 15 minutes 30 seconds East;

thence along the arc of said curve through a central angle of 31 degrees 47 minutes 17 seconds an arc length of 33.29 feet to the beginning of a reverse curve concave Southerly, having a radius of 60.00 feet and a chord bearing South 85 degrees 15 minutes 30 seconds East;

thence along the arc of said curve through a central angle of 31 degrees 47 minutes 17 seconds an arc length of 33.29 feet;

thence along the North property line of said Block 8, South 69 degrees 21 minutes 52 seconds East a distance of 838.79 feet to the beginning of a non-tangential curve concave Southwesterly, having a radius of 50.00 feet and a chord bearing South 24 degrees 21 minutes 52 seconds East;

thence along the arc of said curve through a central angle of 90 degrees 00 minutes 00 seconds an arc length of 78.54 feet;

thence along the East property line of said Block 8, South 20 degrees 38 minutes 08 seconds West a distance of 87.49 feet to the beginning of a tangential curve concave Easterly, having a radius of 1255.00 feet and a chord bearing South 15 degrees 49 minutes 51 seconds West;

thence along the arc of said curve through a central angle of 11 degrees 23 minutes 38 seconds an arc length of 249.57 feet to the beginning of a reverse curve concave Northwesterly, having a radius of 50.00 feet and a chord bearing South 53 degrees 06 minutes 42 seconds West;

thence along the arc of said curve through a central angle of 85 degrees 57 minutes 27 seconds an arc length of 75.01 feet;

thence North 84 degrees 48 minutes 03 seconds West a distance of 277.99 feet to the beginning of a tangential curve concave Northerly, having a radius of 458.00 feet and a chord bearing North 77 degrees 04 minutes 58 seconds West;

thence along the arc of said curve through a central angle of 15 degrees 26 minutes 11 seconds an arc length of 123.39 feet;

thence along the South property line of said Block 8, North 69 degrees 21 minutes 52 seconds West a distance of 551.17 feet to the Southwest property corner of said Block 8 and the Point of Beginning.

EXCEPT all minerals as reserved unto the United States of America in Patent of said land recorded February 28, 1956 in Docket 1839, Page 426, records of Maricopa County, Arizona.

EXCEPT all oil, gases and other hydrocarbon substances, coal, stone, metals, minerals, fossils and fertilizers of every name and description, together with all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value.

EXCEPT all underground water, in, under or flowing through said land and water rights appurtenant thereto.

PARCEL NO. 2

A portion of the Southeast quarter of Section 15, Township 3 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at a brass cap found at the intersection of El Lago Drive and La Montana Drive;

thence along the center line of El Lago Drive South 69 degrees 21 minutes 52 seconds East a distance of 984.00 feet;

thence North 20 degrees 38 minutes 08 seconds East a distance of 42.00 feet to the Point of Beginning;

thence along the South property line of Block 1, North 69 degrees 21 minutes 52 seconds West a distance of 431.00 feet to the Southwest property corner of said Block 1;

thence along the West property line of said Block 1, North 20 degrees 38 minutes 08 seconds East a distance of 418.40 feet to the Northwest corner of said Block 1;

thence along the North property line of said Block 1, South 69 degrees 21 minutes 52 seconds East a distance of 333.40 feet;

thence North 65 degrees 38 minutes 08 seconds East a distance of 138.03 feet to the Northeast corner of said Block 1;

thence along the East property line of said Block 1, being the centerline alignment of Verde River Drive (now abandoned), per Town of Fountain Hills Plat 208 as recorded in Book 144, Page 4 of Records of Maricopa County, Arizona, South 20 degrees 38 minutes 08 seconds West a distance of 516.00 feet to the Southeast corner of said Block 1 and the Point of Beginning.

EXCEPT all minerals as reserved unto the United States of America in Patent of said land recorded February 28, 1956 in Docket 1839, Page 426, records of Maricopa County, Arizona.

EXCEPT all oil, gases and other hydrocarbon substances, coal, stone, metals, minerals, fossils and fertilizers of every name and description, together with all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value.

EXCEPT all underground water, in, under or flowing through said land and water rights appurtenant thereto.

EXHIBIT "B"

[PLAT MAP OF VILLAGE AT TOWNE CENTER]

Attached to and forming a part of the Declaration of Condominium of the Village at Towne Center Condominiums.

DEDICATION
STATE OF ARIZONA } 55.
COUNTY OF MARICOPA }

KNOW ALL MEN BY THESE PRESENTS,

THAT EL LAGO ROAD LLC, AN ARIZONA LIMITED LIABILITY CORPORATION, AS OWNER, HEREBY DEDICATES THE PLAN OF DEDICATION OF EASEMENTS, LOCATED IN A SECTION OF TOWNSHIP 3 NORTH, RANGE 6 EAST OF THE DE LA SAL RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AND MORE PARTICULARLY, THE PLAN OF DEDICATION OF EASEMENTS, ARE HEREBY EXTENDED TO THE CITY FOR THE PURPOSES SHOWN, OWNER HEREBY AND TO THE CITY OF PHOENIX, ARIZONA, AND THE PHOENIX PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT, AND THAT SAID DEDICATION, THROUGH EASEMENT, UNDER NO OTHER PERSON OR ENTITY HAVING ANY INTEREST IN SAID PROPERTY HAS CONSENTED TO RECORD THIS OFFICE OF MARICOPA COUNTY RECORDS, AND LATER THAN THE DATE ON WHICH THIS PLAN IS RECORDED.

IN WITNESS WHEREOF, I, THE UNDERSIGNED OFFICER, HAVE HEREON SET MY HAND AND OFFICIAL SEAL, THIS 15th DAY OF MARCH, 2004.
BY: EL LAGO ROAD LLC, AN ARIZONA LIMITED LIABILITY CORPORATION

ACKNOWLEDGEMENT
STATE OF ARIZONA } 55.
COUNTY OF MARICOPA }

ON THIS 15th DAY OF MARCH, 2004, BEFORE ME THE UNDERSIGNED, I, THE NOTARY PUBLIC, DO HEREBY CERTIFY THAT EL LAGO ROAD LLC, AN ARIZONA LIMITED LIABILITY CORPORATION, ACKNOWLEDGED THAT AS SAID OFFICER, I HAVE BEEN AUTHORIZED TO DO SO, EXCEPTED THE FOREGOING INSTRUMENT FOR THE PURPOSES SET FORTH HEREIN.

IN WITNESS WHEREOF, I HAVE HEREON SET MY HAND AND OFFICIAL SEAL.

BY: *[Signature]*
NOTARY PUBLIC

BY COMMISSION EXPIRES: *[Date]*



RATECATION:
STATE OF WISCONSIN } 55.
COUNTY OF MILWAUKEE }

KNOW ALL MEN BY THESE PRESENTS,

THAT AN INSTRUMENT A SIFT BANK RECEIPT, AGREES, AND APPROVES THE FOREGOING PLAN, AND MORE PARTICULARLY, THE PLAN OF DEDICATION OF EASEMENTS, LOCATED IN A SECTION OF TOWNSHIP 3 NORTH, RANGE 6 EAST OF THE DE LA SAL RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AND MORE PARTICULARLY, THE PLAN OF DEDICATION OF EASEMENTS, ARE HEREBY EXTENDED TO THE CITY FOR THE PURPOSES SHOWN, OWNER HEREBY AND TO THE CITY OF PHOENIX, ARIZONA, AND THE PHOENIX PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT, AND THAT SAID DEDICATION, THROUGH EASEMENT, UNDER NO OTHER PERSON OR ENTITY HAVING ANY INTEREST IN SAID PROPERTY HAS CONSENTED TO RECORD THIS OFFICE OF MARICOPA COUNTY RECORDS, AND LATER THAN THE DATE ON WHICH THIS PLAN IS RECORDED.

BY: *[Signature]*
NOTARY PUBLIC

BY COMMISSION EXPIRES: *[Date]*



ACKNOWLEDGEMENT FOR RATECATION:
STATE OF WISCONSIN } 55.
COUNTY OF MILWAUKEE }

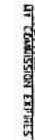
BOOK 680 PAGE 32
OFFICIAL RECORDS OF
MARICOPA COUNTY, ARIZONA
2004-0405013

THE FOREGOING PLAN, ACKNOWLEDGED BEFORE ME THIS 15th DAY OF MARCH, 2004, BEFORE ME, THE UNDERSIGNED OFFICER, I HAVE BEEN AUTHORIZED TO DO SO, EXCEPTED THIS INSTRUMENT FOR THE PURPOSES SET FORTH HEREIN.

IN WITNESS WHEREOF, I HAVE HEREON SET MY HAND AND OFFICIAL SEAL.

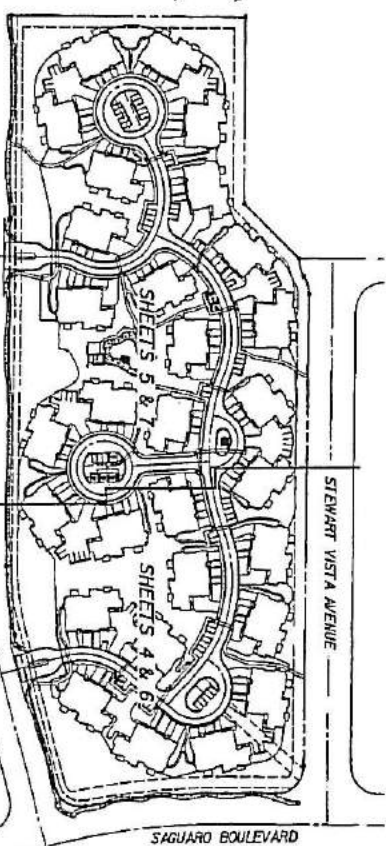
BY: *[Signature]*
NOTARY PUBLIC

BY COMMISSION EXPIRES: *[Date]*



MAP OF DEDICATION OF EASEMENTS AND FINAL CONDOMINIUM PLAT MAP OF THE VILLAGE AT TOWNE CENTER

A PORTION OF THE SOUTHWEST QUARTER OF SECTION 14 AND THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 3 NORTH, RANGE 6 EAST OF THE GILA & SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA



SHEET NO.	INDEX OF SHEETS
1	COVER SHEET
2	GENERAL DESCRIPTION OF EASEMENTS
3	LAND ELEVATION SCHEDULE
4	FIRST FLOOR LEVEL - SITE PLAN
5	SECOND FLOOR LEVELS - SITE PLAN
6	THIRD FLOOR LEVELS - SITE PLAN
7	FOURTH FLOOR LEVELS - SITE PLAN
8	FIFTH FLOOR LEVELS - SITE PLAN
9	ROOF LEVELS - SITE PLAN



NOTES:

1. CERTIFICATE OF ASSURANCE WATER SURVEY AND LETTER ASSURING WATER SERVICE FROM CHANDLER CITY WATER COMPANY.
2. ANY EASEMENTS DEPICTED ON THIS MAP OF DEDICATION THAT ARE CREATED BY SEPARATE INSTRUMENTS OR ARE REFERRED TO BY REFERENCE, INFORMATION AND SPECIFICATION FOR IMPLEMENTATION PURPOSES ONLY AND ARE NOT CREATED, DEDICATED, OR OTHERWISE SET FORTH ON THIS MAP, ARE HEREBY EXTENDED TO THE CITY OF PHOENIX, ARIZONA.
3. BELONGING TO THE VILLAGE AT TOWNE CENTER.
4. CONSTRUCTION AND/OR MAINTENANCE OF UTILITY EASEMENTS SHALL BE LIMITED TO 18000, ONE (1) FOOT WIDE SECTION AFTER FINISHING.
5. CONCRETE, BRICKWORK AND RESTRICTIONS FOR THE VILLAGE AT TOWNE CENTER, ARE RECORDED IN INSTRUMENT RECORDS OF MARICOPA COUNTY.
6. THE STREET ADDRESS WILL BE 10100 EAST EL LAGO BOULEVARD.
7. THE TOWN OF FOUNTAIN HILLS, IS NOT RESPONSIBLE FOR AND WILL NOT ACCEPT ANY LIABILITY WITHIN THE PROJECT'S, STREET FACILITIES, LANDSCAPED AREAS, OR OTHER AREAS OF THE PROJECT.
8. ALL AREAS OUTSIDE BUILDING FOOTPRINTS AND COMMON AREAS OR LIMITED COMMON ELEMENTS AS DESIGNATED HEREON.
9. INDIVIDUAL HOME OWNERS SHALL BE RESPONSIBLE FOR MAINTENANCE OF ALL LIMITED COMMON ELEMENTS AND UTILITIES IN AND AROUND THEIR RESPECTIVE UNITS, THE VILLAGE AT TOWNE CENTER HOMEOWNERS ASSOCIATION INC. SHALL BE RESPONSIBLE FOR MAINTENANCE OF ALL COMMON ELEMENTS.
10. THE DECLARATION GRANTS TO THE PUBLIC UTILITIES COMPANIES, THE RIGHT OF EASEMENT AND/OR MAINTENANCE OF UTILITY EASEMENTS IN AND AROUND THEIR RESPECTIVE ELEMENTS AS DESIGNATED ON THIS PLAN.
11. THE DECLARATION HEREBY OPERATES THAT THIS DEVELOPMENT IS LOCATED ADJACENT TO COMMERCIAL PROPERTY AND THAT THERE IS A LIKELIHOOD OF ADJACENT COMMERCIAL ACTIVITIES AND SPECIAL EVENTS CUSTOMARY TO THE DOMINANT USE.

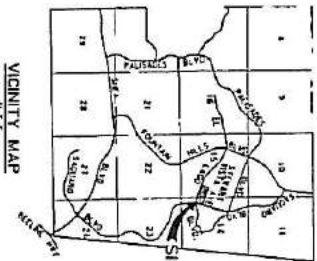
SITE DATA
LOT AREA: 65396 ACRES
NET AREA: 65396 ACRES
UNIT YIELD: 140 UNITS PER ACRE
TOTAL UNITS: 9155 UNITS
APPROXIMATE UNIT SIZE: 1025 SQ. FT.
APPROXIMATE UNIT PRICE: \$200,000
TOTAL UNIT PRICE: \$183,000,000
LOT COVERAGE: 40% ACRES

ARCHITECT
RICK ENGLE ARCHITECTS
10100 EAST EL LAGO BOULEVARD, SUITE B,
FOUNTAIN HILLS, ARIZONA 85238-2905
CONTACT: (602) 995-8800
PROJECT: 0405013

OWNER
EL LAGO ROAD LLC
10100 EAST EL LAGO BOULEVARD, SUITE 202
FOUNTAIN HILLS, ARIZONA 85238-2905
CONTACT: (602) 995-8800
PROJECT: 0405013

DEVELOPER
RICK ENGLE ARCHITECTS
10100 EAST EL LAGO BOULEVARD, SUITE 212
FOUNTAIN HILLS, ARIZONA 85238-2905
CONTACT: (602) 995-8800
PROJECT: 0405013

PROJECT ADDRESS
10100 EAST EL LAGO BOULEVARD
FOUNTAIN HILLS, ARIZONA 85238



VICINITY MAP
N.T.S.

BENCH MARK

BM 135
ELEVATION: 1645.18
ELEVATION: 1645.18

BASIS OF BEARING
THE BASIS OF BEARING FOR THIS SURVEY IS S89°21'32"E ALONG THE WILSON LINE OF EL LAGO DRIVE.

TOWN APPROVAL

APPROVED BY THE TOWN COUNCIL OF FOUNTAIN HILLS, ARIZONA THIS 15th DAY OF MARCH, 2004.
BY: *[Signature]* ATTEST: *[Signature]*
TOWN CLERK

THIS PLAN WAS APPROVED BY THE TOWN ENGINEER AND THE COMMUNITY DEVELOPMENT DIRECTOR.
BY: *[Signature]* DATE: 3/15/04
BY: *[Signature]* DATE: 3/15/04

ASSURANCE STATEMENT

ASSURANCE: IN THE FORM OF A SUBDIVISION MAP, BEING FROM THE RECORDS OF THE MARICOPA COUNTY RECORDS, THAT THE CONSTRUCTION OF THE RECORDED SUBDIVISION INSTRUMENTS HAS BEEN COMPLETED AND THE RECORDED SUBDIVISION INSTRUMENTS ARE CORRECT AND ACCURATE.

NOTE:

IN REPRESENTING THE PLAN, THE ENGINEER, SURVEYOR, OR A DEDICATED ENGINEER OR A REGISTERED ARCHITECT, SHALL BE CONSIDERED TO HAVE REPRESENTED THE ORIGINAL PLAN, SURVEYOR, OR ARCHITECT'S PLAN, AND NOT THE PLAN AS SHOWN ON THIS MAP. THE ORIGINAL PLAN, SURVEYOR, OR ARCHITECT'S PLAN, SHALL BE CONSIDERED TO BE THE BASIS OF THE PLAN AS SHOWN ON THIS MAP. THE ORIGINAL PLAN, SURVEYOR, OR ARCHITECT'S PLAN, SHALL BE CONSIDERED TO BE THE BASIS OF THE PLAN AS SHOWN ON THIS MAP. THE ORIGINAL PLAN, SURVEYOR, OR ARCHITECT'S PLAN, SHALL BE CONSIDERED TO BE THE BASIS OF THE PLAN AS SHOWN ON THIS MAP.

[Signature]
RICK ENGLE ARCHITECTS
10100 EAST EL LAGO BOULEVARD, SUITE 212
FOUNTAIN HILLS, ARIZONA 85238-2905
CONTACT: (602) 995-8800
PROJECT: 0405013



THE VILLAGE AT
TOWNE CENTER

COVER SHEET

SHEET 1 OF 8

RICK ENGINEERING COMPANY
10100 EAST EL LAGO BOULEVARD, SUITE 212
FOUNTAIN HILLS, ARIZONA 85238-2905
CONTACT: (602) 995-8800
PROJECT: 0405013



DATE: 03/15/2004

PROJECT NO.: 0405013

DATE: 03/15/2004

680-32



TOWN OF FOUNTAIN HILLS
CIVIC CENTER
A.P.N. 176-05-046A
ARIZONA P.P. NO. 208, BLOCK 0-0
BK. 144, PG. 4

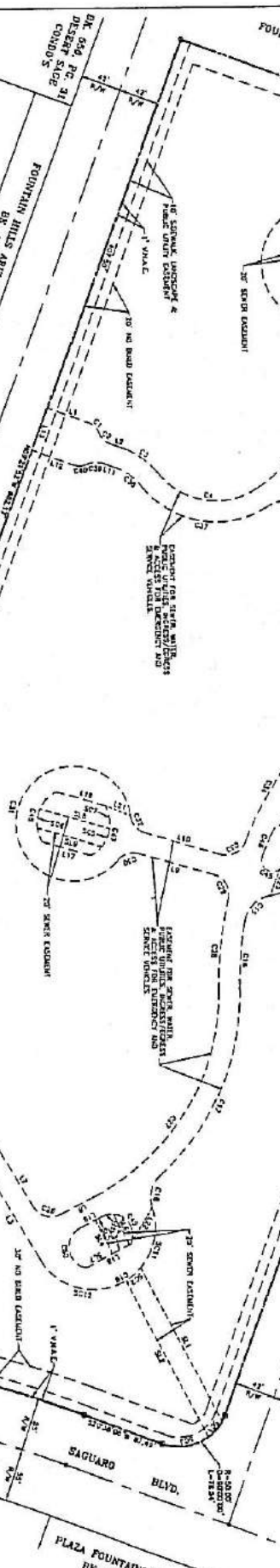
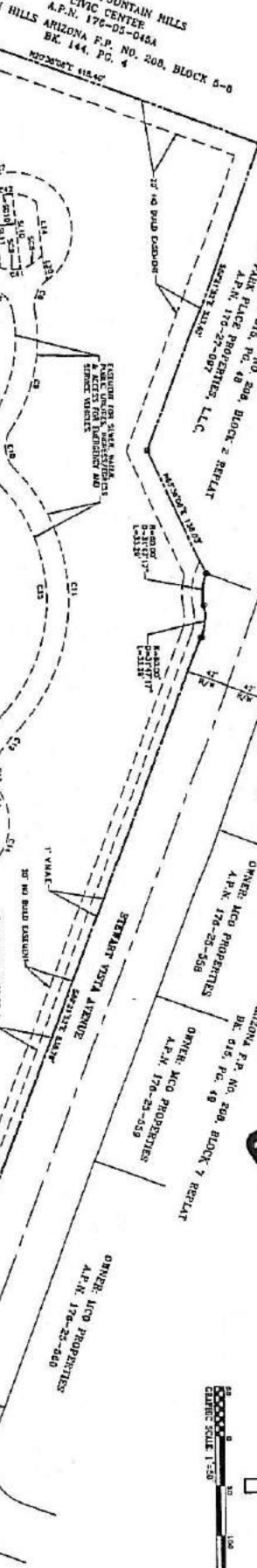
OWNER: LICO PROPERTIES
BK. 015, PG. 48
A.P.N. 176-22-097
SEATING SLIP

OWNER: LICO PROPERTIES
BK. 015, PG. 48
A.P.N. 176-22-059

OWNER: LICO PROPERTIES
BK. 015, PG. 48
A.P.N. 176-22-059

OWNER: LICO PROPERTIES
BK. 015, PG. 48
A.P.N. 176-22-059

OWNER: LICO PROPERTIES
BK. 015, PG. 48
A.P.N. 176-22-059



STATION	ELEVATION	GRADING	PROPOSED
1+00	112.50	112.50	112.50
2+00	112.50	112.50	112.50
3+00	112.50	112.50	112.50
4+00	112.50	112.50	112.50
5+00	112.50	112.50	112.50
6+00	112.50	112.50	112.50
7+00	112.50	112.50	112.50
8+00	112.50	112.50	112.50
9+00	112.50	112.50	112.50
10+00	112.50	112.50	112.50
11+00	112.50	112.50	112.50
12+00	112.50	112.50	112.50
13+00	112.50	112.50	112.50
14+00	112.50	112.50	112.50
15+00	112.50	112.50	112.50
16+00	112.50	112.50	112.50
17+00	112.50	112.50	112.50
18+00	112.50	112.50	112.50
19+00	112.50	112.50	112.50
20+00	112.50	112.50	112.50

SEWER EASEMENT LINE TABLE

STATION	SEWER ELEVATION
1+00	112.50
2+00	112.50
3+00	112.50
4+00	112.50
5+00	112.50
6+00	112.50
7+00	112.50
8+00	112.50
9+00	112.50
10+00	112.50
11+00	112.50
12+00	112.50
13+00	112.50
14+00	112.50
15+00	112.50
16+00	112.50
17+00	112.50
18+00	112.50
19+00	112.50
20+00	112.50

SEWER EASEMENT CURVE TABLE

STATION	SEWER ELEVATION
1+00	112.50
2+00	112.50
3+00	112.50
4+00	112.50
5+00	112.50
6+00	112.50
7+00	112.50
8+00	112.50
9+00	112.50
10+00	112.50
11+00	112.50
12+00	112.50
13+00	112.50
14+00	112.50
15+00	112.50
16+00	112.50
17+00	112.50
18+00	112.50
19+00	112.50
20+00	112.50

LEGEND:

- HORIZONTAL BOUNDARY OF THE LOT AT TYPICAL CENTER
- HORIZONTAL CENTERLINE
- HORIZONTAL CENTERLINE OF THE CURVE AT TYPICAL CENTER
- VERTICAL CURVE OF THE LOT
- VERTICAL CURVE OF THE CURVE
- VERTICAL CURVE OF THE ROAD
- VERTICAL CURVE OF THE DRIVEWAY
- VERTICAL CURVE OF THE SIDEWALK
- VERTICAL CURVE OF THE BIKEWAY

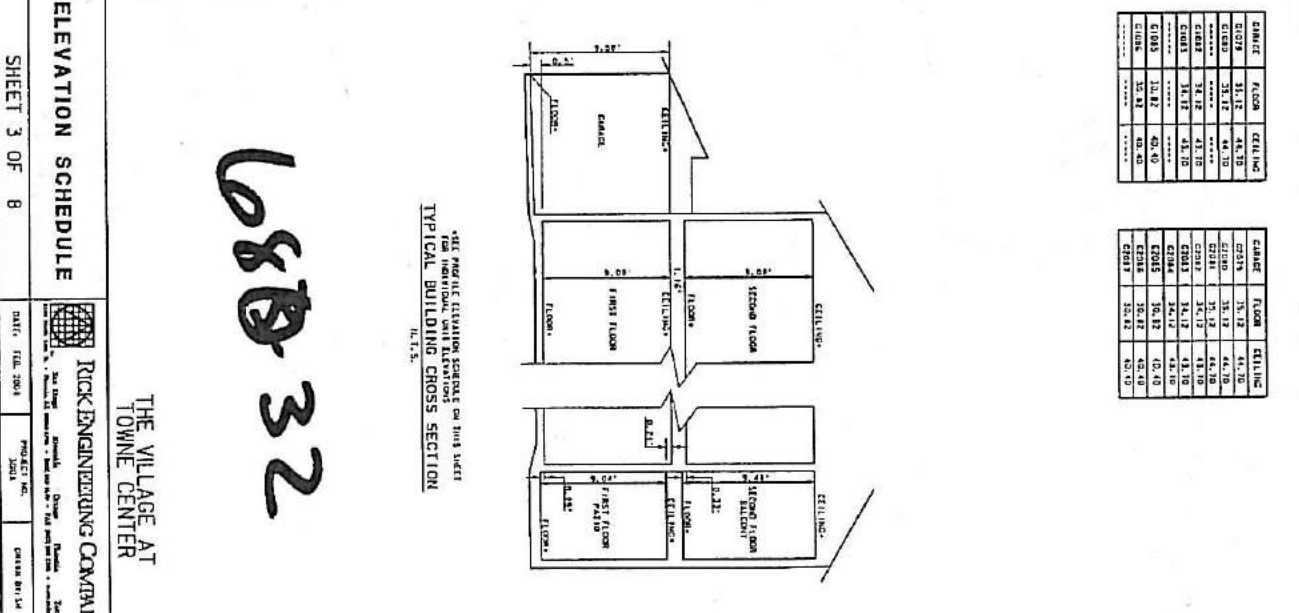
THE VILLAGE AT TOWNE CENTER
RICK ENGINEERING COMPANY

MAP OF DEDICATION OF EASEMENTS
SHEET 2 OF 8

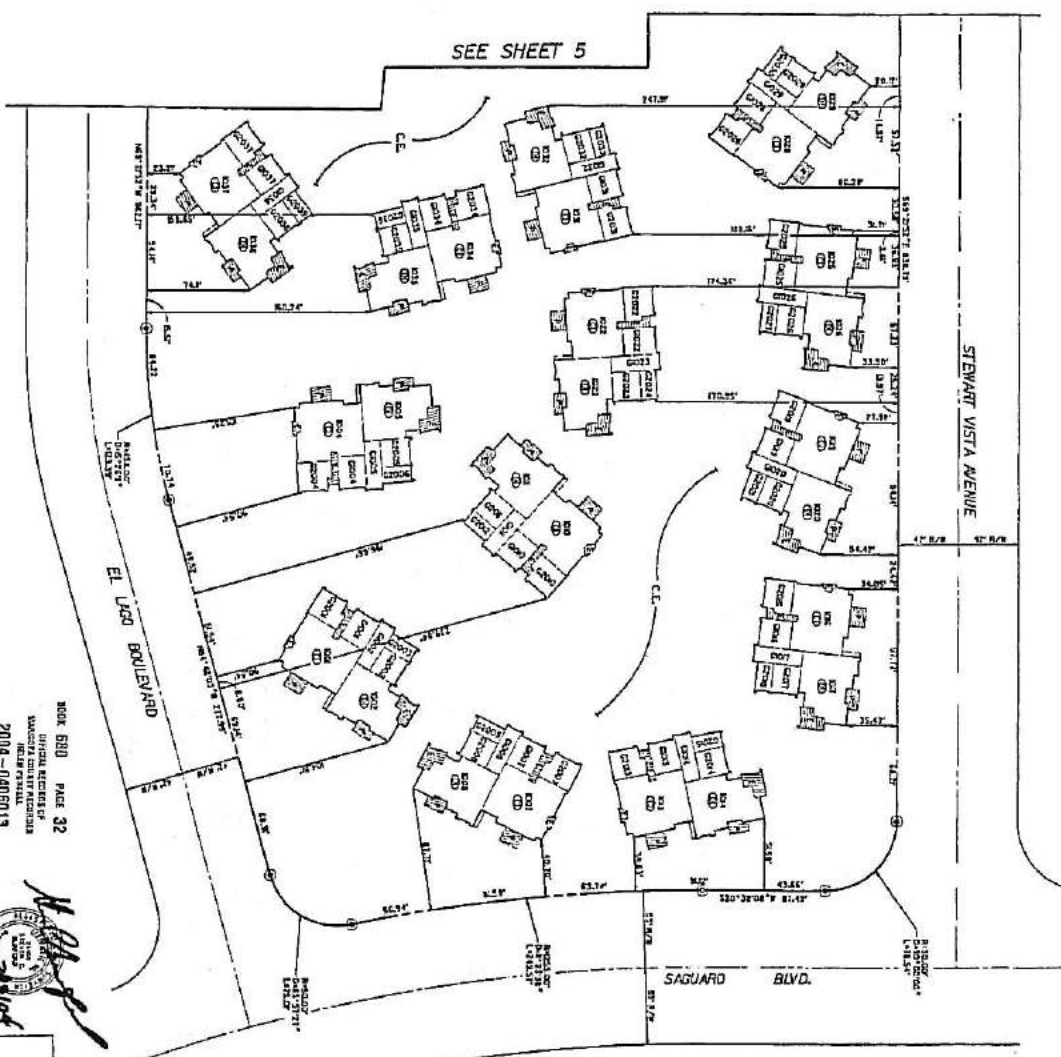
UNIT	1st FLOOR				2nd FLOOR			
	BEARING UNIT	FLOOR	CEILING	FINISH	BEARING UNIT	FLOOR	CEILING	FINISH
101	101	11.00	11.00	11.00	101	11.00	11.00	11.00
102	102	11.00	11.00	11.00	102	11.00	11.00	11.00
103	103	11.00	11.00	11.00	103	11.00	11.00	11.00
104	104	11.00	11.00	11.00	104	11.00	11.00	11.00
105	105	11.00	11.00	11.00	105	11.00	11.00	11.00
106	106	11.00	11.00	11.00	106	11.00	11.00	11.00
107	107	11.00	11.00	11.00	107	11.00	11.00	11.00
108	108	11.00	11.00	11.00	108	11.00	11.00	11.00
109	109	11.00	11.00	11.00	109	11.00	11.00	11.00
110	110	11.00	11.00	11.00	110	11.00	11.00	11.00

UNIT	3rd FLOOR				4th FLOOR			
	BEARING UNIT	FLOOR	CEILING	FINISH	BEARING UNIT	FLOOR	CEILING	FINISH
201	201	13.00	13.00	13.00	201	13.00	13.00	13.00
202	202	13.00	13.00	13.00	202	13.00	13.00	13.00
203	203	13.00	13.00	13.00	203	13.00	13.00	13.00
204	204	13.00	13.00	13.00	204	13.00	13.00	13.00
205	205	13.00	13.00	13.00	205	13.00	13.00	13.00
206	206	13.00	13.00	13.00	206	13.00	13.00	13.00
207	207	13.00	13.00	13.00	207	13.00	13.00	13.00
208	208	13.00	13.00	13.00	208	13.00	13.00	13.00
209	209	13.00	13.00	13.00	209	13.00	13.00	13.00
210	210	13.00	13.00	13.00	210	13.00	13.00	13.00

UNIT	5th FLOOR				6th FLOOR			
	BEARING UNIT	FLOOR	CEILING	FINISH	BEARING UNIT	FLOOR	CEILING	FINISH
301	301	15.00	15.00	15.00	301	15.00	15.00	15.00
302	302	15.00	15.00	15.00	302	15.00	15.00	15.00
303	303	15.00	15.00	15.00	303	15.00	15.00	15.00
304	304	15.00	15.00	15.00	304	15.00	15.00	15.00
305	305	15.00	15.00	15.00	305	15.00	15.00	15.00
306	306	15.00	15.00	15.00	306	15.00	15.00	15.00
307	307	15.00	15.00	15.00	307	15.00	15.00	15.00
308	308	15.00	15.00	15.00	308	15.00	15.00	15.00
309	309	15.00	15.00	15.00	309	15.00	15.00	15.00
310	310	15.00	15.00	15.00	310	15.00	15.00	15.00



15-00000-00000-000



BOOK 680 PAGE 32
 THE VILLAGE AT TOWNE CENTER
 2004-0408013



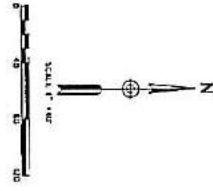
**FIRST FLOOR LEVEL
 SITE PLAN**

SHEET 4 OF 8

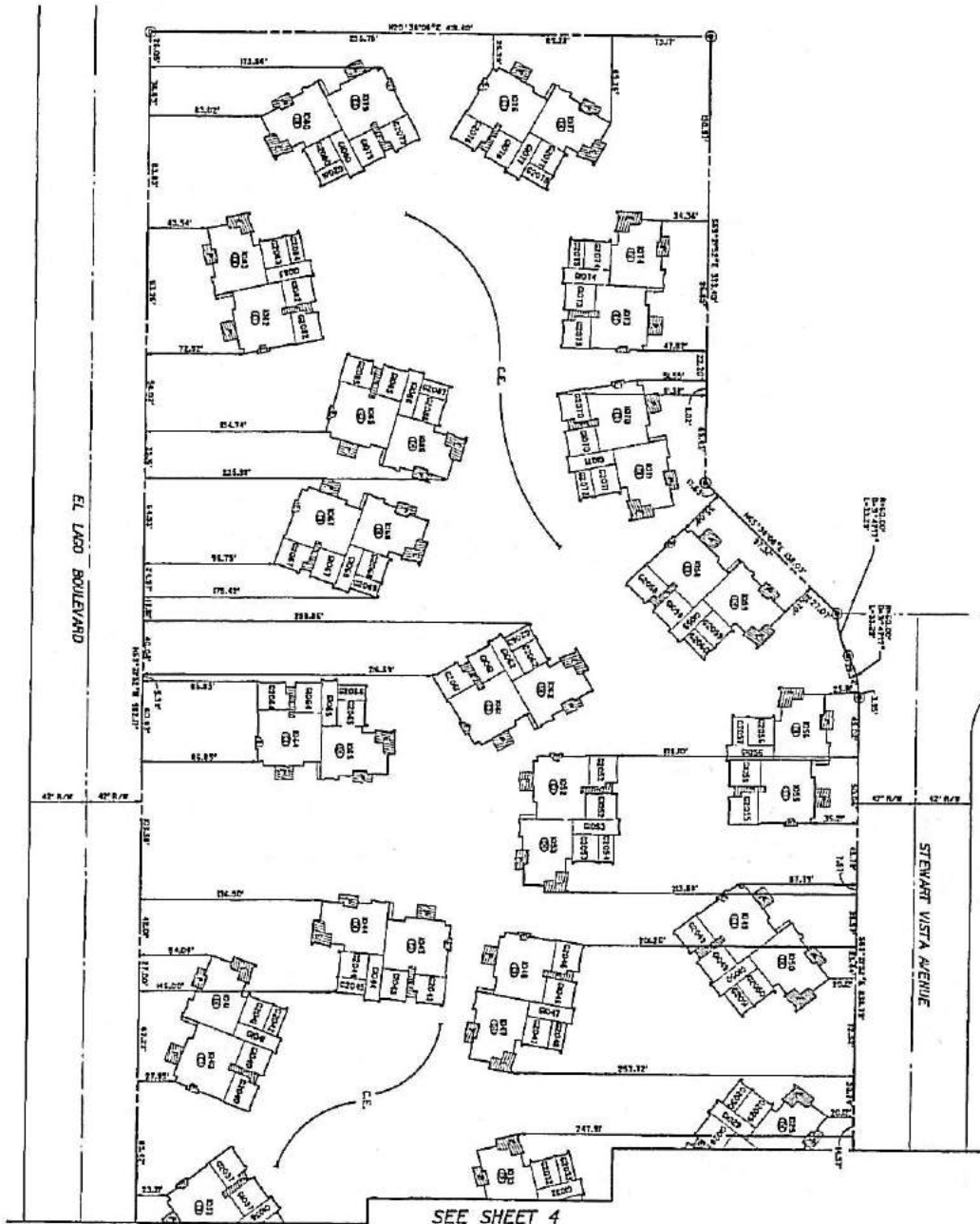
RICK ENGINEERING COMPANY
 DATE: FEB. 2004 PROJECT NO. 2004-0408013 DRAWN BY: [Name]

THE VILLAGE AT
 TOWNE CENTER

680-32

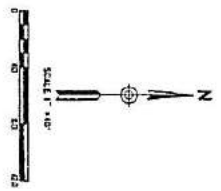


- LEGEND:**
- INDICATES CORNER OF THE VILLAGE AT TOWNE CENTER
 - INDICATES BOUNDARY OF THE VILLAGE AT TOWNE CENTER
 - ① INDICATES DRILLING UNIT NUMBER
 - ② INDICATES TYPE OF DRILLING UNIT FLOOR PLAN
 - ③ INDICATES GARAGE SPACE
 - P INDICATES PATIO AREA
 - E INDICATES ENTRANCE AREA
 - RM INDICATES RIGHT-OF-WAY
 - INDICATES AREA OF LIMITED COMMON ELEMENTS WHICH ARE ASSOCIATED TO THE UNITS TO WHICH THEY ARE ATTACHED
 - C.E. COMMON ELEMENT
- NOTE:**
 ALL BUILDING FEES ARE PERPENDICULAR OR PARALLEL TO THE PROPERTY LINE OR RIGHT-OF-WAY.



SEE SHEET 4

- LEGEND**
- INDICATES CORNER OF THE VILLAGE AT TOWN CENTER
 - INDICATES BOUNDARY OF THE VILLAGE AT TOWN CENTER
 - INDICATES DRILLING UNIT NUMBER
 - INDICATES TYPE OF DRILLING UNIT FLOOR PLAN
 - INDICATES CORNER SHEET
 - INDICATES PATIO AREA
 - INDICATES ENTRANCE AREA
 - INDICATES RIGHT-OF-WAY
 - INDICATES AREA OF LIMITED COMMON ELEMENTS THAT ARE ATTACHED TO THE UNITS TO WHICH COMMON ELEMENT
- NOTE**
 DIMENSIONS ARE PERPENDICULAR OR PARALLEL TO THE PROPERTY LINE OR RIGHT-OF-WAY



680-32

BOOK 580 PAGE 32
 DISTRICT RECORDS OF
 ALBERTA COUNTY REGISTERED
 2004-0405013



**FIRST FLOOR LEVEL
 SITE PLAN**

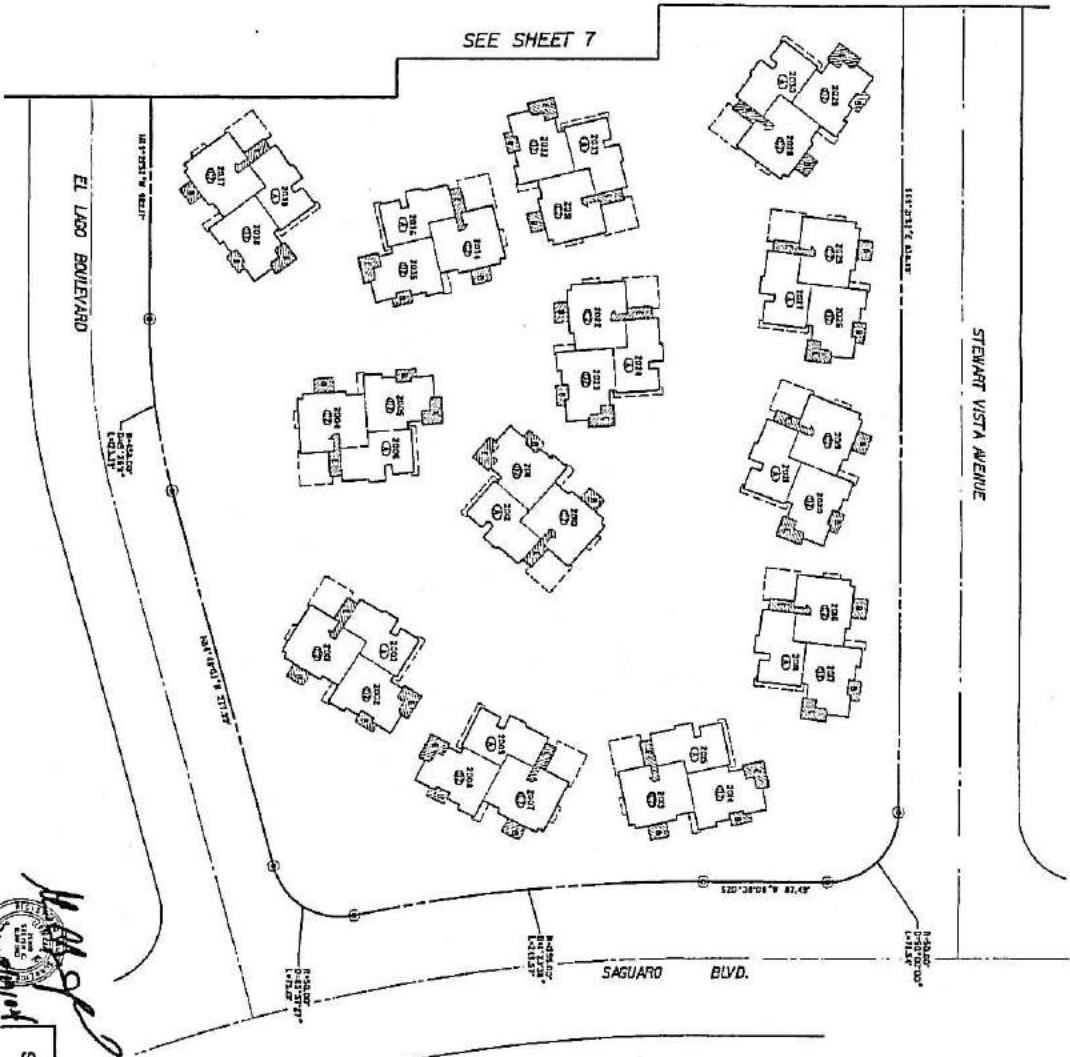
**THE VILLAGE AT
 TOWNE CENTER**

RICK ENGINEERING COMPANY

DATE: FEB. 2004 PROJECT NO.: 2004-013

SHEET 5 OF 8

BOOK 880 PAGE 32
 OFFICIAL RECORDER
 COUNTY OF MARICOPA
 2004-0408013
 DATE



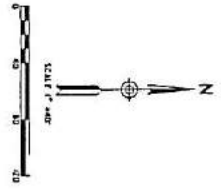
H. M. S. P.
 H. M. S. P.
 H. M. S. P.

SECOND FLOOR LEVEL
 SITE PLAN
 SHEET 6 OF 8

THE VILLAGE AT
 TOWNE CENTER

RECK ENGINEERING COMPANY

DATE: FEB 2004 PROJECT NO. 3004 DESIGNER: [Name]

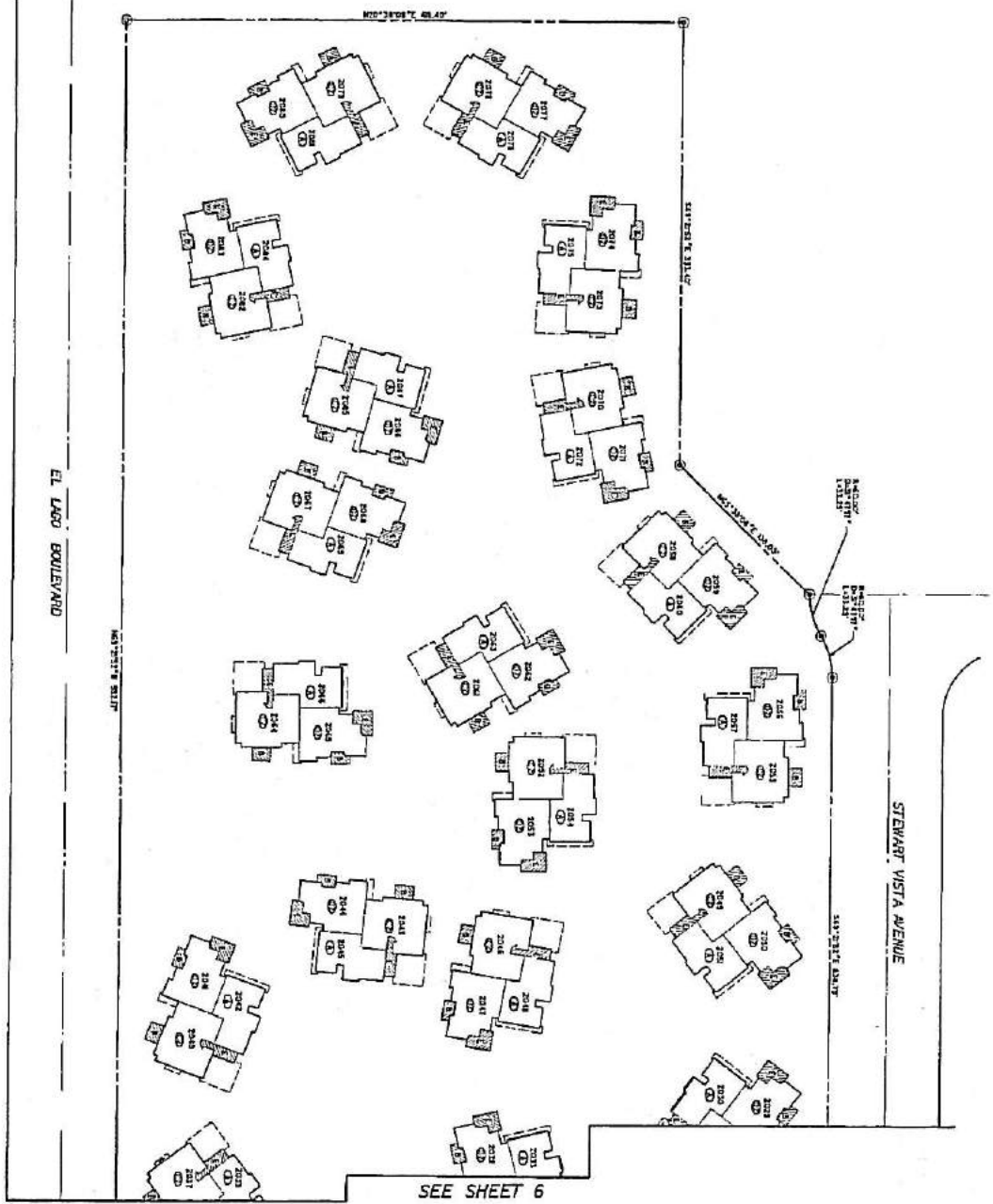


680-32

NOTE: ALL BUILDING FEES ARE RESPONSIBLE AND DUE TO THE PROPERTY LINE OR RIGHT-OF-WAY.

- LEGEND:**
- INDICATES CORNER OF THE VILLAGE AT TOWNE CENTER
 - INDICATES BOUNDARY OF THE VILLAGE AT TOWNE CENTER
 - 1030 INDICATES INCLUDING UNIT NUMBER
 - 1030 INDICATES TYPE OF BUILDING UNIT FLOOR PLAN
 - INDICATES CHASE SPACE
 - INDICATES PAID AREA
 - INDICATES CHARGED AREA
 - INDICATES HOLE-IN-WAY
 - INDICATES AREA OF LIFT TO COMMON ELEMENTS
 - INDICATES AREA OF LIFT TO THE UNIT'S 10th FLOOR
 - INDICATES HOLE OF 2' HOIST LEVEL

BOOK 600 PAGE 32
 ORIGINAL RECORD OF
 PLANNED DEVELOPMENT
 2004 - 0406013



SEE SHEET 6

Handwritten signature
 H. J. ...

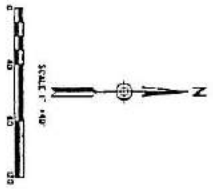
**SECOND FLOOR LEVEL
 SITE PLAN**

SHEET 7 OF 8

RICK ENGINEERING COMPANY
 PROJECT NO. 2004
 DATE: FEB. 2004
 DRAWN BY: J.S.

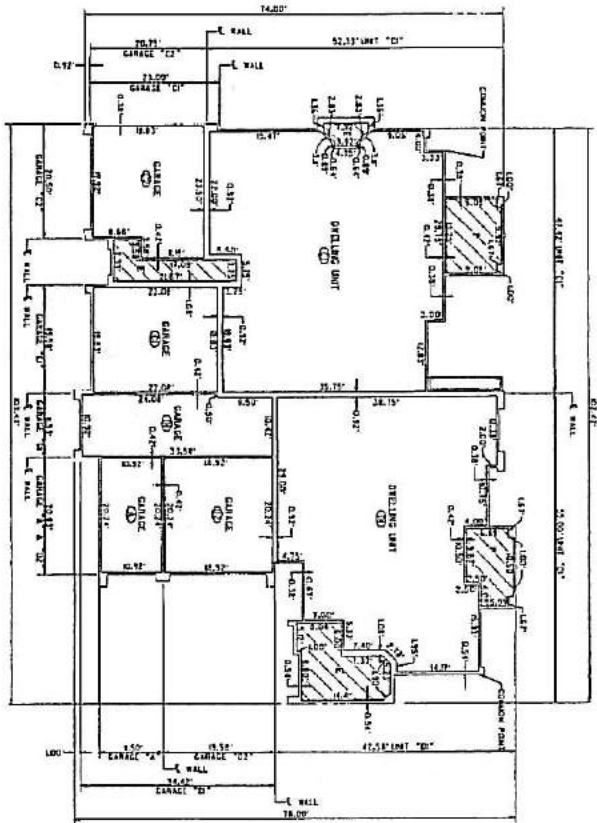
THE VILLAGE AT
 TOWNE CENTER

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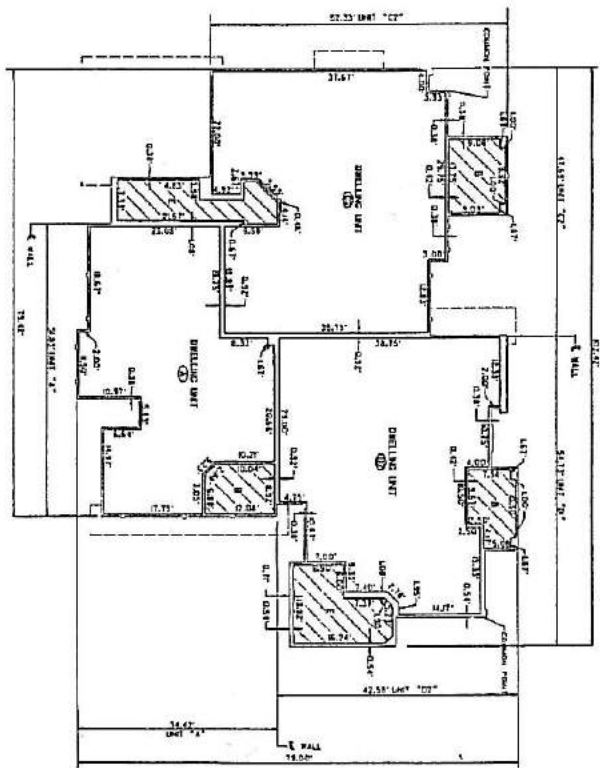


NOTE:
 DIMENSIONS ARE APPROXIMATE AND SHALL
 BE TO THE PROPERTY LINE OR CENTER-OF-WAY

- LEGEND**
- INDICATES CORNER OF THE VILLAGE AT TOWNE CENTER
 - INDICATES CORNER OF THE VILLAGE AT TOWNE CENTER
 - 1000 INDICATES CHILLING UNIT NUMBER
 - 1100 INDICATES TYPE OF DRILLING UNIT FROM PLAN
 - 1200 INDICATES CHANGE SPACE
 - 1300 INDICATES PAID AREA
 - 1400 INDICATES ENTRANCE AREA
 - 1500 INDICATES RIGHT-OF-WAY
 - 1600 INDICATES RIGHT-OF-WAY
 - 1700 INDICATES RIGHT-OF-WAY
 - 1800 INDICATES RIGHT-OF-WAY
 - 1900 INDICATES RIGHT-OF-WAY
 - 2000 INDICATES RIGHT-OF-WAY
 - 2100 INDICATES RIGHT-OF-WAY
 - 2200 INDICATES RIGHT-OF-WAY
 - 2300 INDICATES RIGHT-OF-WAY
 - 2400 INDICATES RIGHT-OF-WAY
 - 2500 INDICATES RIGHT-OF-WAY
 - 2600 INDICATES RIGHT-OF-WAY
 - 2700 INDICATES RIGHT-OF-WAY
 - 2800 INDICATES RIGHT-OF-WAY
 - 2900 INDICATES RIGHT-OF-WAY
 - 3000 INDICATES RIGHT-OF-WAY
 - 3100 INDICATES RIGHT-OF-WAY
 - 3200 INDICATES RIGHT-OF-WAY
 - 3300 INDICATES RIGHT-OF-WAY
 - 3400 INDICATES RIGHT-OF-WAY
 - 3500 INDICATES RIGHT-OF-WAY
 - 3600 INDICATES RIGHT-OF-WAY
 - 3700 INDICATES RIGHT-OF-WAY
 - 3800 INDICATES RIGHT-OF-WAY
 - 3900 INDICATES RIGHT-OF-WAY
 - 4000 INDICATES RIGHT-OF-WAY
 - 4100 INDICATES RIGHT-OF-WAY
 - 4200 INDICATES RIGHT-OF-WAY
 - 4300 INDICATES RIGHT-OF-WAY
 - 4400 INDICATES RIGHT-OF-WAY
 - 4500 INDICATES RIGHT-OF-WAY
 - 4600 INDICATES RIGHT-OF-WAY
 - 4700 INDICATES RIGHT-OF-WAY
 - 4800 INDICATES RIGHT-OF-WAY
 - 4900 INDICATES RIGHT-OF-WAY
 - 5000 INDICATES RIGHT-OF-WAY
 - 5100 INDICATES RIGHT-OF-WAY
 - 5200 INDICATES RIGHT-OF-WAY
 - 5300 INDICATES RIGHT-OF-WAY
 - 5400 INDICATES RIGHT-OF-WAY
 - 5500 INDICATES RIGHT-OF-WAY
 - 5600 INDICATES RIGHT-OF-WAY
 - 5700 INDICATES RIGHT-OF-WAY
 - 5800 INDICATES RIGHT-OF-WAY
 - 5900 INDICATES RIGHT-OF-WAY
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 - 7300 INDICATES RIGHT-OF-WAY
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 - 7600 INDICATES RIGHT-OF-WAY
 - 7700 INDICATES RIGHT-OF-WAY
 - 7800 INDICATES RIGHT-OF-WAY
 - 7900 INDICATES RIGHT-OF-WAY
 - 8000 INDICATES RIGHT-OF-WAY
 - 8100 INDICATES RIGHT-OF-WAY
 - 8200 INDICATES RIGHT-OF-WAY
 - 8300 INDICATES RIGHT-OF-WAY
 - 8400 INDICATES RIGHT-OF-WAY
 - 8500 INDICATES RIGHT-OF-WAY
 - 8600 INDICATES RIGHT-OF-WAY
 - 8700 INDICATES RIGHT-OF-WAY
 - 8800 INDICATES RIGHT-OF-WAY
 - 8900 INDICATES RIGHT-OF-WAY
 - 9000 INDICATES RIGHT-OF-WAY
 - 9100 INDICATES RIGHT-OF-WAY
 - 9200 INDICATES RIGHT-OF-WAY
 - 9300 INDICATES RIGHT-OF-WAY
 - 9400 INDICATES RIGHT-OF-WAY
 - 9500 INDICATES RIGHT-OF-WAY
 - 9600 INDICATES RIGHT-OF-WAY
 - 9700 INDICATES RIGHT-OF-WAY
 - 9800 INDICATES RIGHT-OF-WAY
 - 9900 INDICATES RIGHT-OF-WAY
 - 10000 INDICATES RIGHT-OF-WAY



FIRST FLOOR



SECOND FLOOR

LEGEND

- INDICATES APERTURE TYPES OF WALLS
 - INDICATES PLANK OR BRIDGE SILL SURFACE
 - INDICATES AREAS OF TYPICAL COMMON PANTRY
 - INDICATES AREAS TYPICAL TO THE UNITS TO WHICH
 - INDICATES FINISH
 - INDICATES FINISH
 - INDICATES FINISH
 - INDICATES FINISH
 - INDICATES FINISH
 - INDICATES FINISH
- NOTE: ALL ANGLES ARE 90° OR 45° UNLESS OTHERWISE SPECIFIED.

610-32

BOOK 880 PAGE 32
 OFFICIAL RECORDS OF
 MUNICIPAL CORPITY ASSEMBLY
 REAL PROPERTY
 2014-04008113
 04/28/2014



BOTH FLOOR LEVELS
 BUILDING PLAN

SHEET 8 OF 8

DATE: JUL 2013	PROJECT NO.: 3284	DRAWN BY: JWP
RICK ENGINEERING COMPANY THE VILLAGE AT TOWNE CENTER		

EXHIBIT "C"

Attached to and forming a part of the Declaration of Condominium of the Village at Towne Center Condominiums.

UNITS, UNDIVIDED OWNERSHIP INTERESTS AND VOTES

<u>UNIT</u>	<u>UNDIVIDED OWNERSHIP INTERESTS (FRACTION)*</u>	<u>VOTES</u>
	[1/145]	1 each

* All Units in the Project have been allocated equal Undivided Ownership Interests as shown above. Garage Units shall have no Voting Rights.