

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
PARADISE VIEW VILLAS CONDOMINIUMS

Registration No. DM 02-028937

SUBDIVIDER

United Assets, Inc., an Arizona corporation
7601 E. Indian Bend Road
Scottsdale, AZ 85250

July 1, 2003

Effective Date

First Amendment: November 3, 2004

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. NOTE that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

PHOENIX OFFICE:
2910 N. 44th Street
First Floor
Phoenix, Arizona 85018
(602) 468-1414 ext. 400

TUCSON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940

THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

* A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes: Units 1001 through 1032, inclusive; Units 2001 through 2016, inclusive; and Units 3001 through 3016, inclusive.

The map of this subdivision: is recorded in Book 613 of Maps, Page 16, and thereafter RE-PLAT OF PARADISE VIEW CONDOMINIUMS recorded in Book 696 of maps Page 15, and thereafter RE-PLAT OF PARADISE VIEW CONDOMINIUMS recorded in Book 703 of Maps Page 42, and Affidavit of Correction recorded in Instrument No. 2003-0044684, records of Maricopa County, Arizona.

The subdivision is approximately 3.52430 acres in size. It has been divided into 64 units and common elements. Lot boundaries will be permanently staked at corners by registered engineering firm.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: 7605 E. Indian Bend Road, Scottsdale, Maricopa County, Arizona.

SUBDIVISION CHARACTERISTICS

Topography: Land is level.

Flooding and Drainage: Paul I. Rogers, Jr. of A.E.C. Consultants, Inc., in his letter dated February 20, 2003, cites the following:

“Paradise View Villas condominiums are located on the south side of Indian Bend Road and on the west side of the Indian Bend Wash in Scottsdale, Arizona. Paradise View Villas Condominiums is located in Flood Zone X (shaded) according to the National Flood Insurance Program Flood Insurance Rate Map Number 01013 C 1995G dated July 19, 2001. Flood Zone X (shaded) is defined as:

“Areas of 500-year flood; areas of 100-year flood with average depths of less than 1-foot or with drainage areas less than 1-square mile; and areas protected by levees from 100-year flood.”

The Flood Insurance Rate Map does indicate that there is a levee between Paradise View Villas Condominiums and the Indian Bend Wash.

The base flood elevation adjacent to the Paradise View Villas condominiums is 1274. This elevation is based upon the vertical datum known as NGVD 29. The City of Scottsdale is using a vertical datum known as NAVD 88. These two datum differ by 1.77

feet. To convert from NGVD 29 to NAVD 88 one must add 1.77 feet. Therefore, the base flood elevation in the NAVD 88 datum is 1275.77.

The lowest floor elevation in Paradise View Villas Condominiums is 1284.20. The Paradise View Villas Condominiums are protected from inundation due to the 100-year flood in the Indian Bend Wash.

A 36-inch diameter storm drain has been constructed to collect and dispose of local drainage. The condominiums have been elevated above the surrounding terrain and appear to be adequately protected from local drainage so there are no apparent flood hazards."

Soils: This subdivision is not subject to subsidence or expansive soils.

Adjacent Lands and Vicinity: North is zoned R-4R(resort district). South is zoned R1-5 (single family residential). West is zoned R-5 (multi-family residential). East is zoned O-S (open space district).

NOTE: Owners of the adjacent lands described above may seek to rezone their property, may seek zoning variances for their property or may modify their site plan within existing zoning. Consequently, no assurance can be given that the zoning or uses for the adjacent lands will not change from that described above.

Holiday Inn Sunspree Resort is adjacent north of this subdivision. Indian Bend Wash is southeast of subdivision. Arizona Canal is east of this subdivision. Elementary and High Schools are within approximately 1 to 2 miles of subdivision. A fire station is approximately 1 mile south of this subdivision. A police station is approximately 1 mile west of this subdivision. Golf courses are north of subdivision. Pima Freeway (101) is approximately 3 miles east of this subdivision. Scottsdale Pavilions is approximately 1-½ miles east of this subdivision.

Due to the close proximity of the Indian Bend Wash and the Arizona Canal to this subdivision, these may be a safety hazard to unsupervised children and adults.

Purchasers are advised that utility providers maintain generating plants throughout the areas that they service. Purchasers should contact the utility provider for further information regarding any changes to existing facilities or any new facilities that might be planned.

AIRPORTS

Airport: Scottsdale Municipal Airport, 15000 N. Airport Drive, Scottsdale, Arizona, is approximately 6 miles north of this subdivision.

ALL AREAS WITHIN AN OVER-FLIGHT DISTRICT ARE SUBJECT TO

AIRCRAFT ACTIVITY. SINGLE AIRCRAFT OVER-FLIGHTS, CERTAIN AIRCRAFT AND PARTICULAR NOISE LEVELS AFFECT EVERYONE DIFFERENTLY. IF A RESIDENCE IS OUTSIDE THE OVER-FLIGHT DISTRICT IT IS STILL SUBJECT TO OVER-FLIGHTS BY AIRCRAFT FROM THE CLOSEST AIRPORT, ANOTHER AIRPORT IN THE VALLEY OR FROM AN AIRPORT OUTSIDE THE VALLEY.

UTILITIES

Electricity: Arizona Public Service Company (APS) 602-371-7171 (website: www.aps.com). Buyer's costs to begin service: \$25.00 service establishment fee and \$150.00 deposit may be required.

Street Lights: None.

Telephone: Qwest 1-800-244-1111 (website: www.qwest.com). Buyer's costs to begin service: \$46.50 per line hook up fee, \$33.25 or \$75.25 per line zone connection fee and \$120.00 deposit may be required.

Natural Gas: Not available.

Water: Arizona-American Water Company 480-948-5410 (website: www.azamwater.com). Buyer's costs to begin service: \$20.00 plus tax service establishment fee for standard turn on service or \$40.00 plus tax service establishment fee for after hours or weekend turn on service.

Sewage Disposal: City of Scottsdale 480-312-2461 (website: www.ci.scottsdale.az.us). Buyer's costs to begin service: monthly rate is approximately \$2.00 per 1,000 gallons estimated in August for water used during the months of December, January and February.

The above facilities are complete to the building pads.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Subdivider has completed the asphalt paved private streets to this subdivision. Street use and maintenance will be by owners and adjacent property owners as described in the permanent vehicular and pedestrian access and public utilities

easement recorded in Instrument No. 2001-0912706. Costs associated with the maintenance are included in the unit owner's association dues.

Access within the Subdivision: Subdivider has completed the asphalt paved private streets within this subdivision. The homeowners association will maintain the streets; buyer's costs for maintenance are included in the association dues.

Flood and Drainage: None.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider has completed the natural desert landscaping and the electronic entry/exit gates. Subdivider will complete the swimming pool, Jacuzzi and Ramada by February 1, 2004. The homeowners association will maintain these facilities, buyer's costs for maintenance is included in the association dues.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has obtained a Construction Loan Set Aside Agreement as assurances for the completion of the swimming pool, Jacuzzi and Ramada.

Assurances for Maintenance of Subdivision Facilities: As cited in the recorded Declaration of Condominium, and homeowner's association articles of incorporation and bylaws.

LOCAL SERVICES AND FACILITIES

Schools: Kiva Elementary School (K-6th) 6911 E. McDonald Drive, approximately 1 ½ miles southwest of this subdivision. Mohave Middle School (7th & 8th), 5520 N. 86th Street, approximately 3 miles southeast of this subdivision. Saguaro High School, 6250 N. 82nd Street, approximately 1 ½ miles southeast of this subdivision.

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE. PURCHASERS SHOULD CONTACT THE CITY OF SCOTTSDALE SCHOOL DISTRICT AT 602-952-6140 (WEBSITE: WWW.SUSD.ORG).

Shopping Facilities: Albertson's at Indian Bend Road and Hayden Road, approximately ½ mile from subdivision.

Public Transportation: Valley Metro Transit System. Scottsdale Road bus route, approximately ½ mile west of this subdivision.

NOTE: Bus routes and schedules are subject to change. Purchasers should contact the Valley Metro Transit System at (602) 253-5000 or visit their website at www.valleymetro.maricopa.gov for up to date information.

Medical Facilities: Scottsdale Healthcare-Shea at 90th Street and Shea Boulevard, approximately 5 miles northeast of subdivision. Healthcare Osborn at Osborn and Scottsdale Road, approximately 4 ½ miles south of subdivision.

Fire Protection: Rural Metro Fire Department. Buyer's costs are included in the real estate taxes.

Ambulance Service: Available by dialing 911.

Police Services: City of Scottsdale Police Department.

Garbage Services: City of Scottsdale. Buyer's costs for service are included in the association dues.

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for condominium unit.
Zoning: multi-family

Conditions, Reservations and Restrictions: As cited in the recorded Condominium Declaration, existing zoning and any other effects resulting from Schedule "B" items as shown on the title report.

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the Maricopa County Recorder. Information about zoning may be obtained at the Office of the City of Scottsdale Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in United Assets, Inc., an Arizona corporation

Subdivider's interest in this subdivision is evidenced by fee title.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND**

SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND. Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated October 4, 2004, issued by First Financial Title Agency of Arizona. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE

Sales: Your vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to you and by your signing a promissory note and mortgage or deed of trust for the unpaid balance, if any. You should read these documents before signing them.

Cash sales are allowed.

Release of Liens and Encumbrances: Subdivider has advised that arrangements have been made with the Beneficiary in the aforementioned Deed of Trust for the release of individual lots.

Use and Occupancy: Purchasers will be able to use and occupy their lot upon the close of escrow.

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2002 is \$ 9.882 per \$100.00 assessed valuation. The estimated property tax for condominium unit, based on the above tax rate and average sales price of \$237,100.00 is \$1,990.728.

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE ARE APPROXIMATE ONLY AND SUBJECT TO CHANGE.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Paradise View Villas Condominium Owners Association, Inc. Unit owners will be required to pay monthly assessments in the amount of \$150.00.

Control of Association: Control of the association will be turned over to the unit owners upon the earlier of the following to occur: A. Ninety (90) days after the

conveyance of seventy-five-percent (75%) of the Units which may be created to Unit Owners other than the Declarant; or B. Four (4) years after all Declarants have ceased to offer Units for sale in the ordinary course of business.

Title to Common Areas: All unit owners will receive an undivided interest in common areas at time of conveyance of a unit.

Membership: All unit owners will be members of the association.

PAYMENTS TO PROPERTY OWNERS ASSOCIATIONS ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED RESTRICTIONS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF CONDOMINIUM, ARTICLES OF INCORPORATION AND BYLAWS FOR THE ASSOCIATION, AND OTHER RECORDED RESTRICTIONS TO DETERMINE THE RIGHTS OF UNIT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO THE USE OF THEIR UNITS. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD UNITS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

mdw

Exhibit "A"

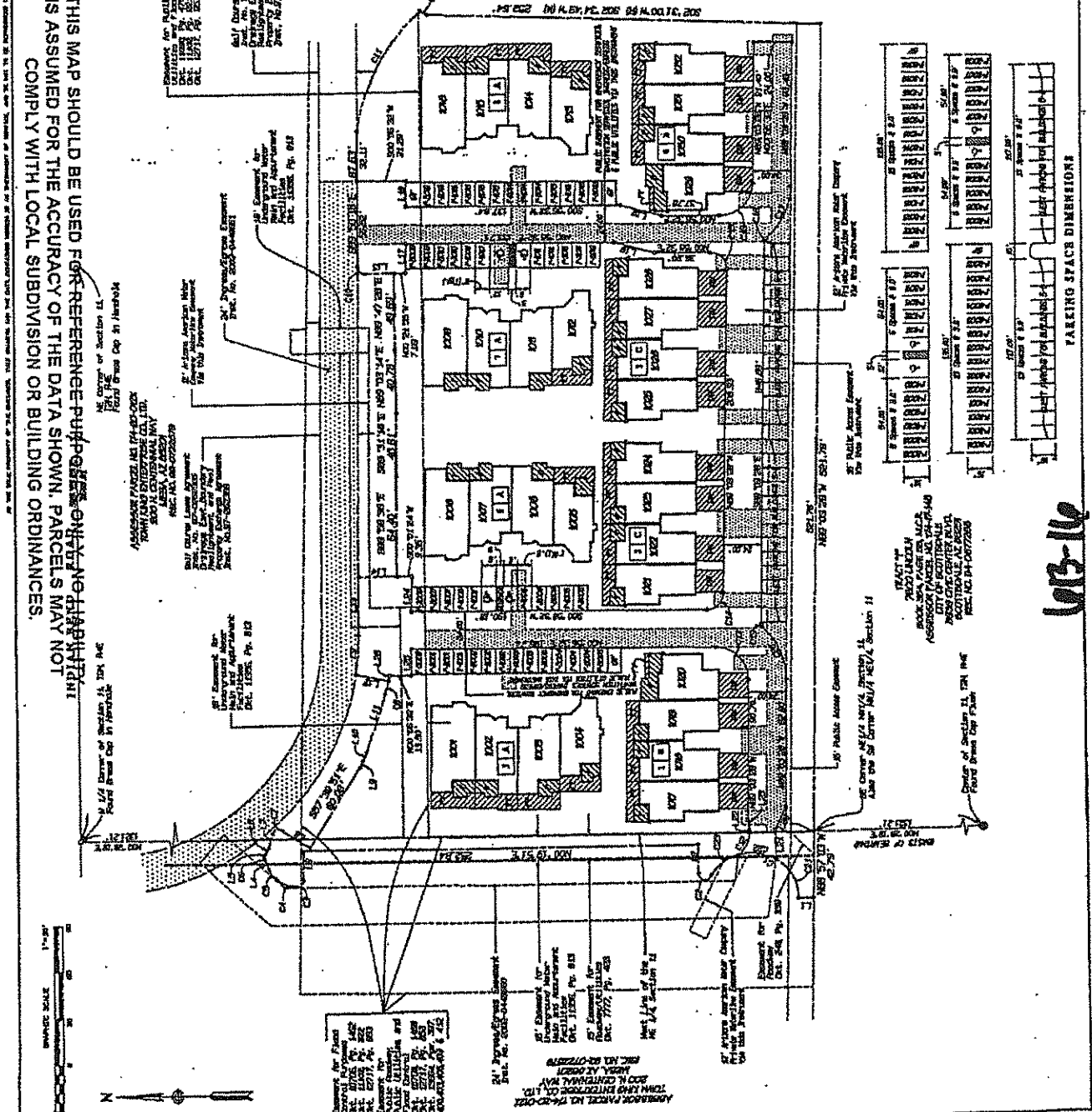
1. Taxes for the full year of 2003, a lien now due and payable, plus interest and penalties.
2. Taxes for the full year of 2004, a lien now due and payable.
First half is due October 1, 2004 and is delinquent November 1, 2004. Second half is due March 1, 2005 and is delinquent May 1, 2005.
3. Reservations, rights, easements or other matters as may be set forth in the Patent to said land recorded in the office of the County Recorder, or in acts authorizing the issuance thereof.
4. Water rights, claims or title to water, whether or not the matters excepted are shown by the public records.
5. The liabilities and obligations imposed upon said land by reason of: (a) its inclusion thereof within boundaries of the Salt River Project Agricultural Improvement and Power District; (b) membership of the owner in the Salt River Valley Water User's Association, an Arizona corporation; and (c) the terms of any Water Right Application made under the reclamation laws of the United States for the purpose of obtaining water rights for said land

6. Liabilities and Obligations imposed upon said land by reason of its inclusion within the following district(s) and/or association(s):
Paradise View Villas Condominium Owners Association, Inc.
7. An easement for Road Purposes and rights incidental thereto, recorded in Docket 246 Page 339.
8. All matters as shown on map recorded by Flood Control District of Maricopa County, showing flooded areas of in Indian Bend Wash as recorded in Book 13 of Road Maps Page 81.
9. All matters as shown on map recorded by Flood Control District of Maricopa County, showing flooded areas of in Indian Bend Was as recorded in Book 13 of Road maps Page 84.
10. An easement for Road Purposes and rights incidental thereto, recorded in Docket 7777 Page 423.
11. An easement for Road Purposes and rights incidental thereto, recorded in Docket 10706 Page 1462 and thereafter Modification recorded in Docket 11102 Page 222.
12. An easement for Drainage and Flood Control and rights incidental thereto, recorded in Docket 10706 Page 1468.
13. Any action that may be taken by the County Flood Control District to acquire property or rights-of-way for flood control, as disclosed by Resolution recorded in Docket 10794 Page 885, Docket 11060 Page 819, and amended in Docket 12898 page 515 and Docket 13356 Page 212.
14. An easement for Drainage and Flood Control and rights incidental thereto, recorded in Docket 11090 Page 470, Modification in Docket 1102 Page 221 and Assignment in Docket 12717 Page 953.
15. An easement for Water mains and rights incidental thereto, recorded in Docket 11356 Page 813
16. An easement for Flood Control and Temporary Construction and rights incidental thereto, recorded in Docket 106077 Page 396.
17. All matters shown in RECIPROCAL EASEMENT AND MAINTENANCE AGREEMENT recorded in Instrument No. 86-548228, First amendment in Instrument No. 87-113586 and Second Amendment in Instrument No. 92-722571
18. An easement for Electric Lines and rights incidental thereto, recorded in Instrument No. 93-466869.
19. INDEMNITY AGREEMENT to the City of Scottsdale by Town King Enterprise regarding encroachment permit recorded in Instrument No. 94-40375
20. COVENANT AND AGREEMENT TO HOLD PROPERTY AS ONE PARCEL recorded in Instrument No. 2001-778249.
21. LOT SPLIT APPROVAL recorded in Instrument No. 2001-778250.
22. AGREEMENT AND NOTICE OF MUNICIPAL PROVIDER as recorded in Instrument No. 2002-925127.

23. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT recorded in Instrument No. 2002-925128.
24. An easement for Waterline and rights incidental thereto, recorded in Docket Instrument No. 2002-1160241.
25. All matters as set forth in covenants, conditions, and restrictions recorded in Instrument No. 2003-141292, First Amendment recorded in Instrument No. 2003-829150 and Second Amendment recorded in Instrument No. 2004-1059493, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).
26. Deed of Trust given to secure an indebtedness in the original principal amount shown therein, together with any and all other obligations secured thereby
- Dated: August 15, 2003
- Trustor: UNITED ASSETS, INC., an Arizona corporation
- Trustee: Fidelity National Title
- Beneficiary: WASHINGTON FEDERAL SAVINGS
- Amount: \$5,350,600.00
- Recorded: August 19, 2003
- In: Instrument No. 2003-1135211
27. Deed of Trust given to secure an indebtedness in the original principal amount shown therein, together with any and all other obligations secured thereby
- Dated: November 14, 2003
- Trustor: UNITED ASSETS, INC., an Arizona corporation
- Trustee: Fidelity National Title
- Beneficiary: WASHINGTON FEDERAL SAVINGS
- Amount: \$1,525,000.00
- Recorded: December 5, 2003
- In: Instrument No. 2003-1659155
28. Deed of Trust given to secure an indebtedness in the original principal amount shown therein, together with any and all other obligations secured thereby
- Dated: April 08, 2004
- Trustor: UNITED ASSETS, INC., an Arizona corporation
- Trustee: Fidelity National Title
- Beneficiary: WASHINGTON FEDERAL SAVINGS

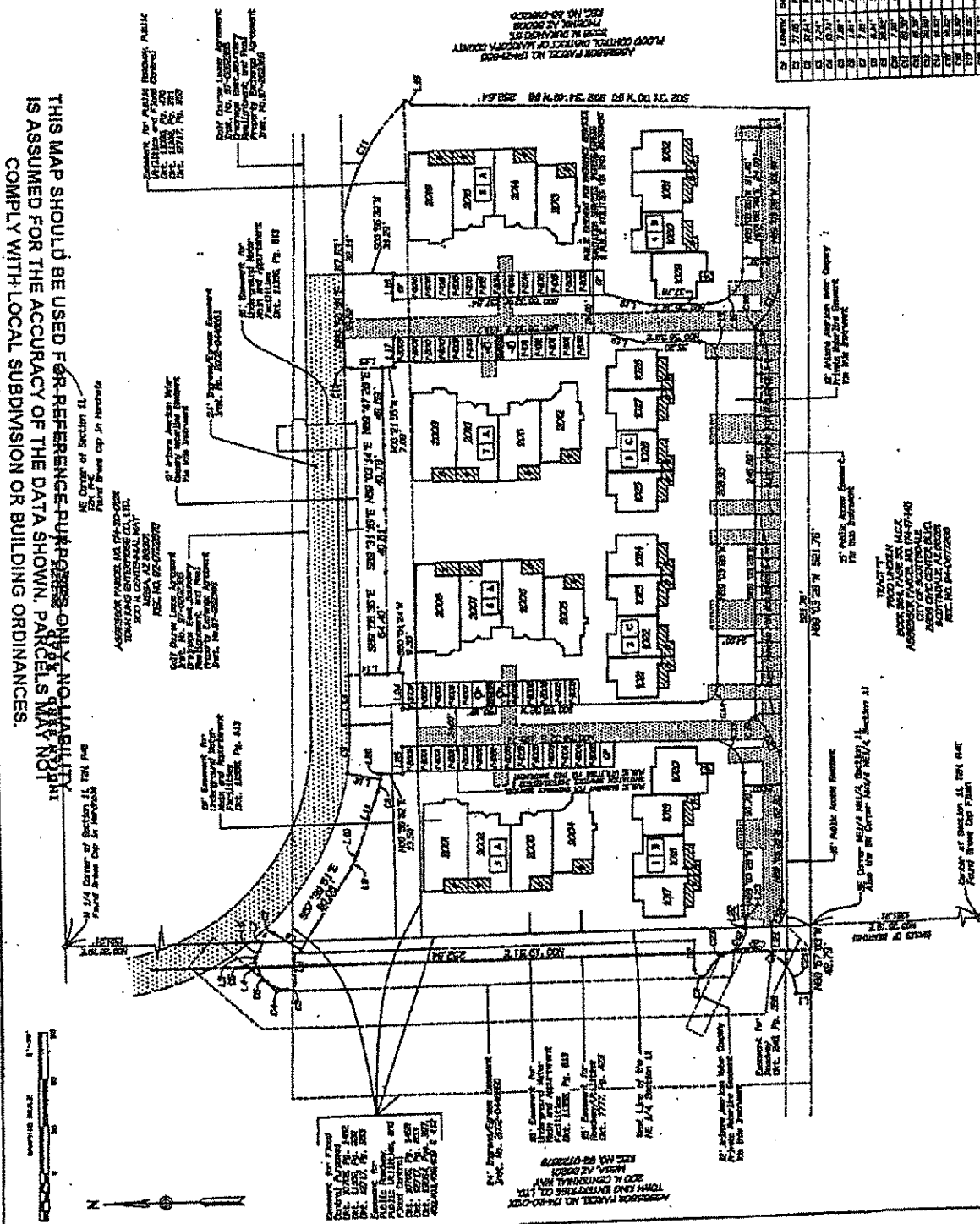
Amount: \$1,629,000.00
Recorded: April 14, 2003
In: Instrument No. 2004-397466

UNIT	UNIT NUMBER	AREA (SQ. FT.)	PERCENT	DATE	BY	REVISION
1	101	1,234	1.23	10/1/00	JDM	ADD
1	102	1,234	1.23	10/1/00	JDM	ADD
1	103	1,234	1.23	10/1/00	JDM	ADD
1	104	1,234	1.23	10/1/00	JDM	ADD
1	105	1,234	1.23	10/1/00	JDM	ADD
1	106	1,234	1.23	10/1/00	JDM	ADD
1	107	1,234	1.23	10/1/00	JDM	ADD
1	108	1,234	1.23	10/1/00	JDM	ADD
1	109	1,234	1.23	10/1/00	JDM	ADD
1	110	1,234	1.23	10/1/00	JDM	ADD
1	111	1,234	1.23	10/1/00	JDM	ADD
1	112	1,234	1.23	10/1/00	JDM	ADD
1	113	1,234	1.23	10/1/00	JDM	ADD
1	114	1,234	1.23	10/1/00	JDM	ADD
1	115	1,234	1.23	10/1/00	JDM	ADD
1	116	1,234	1.23	10/1/00	JDM	ADD
1	117	1,234	1.23	10/1/00	JDM	ADD
1	118	1,234	1.23	10/1/00	JDM	ADD
1	119	1,234	1.23	10/1/00	JDM	ADD
1	120	1,234	1.23	10/1/00	JDM	ADD
1	121	1,234	1.23	10/1/00	JDM	ADD
1	122	1,234	1.23	10/1/00	JDM	ADD
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1	124	1,234	1.23	10/1/00	JDM	ADD
1	125	1,234	1.23	10/1/00	JDM	ADD
1	126	1,234	1.23	10/1/00	JDM	ADD
1	127	1,234	1.23	10/1/00	JDM	ADD
1	128	1,234	1.23	10/1/00	JDM	ADD
1	129	1,234	1.23	10/1/00	JDM	ADD
1	130	1,234	1.23	10/1/00	JDM	ADD
1	131	1,234	1.23	10/1/00	JDM	ADD
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1	133	1,234	1.23	10/1/00	JDM	ADD
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1	135	1,234	1.23	10/1/00	JDM	ADD
1	136	1,234	1.23	10/1/00	JDM	ADD
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1	138	1,234	1.23	10/1/00	JDM	ADD
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1	142	1,234	1.23	10/1/00	JDM	ADD
1	143	1,234	1.23	10/1/00	JDM	ADD
1	144	1,234	1.23	10/1/00	JDM	ADD
1	145	1,234	1.23	10/1/00	JDM	ADD
1	146	1,234	1.23	10/1/00	JDM	ADD
1	147	1,234	1.23	10/1/00	JDM	ADD
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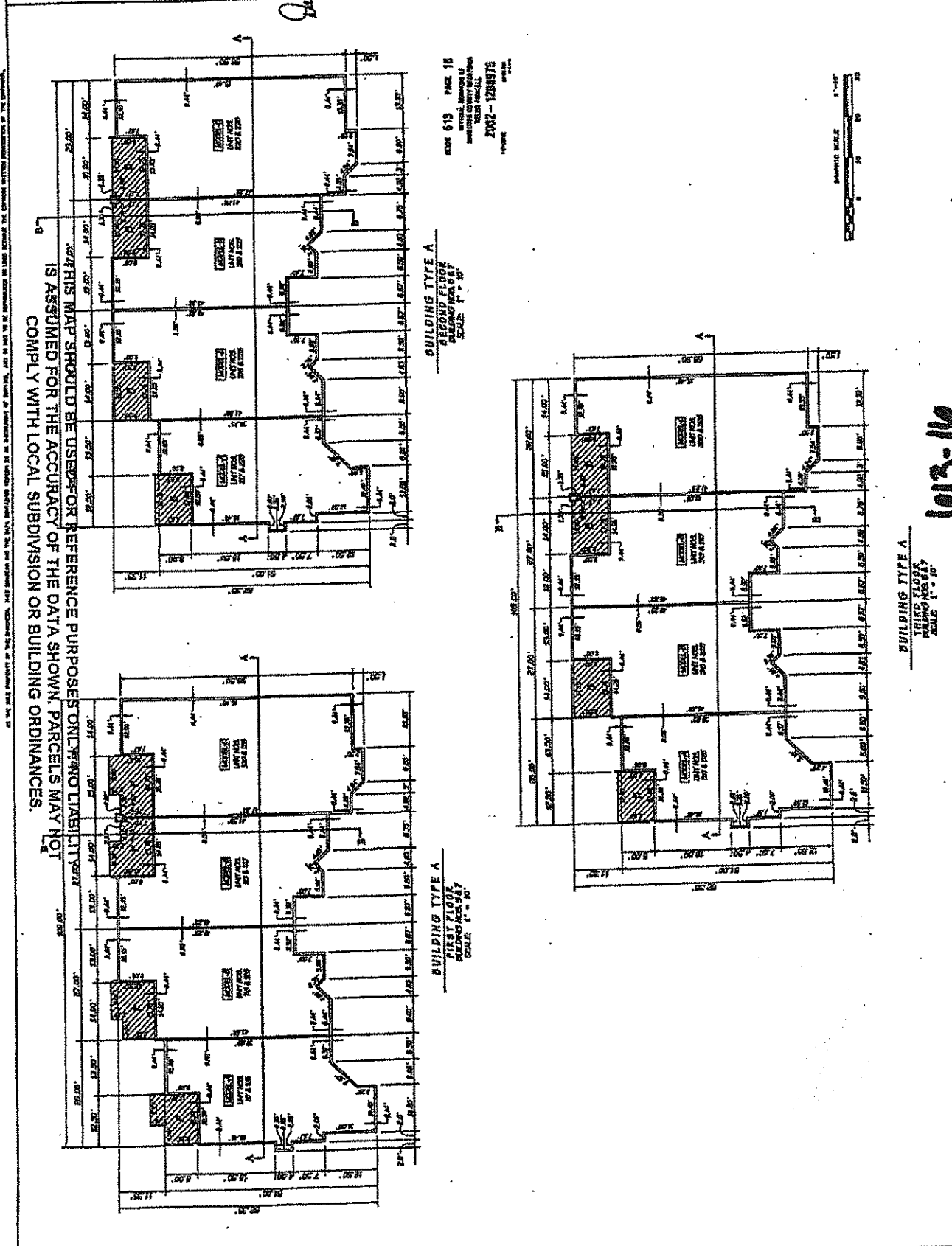
UNIT NO.	AREA (SQ. FT.)	PERCENTAGE	OWNER
101	1,100	10.00%	...
102	1,100	10.00%	...
103	1,100	10.00%	...
104	1,100	10.00%	...
105	1,100	10.00%	...
106	1,100	10.00%	...
107	1,100	10.00%	...
108	1,100	10.00%	...
109	1,100	10.00%	...
110	1,100	10.00%	...
111	1,100	10.00%	...
112	1,100	10.00%	...
113	1,100	10.00%	...
114	1,100	10.00%	...
115	1,100	10.00%	...
116	1,100	10.00%	...
117	1,100	10.00%	...
118	1,100	10.00%	...
119	1,100	10.00%	...
120	1,100	10.00%	...

UNIT NO.	AREA (SQ. FT.)	PERCENTAGE	OWNER
201	1,100	10.00%	...
202	1,100	10.00%	...
203	1,100	10.00%	...
204	1,100	10.00%	...
205	1,100	10.00%	...
206	1,100	10.00%	...
207	1,100	10.00%	...
208	1,100	10.00%	...
209	1,100	10.00%	...
210	1,100	10.00%	...
211	1,100	10.00%	...
212	1,100	10.00%	...
213	1,100	10.00%	...
214	1,100	10.00%	...
215	1,100	10.00%	...
216	1,100	10.00%	...
217	1,100	10.00%	...
218	1,100	10.00%	...
219	1,100	10.00%	...
220	1,100	10.00%	...



THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

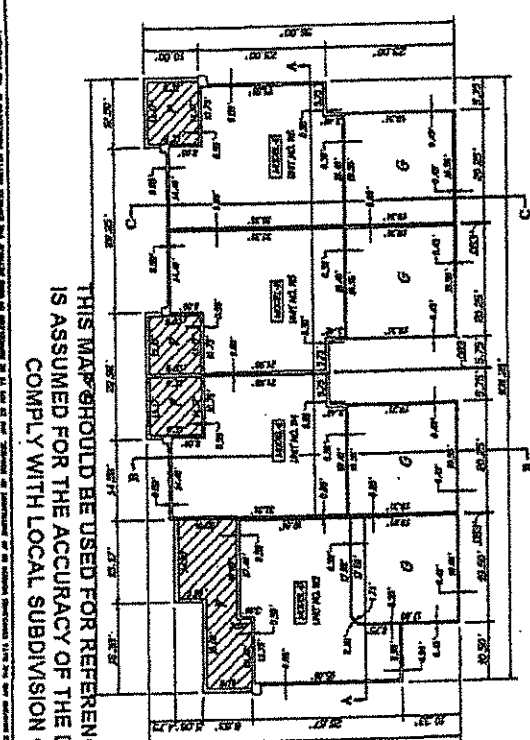
01-210



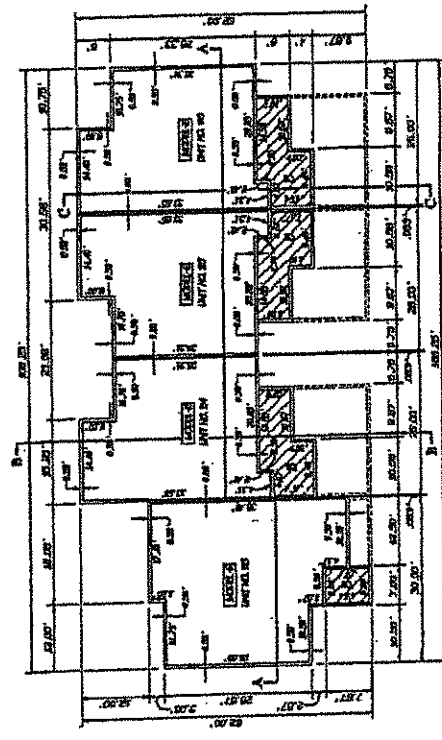
A.E.C. CONSULTANTS
 1710 East Indian School Rd., Suite 100
 Engineering
 Phoenix, AZ 85016
 Phone: 602-944-1427
 Fax: 602-944-1427

PARADISE VIEW
 VILLAGES CONDOMINIUMS
 BUILDING TYPE B
 FIRST & SECOND FLOOR PLANS

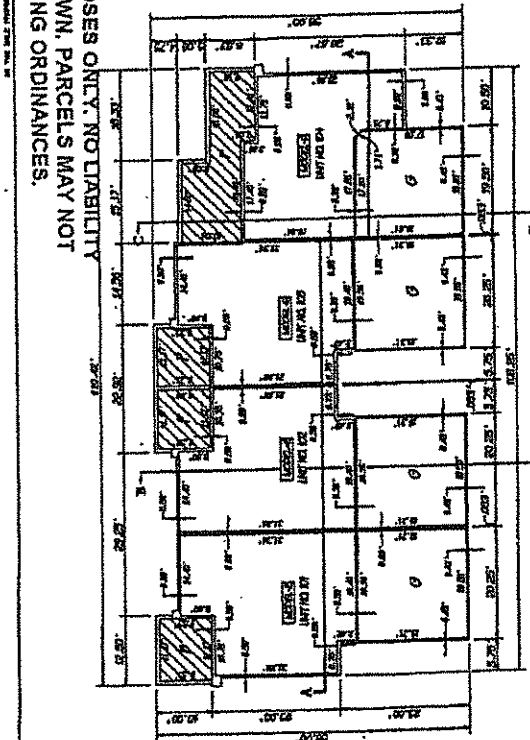
SHEET NO. 12
 OF 12
 DATE: 08/23/2002
 DRAWN BY: [Name]
 CHECKED BY: [Name]



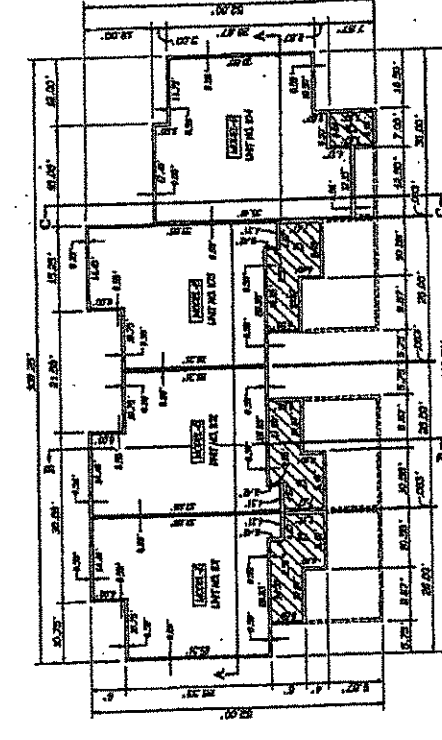
BUILDING TYPE B REVERSED
 FIRST FLOOR
 PARCEL MAP 613.16
 SCALE: 1" = 10'
 DATE: 08/23/2002
 DRAWN BY: [Name]
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BUILDING TYPE B REVERSED
 SECOND FLOOR
 PARCEL MAP 613.16
 SCALE: 1" = 10'
 DATE: 08/23/2002
 DRAWN BY: [Name]
 CHECKED BY: [Name]



BUILDING TYPE B
 FIRST FLOOR
 PARCEL MAP 613.16
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BUILDING TYPE B
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 CHECKED BY: [Name]

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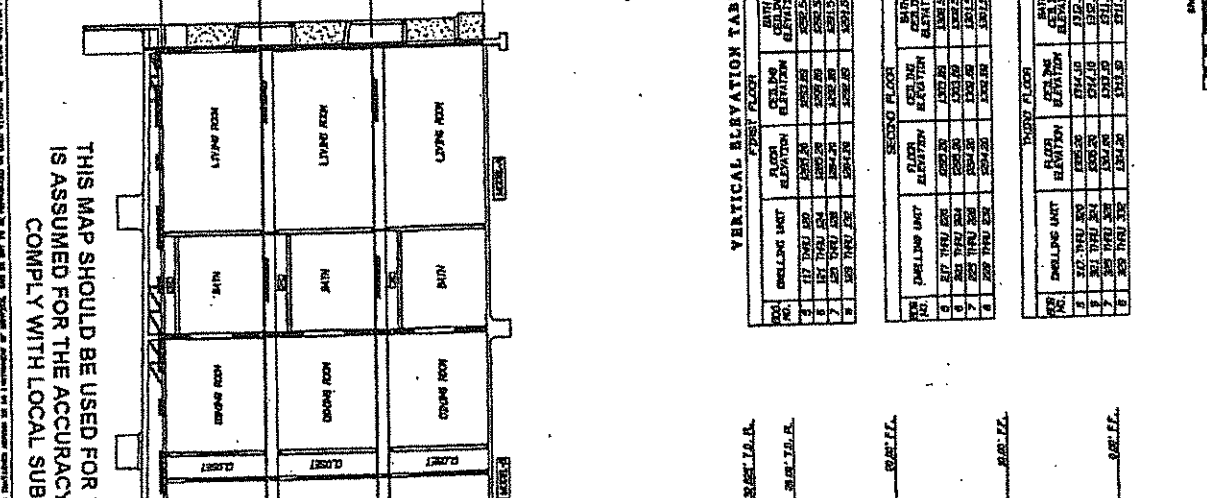
NOTE: Dimension between needs is as suggested for clarity.



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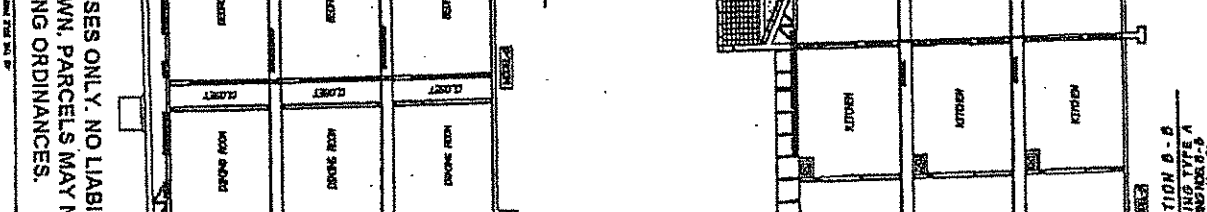
A.E.C. CONSULTANTS
 2002-2007
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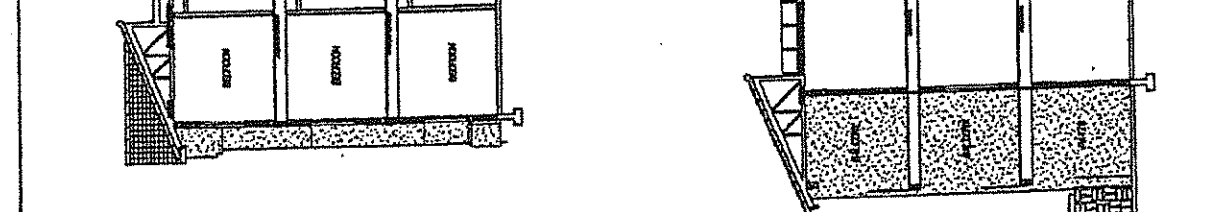
VERTICAL ELEVATION TABLE

NO.	FIRST FLOOR			SECOND FLOOR		
	CHANGING UNIT	CEILING ELEVATION	FLOOR ELEVATION	CHANGING UNIT	CEILING ELEVATION	FLOOR ELEVATION
1	101	10.00	10.00	201	10.00	10.00
2	102	10.00	10.00	202	10.00	10.00
3	103	10.00	10.00	203	10.00	10.00
4	104	10.00	10.00	204	10.00	10.00
5	105	10.00	10.00	205	10.00	10.00
6	106	10.00	10.00	206	10.00	10.00
7	107	10.00	10.00	207	10.00	10.00
8	108	10.00	10.00	208	10.00	10.00
9	109	10.00	10.00	209	10.00	10.00
10	110	10.00	10.00	210	10.00	10.00



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3	103	10.00	10.00	203	10.00	10.00
4	104	10.00	10.00	204	10.00	10.00
5	105	10.00	10.00	205	10.00	10.00
6	106	10.00	10.00	206	10.00	10.00
7	107	10.00	10.00	207	10.00	10.00
8	108	10.00	10.00	208	10.00	10.00
9	109	10.00	10.00	209	10.00	10.00
10	110	10.00	10.00	210	10.00	10.00



SECTION A-A
 BUILDING TYPE A
 SCALE: 1/8" = 1'-0"

SECTION B-B
 BUILDING TYPE A
 SCALE: 1/8" = 1'-0"

SECTION C-C
 BUILDING TYPE A
 SCALE: 1/8" = 1'-0"

SHEET NO. 11
 PARADISE VIEW
 BUILDING TYPE B & C
 SECTIONS & ELEVATIONS
 N.T.S.
 Planning
 1710 Eret Indian School Rd. Suite 100
 Phoenix, AZ 85016
 602-944-1487
 SURVEYING
 ENGINEERING
 A.E.C. CONSULTANTS
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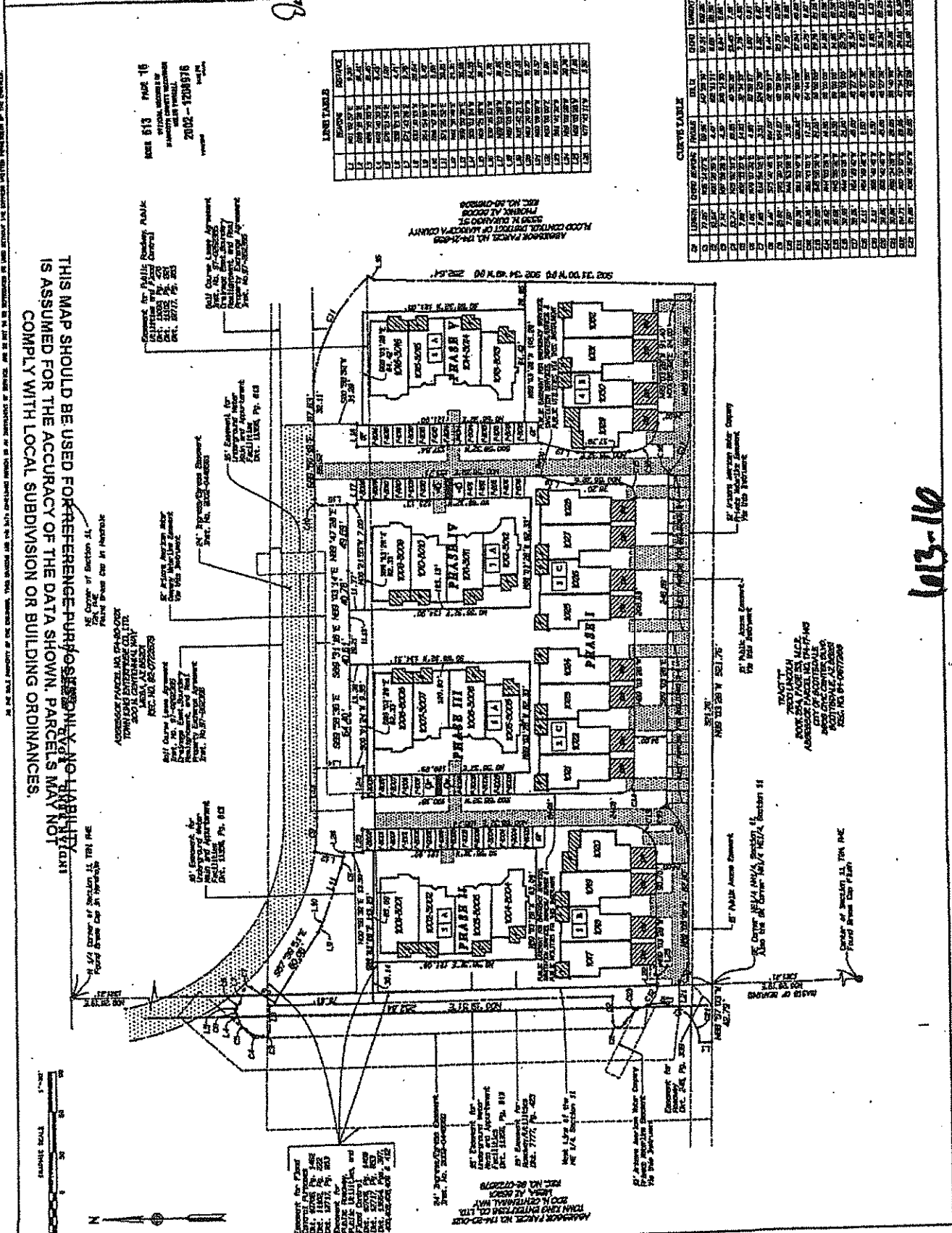
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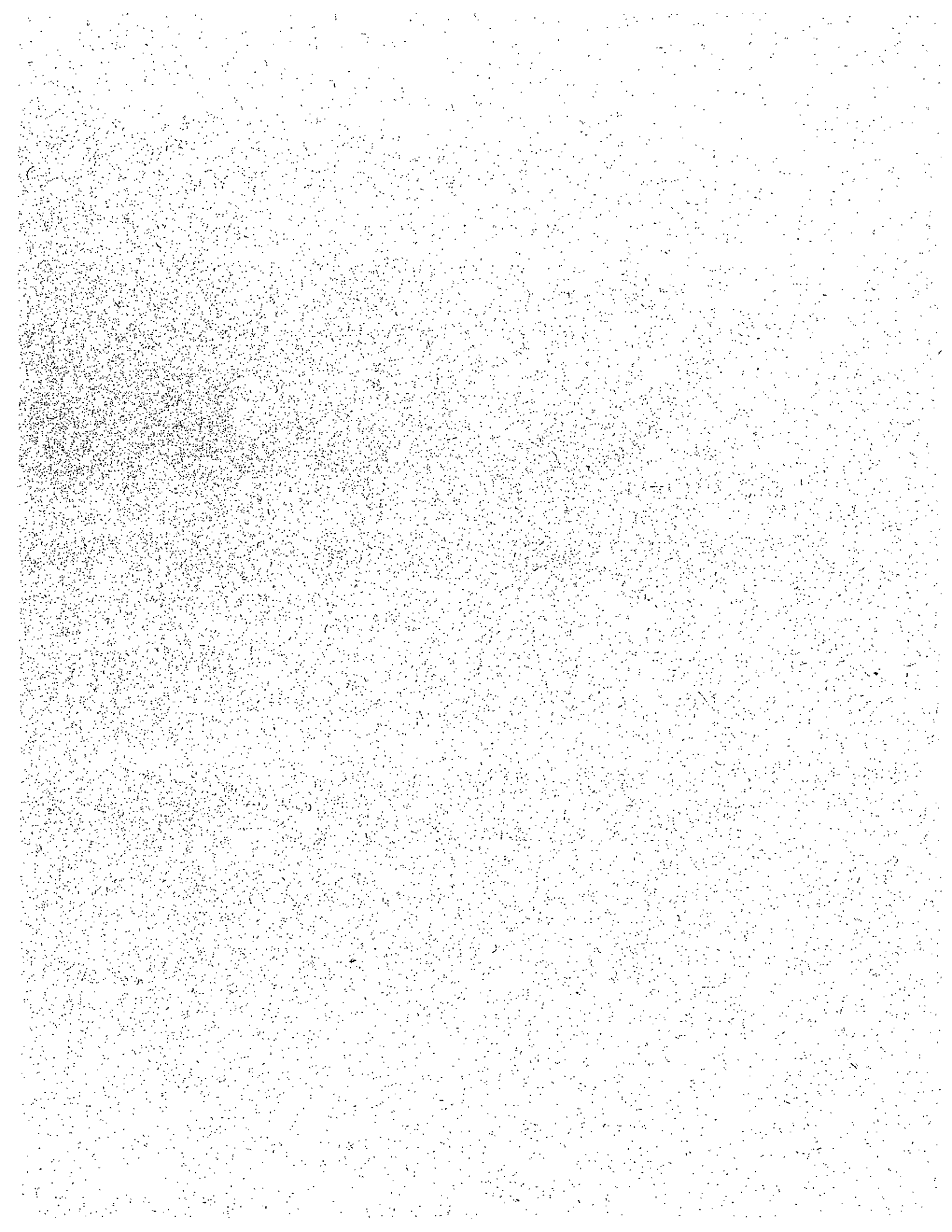
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613-16



**FIDELITY NATIONAL TITLE
HOLD FOR PICK-UP**

*Mona Williams
0300 1633*

WHEN RECORDED, RETURN TO:

Matthew R. Berens, Esq.
BERENS, KOZUB, LORD & KLOBERDANZ PLC
7047 E. Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20030141282 02/05/2003 11:46
MW1633-55-2-1-
ELECTRONIC RECORDING

CONDOMINIUM DECLARATION

FOR

PARADISE VIEW VILLAS CONDOMINIUMS

**CONDOMINIUM DECLARATION
FOR
PARADISE VIEW VILLAS CONDOMINIUMS**

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CONDOMINIUM DECLARATION
FOR
PARADISE VIEW VILLAS CONDOMINIUMS

This Condominium Declaration for PARADISE VIEW VILLAS CONDOMINIUMS is made this 15th day of January, 2003, by UNITED ASSETS, INC., an Arizona corporation (referred to herein as the "Declarant").

ARTICLE 1

DEFINITIONS

1.1 **General Definitions.** Capitalized terms not otherwise defined in this Declaration shall have the meanings specified for such terms in the Arizona Condominium Act, A.R.S. §33-1201, et seq., as amended from time to time.

1.2 **Defined Terms.** The following capitalized terms shall have the general meanings described in the Act and for purposes of this Declaration shall have the specific meanings set forth below:

1.2.1 **"Articles"** means the Articles of Incorporation of the Association, as amended from time to time.

1.2.2 **"Assessments"** means the Common Expense Assessments and Special Assessments levied and assessed against each Unit pursuant to Article 7 of this Declaration.

1.2.3 **"Assessment Lien"** means the lien granted to the Association by the Condominium Act to secure the payment of Assessments, monetary penalties and other charges owed to the Association.

1.2.4 **"Association"** means the Arizona nonprofit corporation organized by the Declarant to administer and enforce the Condominium Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns. Declarant intends to organize the Association under the name of "PARADISE VIEW VILLAS CONDOMINIUM HOMEOWNERS ASSOCIATION, INC." but if such name is not available, the Declarant may organize the Association under such other name as the Declarant deems appropriate.

1.2.5 **"Board of Directors"** means the Board of Directors of the Association.

1.2.6 **"Building"** means the structures designated as buildings on the Plat.

1.2.7 "Bylaws" means the Bylaws of the Association, as amended from time to time.

1.2.8 "Common Elements" means all portions of the Condominiums other than the Units.

1.2.9 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.2.10 "Common Expense Assessment" means the assessment levied against the Units pursuant to Section 7.2 of this Declaration.

1.2.11 "Common Expense Liability" means the liability for common expenses allocated to each Unit by this Declaration.

1.2.12 "Condominium" means the Parcel together with all buildings and other Improvements located thereon.

1.2.13 "Condominium Act" means the Arizona Condominium Act, A.R.S. §33-1201, et seq., as amended from time to time.

1.2.14 "Condominium Documents" means this Declaration and the Articles, Bylaws, and the Rules.

1.2.15 "Declarant" means United Assets, Inc., an Arizona corporation, its successors and any Person to whom they may transfer any Special Declarant Right.

1.2.16 "Declaration" means this Condominium Declaration, as amended from time to time.

1.2.17 "Development Rights" means any right or combination of rights to do any of the following:

(i) Add real estate to the Condominium or annex additional Phases into the Condominium;

(ii) Create easements, Units, Common Elements or Limited Common Elements within the Condominium;

(iii) Subdivide Units, convert Units into Common Elements or convert Common Elements into Units;

(iv) Withdraw real estate from the Condominium;

(v) Make the Condominium part of a larger condominium or planned community;

(vi) Amend the Declaration during the Period of Declarant Control to comply with the Condominium Act or any other applicable law or to correct any error or inconsistency in the Declaration if the amendment does not adversely affect the rights of any Unit Owner;

(vii) Amend the Declaration during the Period of Declarant Control to 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.

1.2.18 "First Mortgage" means any mortgage or deed of trust on a Unit with first priority over any other mortgage or deed of trust on the same Unit.

1.2.19 "First Mortgagee" means the holder of any First Mortgage.

1.2.20 "Improvement" means any physical structure, fixture or facility existing or constructed, placed, erected or installed on the land included in the Condominium, including, but not limited to, buildings, private drives, paving, fences, walls, sculptures, signs, hedges, plants, trees and shrubs of every type and kind.

1.2.21 "Lessee" means any Person who is the tenant or lessee under a written lease of a Unit.

1.2.22 "Limited Common Elements" means a portion of the Common Elements specifically designated in this Declaration as a Limited Common Element and allocated by this Declaration or by operation of the Condominium Act for the exclusive use of one or more but fewer than all of the Units.

1.2.23 "Member" means any Person who is or becomes a member of the Association.

1.2.24 "Parcel" means the real property described on Exhibit A attached to this Declaration together with all Improvements situated thereon.

1.2.25 "Period of Declarant Control" means the time period commencing on the date this Declaration is Recorded and ending on the earlier of: (i) ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than the Declarant; or (ii) four (4) years after all Declarants have ceased to offer Units for sale in the ordinary course of business.

1.2.26 "Person" means a natural person, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.2.27 "Plat" means the condominium plat for PARADISE VIEW VILLAS CONDOMINIUMS, which plat has been recorded as Document No. 2002-1208976 and in Book 613 of Maps, Page 16, in the Official Records of Maricopa County, Arizona, and any amendments, supplements or corrections thereto.

1.2.28 "Purchaser" means any Person, other than the Declarant, who by means of a voluntary transfer becomes a Unit Owner, except for a Person who purchases a Unit and then leases it to the Declarant for use as a model in connection with the sale of other Units, or a Person who, in addition to purchasing a Unit, is assigned any Special Declarant Right.

1.2.29 "Recording" means placing an instrument of public record in the office of the County Recorder of Maricopa County, Arizona and **"Recorded"** means having been so placed of public record.

1.2.30 "Rules" means the rules and regulations adopted by the Association, as amended from time to time.

1.2.31 "Special Declarant Rights" means any right or combination of rights to do any of the following:

- (i) Construct Improvements provided for in this Declaration or shown on the Plat;
- (ii) Exercise any Development Right;
- (iii) Maintain sales offices, management offices, models, and signs advertising the Condominium;
- (iv) Use easements through the Common Elements for the purpose of making Improvements within the Condominium or within the Additional Property;
- (v) Appoint or remove any officer of the Association or any member of the Board of Directors during the Period of Declarant Control.

1.2.32 "Unit" means a portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in Section 2.5 of this Declaration and shown on the Plat.

1.2.33 "Unit Owner" means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Unit. Unit Owner shall not include Persons having an interest in a Unit merely as security for the performance of an obligation, or a lessee or tenant of a Unit. Unit Owner shall include a purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract subject to A.R.S. § 33-741, et seq. Unit Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to executory contracts pending the closing of a sale or purchase transaction. In the case of Units the fee simple title to which is vested in a trustee pursuant to A.R.S. § 33-801, et seq., the Trustor shall be deemed to be the Unit Owner. In the case of Units the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the Unit shall be deemed to be the Unit Owner.

ARTICLE 2

SUBMISSION OF PROPERTY; UNIT BOUNDARIES; ALLOCATION OF PERCENTAGE INTERESTS, VOTES AND COMMON EXPENSE LIABILITIES

2.1 Submission of Property. Declarant is the owner of fee title to the Parcel. Declarant hereby submits the Parcel to the provisions of the Condominium Act for the purpose of creating a condominium in accordance with the provisions of the Condominium Act and hereby declares that the Parcel shall be held and conveyed subject to the terms, covenants, conditions and restrictions set forth in this Declaration. By acceptance of a deed or by acquiring any ownership interest in any portion of the Condominium, each Person, for himself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by the Condominium Documents and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that the Condominium Documents set forth a general scheme for the improvement and development of the Condominium and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in the Condominium Documents shall run with the land and be binding on all subsequent and future Unit Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such Person fully understands and acknowledges that the Condominium Documents shall be mutually beneficial, prohibitive and enforceable by the Association and the various subsequent and future Unit Owners. Declarant and its respective successors, assigns and grantees, covenant and agree that the Units and the membership in the Association and the other rights created by the Condominium Documents which are appurtenant to a Unit shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit.

2.2 Name of Condominium. The name of the Condominiums created by this Declaration is "PARADISE VIEW VILLAS CONDOMINIUMS."

2.3 Name of Association. The name of the Association is "PARADISE VIEW VILLAS CONDOMINIUM OWNERS ASSOCIATION, INC."

2.4 Identifying Numbers of Units. The identifying numbers of the Units are as set forth on Exhibit "A" attached hereto as shown on the Plat. Additional Unit numbers may be added to the Condominium as phases are annexed into the Parcel.

2.5 Unit Boundaries.

2.5.1 The boundaries of each Unit are the interior unfinished surfaces of the perimeter walls, floor, ceiling, doors and windows of each Unit. All lathe, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of the walls, floor and ceiling are part of the Unit, and all other portions of the walls, floor and ceiling are part of the Common Elements.

2.5.2 All fixtures and improvements (including, but not limited to, chutes, flues, wires, conduits, heating and air conditioning units, hot water heaters and gas, cable television, water and electric pipes, lines or meters) within the boundaries of a Unit and which serve only the Unit are part of the Unit, and any such fixtures or improvements located within the boundaries of a Unit but which serve more than one Unit are part of the Common Elements.

2.5.3 In the event of any inconsistency or conflict between the provisions of this Section and the Plat in regard to the description of the boundaries of the Unit, this Section shall control.

2.5.4 Declarant reserves the right to relocate the boundaries between adjoining Units owned by the Declarant and to reallocate each such Unit's Common Element interest, votes in the Association and Common Expense Liabilities subject to and in accordance with A.R.S. § 33-1222.

2.6 Allocation of Common Element Interest and Common Expense Liabilities. Each Unit's percentage interest in the Common Elements and in the Common Expenses shall be allocated equally between each Unit in the Condominium. As of the recordation of this Declaration, each Unit shall have an undivided interest in the Common Elements and each Unit shall be allocated Common Expense equal to 6.25%. Based upon the number of Units, assuming all Phases set forth on the Plat are annexed into the Condominiums, the undivided interest in the Common Elements and in the Common Expenses of the Association of each Unit will be 1.5625%. As additional Units are annexed into the Condominium the undivided interest of each Unit in the Common Elements and in the Common Expenses of the Association shall be determined by dividing one by the number of Units then in the Condominium.

2.7 **Allocation of Votes in the Association.** The total votes in the Association shall be equal to the number of Units. The votes in the Association shall be allocated equally among all the Units with each Unit having one (1) vote.

2.8 **Allocation of Limited Common Elements.**

2.8.1 The following portions of the Common Elements are Limited Common Elements and are allocated to the exclusive use of one Unit as follows:

(i) Any chute, flue, pipe, duct, wire, conduit or other fixtures (including, but not limited to, heating and air conditioning units and related equipment and gas, cable television, water and electric pipes, lines or meters), located outside of the boundaries of a Unit, which serve only one Unit are a Limited Common Element allocated solely to the Unit served;

(ii) If a chute, flue, pipe, duct, wire, conduit or other fixtures (including, but not limited to, hot water heaters, heating and air conditioning units and related equipment and gas, cable television, water and electric pipes, lines or meters) lies partially within and partially outside the designated boundaries of a Unit, the portion outside the boundaries of the Unit which serve only the Unit is a Limited Common Element allocated solely to the Unit, the use of which is limited to that Unit;

(iii) With respect to any Unit which is on the ground floor of a building or which has a ground floor, the area adjacent to the rear of such Unit which is shown as a Limited Common element is allocated to the Unit which has entry to such Limited Common Elements from the inside of such Unit.

2.8.2 A Limited Common Element may be reallocated by an amendment to this Declaration made in accordance with the provisions of Section 33-1218(B) of the Condominium Act.

2.8.3 The Board of Directors shall have the right, without a vote of the Members, to allocate as a Limited Common Element any portion of the Common Elements not previously allocated as a Limited Common Element. Any such allocation by the Board of Directors shall be made by an amendment to this Declaration and an amendment to the Plat if required by the Condominium Act.

2.8.4 As set forth on the Plat and **Exhibit "B"** attached hereto which are designated for the Units set forth are allocated as Limited Common Easements for such Units.

ARTICLE 3

EASEMENTS AND DEVELOPMENT RIGHTS

3.1 **Utility Easement.** There is hereby created an easement upon, across, over and under the Common Elements and the Units for reasonable ingress, egress, installation, replacing, repairing

or maintaining of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Elements and the Units, but no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Common Elements and the Units except as initially designed, approved and constructed by the Declarant or as approved by the Board of Directors. This easement shall in no way affect any other recorded easements on the Common Elements.

3.2 Easements for Ingress and Egress. There is hereby granted and created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks, and lanes that from time to time may exist upon the Common Elements. There is also granted and created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such streets, driveways and parking areas as from time to time may be paved and intended for such purposes except that such easements shall not extend to any Limited Common Elements. Such easements shall run in favor of and be for the benefit of the Unit Owners and occupants of the Units and their guests, families, tenants and invitees and in favor of the Declarant.

3.3. Unit Owners' Easements of Enjoyment.

3.3.1 Every Unit Owner and Lessee shall have a right and easement of enjoyment in and to the Common Elements, which right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(i) The right of the Association to adopt reasonable rules and regulations governing the use of the Common Elements;

(ii) The right of the Association to convey the Common Elements or subject the Common Elements to a mortgage, deed of trust, or other security interest, in the manner and subject to the limitations set forth in the Condominium Act;

(iii) All rights and easements set forth in this Declaration including, but not limited to, the rights and easements granted to the Declarant by Sections 3.4, 3.5 and 3.6 of this Declaration;

(iv) The right of the Association to suspend the right of a Unit Owner or Lessee to use the Common Elements for any period during which the Unit Owner or Lessee is in violation of any provision of the Condominium Documents.

3.3.2 The easement of enjoyment in and to the Common Elements shall not be conveyed, transferred, alienated or encumbered separate and apart from a Unit. Such right and easement of enjoyment in and to the Common Elements shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Unit, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to such right and easement.

3.3.3 The provisions of this Section 3.3 shall not apply to any of the Limited Common Elements that are allocated to one or more but less than all of the Units.

3.4 Declarant's Rights and Easements for Sales And Leasing Purposes.

3.4.1 Declarant shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Condominium and to maintain one or more marketing, directional or advertising signs on the Common Elements while the Declarant is selling Units in the Condominium. Declarant reserves the right to place models, management offices and sales and leasing offices in any Units owned or leased by Declarant and on any portion of the Common Elements in such number, of such size and in such locations as Declarant deems appropriate.

3.4.2 Declarant may from time to time relocate models, management offices and sales and leasing offices to different locations within the Condominium. Upon the relocation of a model, management office or sales and leasing office constituting a Common Element, Declarant may remove all personal property and fixtures therefrom.

3.4.3 So long as Declarant is marketing Units in the Condominium, Declarant shall have the right to restrict the use of the parking spaces which are not allocated as Limited Common Elements. Such right shall include reserving such spaces for use by prospective Unit purchasers, Declarant's employees and others engaged in sales, leasing, maintenance, construction or management activities.

3.4.4 The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Condominium that has not been represented to the Association as property of the Association. The Declarant reserves the right to remove from the Condominium any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

3.4.5 In the event of any conflict or inconsistency between this Section 3.4 and any other provision of the Condominium Documents, this Section 3.4 shall control and prevail over such other provisions.

3.5 Declarant's Development Rights and Easements.

3.5.1 Declarant shall have the right and an easement on and over the Common Elements to construct the Common Elements and the Units shown on the Plat and all other Improvements the Declarant may deem necessary and to use the Common Elements and any Units owned by Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work in the Condominium.

3.5.2 Declarant shall have the right and an easement on, over and under those portions of the Common Elements not located within the Buildings for the purpose of maintaining and correcting drainage of surface, roof or storm water. The easement created by this Subsection expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil or to take any other action reasonably necessary.

3.5.3 The Declarant shall have an easement through the Units for any access necessary to complete any renovations, warranty work or modifications to be performed by Declarant.

3.5.4 The Declarant shall have the right and an easement on, over, and through the Common Elements as may be reasonably necessary for the purpose of discharging its obligations and exercising Special Declarant Rights whether arising under the Condominium Act or reserved in this Declaration.

3.5.5 Declarant shall have the right to create additional Units, Common Elements and Limited Common Elements within the Condominium and to annex additional Phases into the Condominium.

3.5.6 To the extent not expressly reserved by or granted to Declarant by other provisions of this Declaration, Declarant reserves all Development Rights and Special Declarant Rights.

3.5.7 In the event of any conflict or inconsistency between this Section 3.5 and any other provision of the Condominium Documents, this Section 3.5 shall control and prevail over such other provisions.

3.6 Easement for Support. To the extent necessary, each Unit shall have an easement for structural support over every other Unit in the Building, the Common Elements and the Limited Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements.

3.7 Easement in Favor of the Association.

3.7.1 The Common Elements and the Units shall be subject to an easement in favor of the Association and its agents, employees and independent contractors for the purpose of the inspection, upkeep, maintenance, repair and replacement of the Common Elements and those components of the Units which the Association is obligated to maintain pursuant to this Declaration and for the purpose of exercising all rights of the Association and discharging all obligations of the Association.

3.7.2 Each Unit shall be subject to an easement in favor of the Association and the agents, employees and contractors of the Association for the purpose of performing such pest control activities as the Association may deem necessary to control or prevent the infestation of the Condominium by insects, rodents or other pests or to eradicate insects, rodents or other pests from the Condominium.

3.8 Common Elements Easement in Favor of Unit Owners. The Common Elements shall be subject to the following easements in favor of the Units benefitted:

3.8.1 For the installation, repair, maintenance, use, removal or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or serve any Unit and which pass across or through a portion of the Common Elements.

3.8.2 For the installation, repair, maintenance, use, removal or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve any Unit but which encroach into a part of a Common Element adjacent to such Unit; provided that the installation, repair, maintenance, use, removal or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building.

3.8.3 For the performance of the Unit Owners' obligation to maintain, repair, replace and restore those portions of the Limited Common Elements that the Unit Owner is obligated to maintain under Section 5.2 of this Declaration.

3.9 Units and Limited Common Elements Easement in Favor of Association. The Units and the Limited Common Elements are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

3.9.1 For inspection at reasonable times and upon reasonable notice to the Unit Owner of the Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance and repair for which they are responsible;

3.9.2 For inspection, maintenance, repair and replacement of the Common Elements or the Limited Common Elements situated in or accessible from such Units or Limited Common Elements;

3.9.3 For correction of emergency conditions in one or more Units or Limited Common Elements or casualties to the Common Elements, the Limited Common Elements or the Units.

3.9.4 For the purpose of enabling the Association, the Board of Directors or any other committees appointed by the Board of Directors to exercise and discharge their respective rights, powers and duties under the Condominium Documents.

3.9.5 For inspection, at reasonable times and upon reasonable notice to the Unit Owner, of the Units and the Limited Common Elements in order to verify that the provisions of the Condominium Documents are being complied with by the Unit Owners, Lessees and Residents of the Unit.

3.10 **Easement for Unintended Encroachments.** To the extent that any Unit or Common Element encroaches on any other Unit or Common Element as a result of original construction, shifting or settling, or alteration or restoration authorized by this Declaration or any reason other than the intentional encroachment on the Common Elements or any Unit by a Unit Owner, a valid easement for the encroachment, and for the maintenance thereof, exists.

ARTICLE 4

USE AND OCCUPANCY RESTRICTIONS

4.1 **Single Family Residential Use.** All Units and Limited Common Elements shall be used, improved and devoted exclusively to residential use by a single family. No gainful occupation, professional, trade or other nonresidential use shall be conducted on or in any Unit or Limited Common Element, but a Unit Owner may maintain his own personal professional library in his Unit, keep his personal business or professional records or accounts in his Unit, or handle his personal business calls or correspondence from his Unit.

4.2 **Antennas.** No antenna, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any portion of the Condominium whether attached to a Building or structure or otherwise, unless approved in writing by the Board of Directors, unless applicable law prohibits the Board of Directors from requiring such prior approval. Even if applicable law prohibits the Board of Directors from requiring prior approval of certain types of antennas, any such antennas must be installed or constructed in accordance with such rules and regulations as the Board of Directors may adopt.

4.3 **Utility Service.** Except for lines, wires and devices existing on the Condominium as of the date of this Declaration and maintenance and replacement of the same, no lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon the Condominium unless they are installed and maintained underground or concealed in under or on Buildings or other structures permitted under this Declaration. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of Buildings or structures permitted under this Declaration.

4.4 Improvements and Alterations. Any Unit Owner may make nonstructural additions, alterations and improvements within his Unit without the prior written approval of the Board of Directors, but such Unit Owner shall be responsible for any damage to other Units and to the Common Elements which results from any such alterations, additions or improvements. No Unit Owner shall make any structural additions, alterations or improvements within a Unit, unless prior to the commencement of each addition, alteration or improvement, the Unit Owner receives the prior written approval of the Board of Directors and an architect or engineer, licensed in Arizona, certifies that such addition, alteration or improvement will not impair the structural integrity of the Building within which such addition, alteration or improvement is to be made. The Unit Owner shall be responsible for any damage to other Units and to the Common Elements which results from any such additions, alterations or improvements. Notwithstanding the foregoing, no addition, alteration or improvement within a Unit, whether structural or not, which would be visible from the exterior of the Building in which the Unit is located shall be made without the prior written approval of the Board of Directors, which approval shall only be granted if the Board of Directors affirmatively finds that the proposed addition, alteration or improvement is aesthetically pleasing and in harmony with the surrounding Improvements. No Unit Owner shall make any addition, alteration or improvement to the Common Elements without the prior written approval of the Board of Directors.

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4.5 Trash Containers and Collection. No garbage or trash shall be placed or kept on the Condominium except in covered containers of a type, size and style which are approved by the Board of Directors. The Board of Directors shall have the right to subscribe to a trash service for the use and benefit of the Association and all Unit Owners, and to adopt and promulgate rules and regulations regarding garbage, trash, trash containers and collection. The Board of Directors shall have the right to require all Owners to place trash and garbage in containers located in areas designated by the Board of Directors. No incinerators shall be kept or maintained in any Unit.

4.6 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon the Condominium except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of buildings, improvements or structures which are within the uses permitted by this Declaration, and except that which Declarant or the Association may require for the construction, operation and maintenance of the Common Elements.

4.7 Animals. Subject to the provisions of Section 4.14, two (2) commonly accepted household pets may be kept in each Lot without the prior approval of the Board of Directors. All additional pets are prohibited unless approved in advance by the Board of Directors. No animal shall be kept, bred or maintained for any commercial purpose, and, except as otherwise provided above, no animals of any kind shall be raised, bred or kept in any Unit or in or upon any Common Areas. No animal shall be allowed to become a nuisance, whether by making an unreasonable amount of noise or otherwise. All pets shall be leashed or otherwise appropriately restrained when in any part of the Parcel or a Unit. Upon the request of any Unit Owner, the Board of Directors shall determine, in its sole and absolute discretion, whether, for the purposes of this Paragraph 4.7, a particular animal is a commonly accepted household pet or whether a particular animal is a nuisance. The keeping of pets shall also be subject to such additional rules and regulations with respect thereto as the Association may adopt.

4.8 Diseases and Insects. No Unit Owner shall permit any thing or condition to exist upon the Condominium which could induce, breed or harbor infectious plant diseases or noxious insects. Each Unit Owner shall perform such pest control activities as may be necessary to prevent insects, rodents and other pests from being present in the Unit.

4.9 Trucks, Trailers, Campers and Boats. No mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer, or other similar equipment or vehicle may be parked, kept, maintained, constructed, reconstructed or repaired on any part of the Condominium.

4.10 Motor Vehicles. Except for emergency repairs, no automobile, truck, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed, serviced or repaired on any portion of the Condominium, and no inoperable vehicle may be stored or parked on any portion of the Condominium. No automobile, truck, motorcycle, motorbike or other motor vehicle shall be

parked upon any part of the Condominium except in such parking spaces as may exist from time to time on the Common Elements. If a parking space is assigned to a Unit as a Limited Common Element (as is the case with driveways adjacent to the garages of each Unit which has a garage), then no Unit Owner or Lessee may park any automobile, truck, motorcycle, motor bike or other motor vehicle owned or leased by such Unit Owner or Lessee in any parking spaces which are part of the Common Elements other than the parking space assigned to the Unit as a Limited Common Element.

4.11 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 automobile, motorcycle, motorbike, or other motor vehicle parked, kept, maintained, constructed, reconstructed or repaired in violation of the Condominium Documents 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.

4.12 Signs. No signs (including, but not limited to, "For Sale" or "For Rent" signs) shall be permitted on the exterior of any Building or in the interior of a Unit if the signs would be visible from the exterior of the Building in which the Unit is located, or on any other portion of the Condominium without the prior written approval of the Board of Directors.

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

4.14 Nuisances and Offensive Activity. No noxious, illegal or offensive activities shall be conducted in any Unit or on any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with, the quiet enjoyment of each Owner of his respective Unit or which shall in any way increase the rate of insurance for the Project or cause any insurance policy to be cancelled or cause a refusal to renew the same or which will impair the structural integrity of any Building. Any increase in the insurance premiums for the Project caused by an Owner shall be paid for by such Owner. No exterior speakers, horns, whistles, bells or other sound devices, except security or other emergency devices used exclusively for security or emergency purposes, shall be located, used or placed on the Condominium without the prior written approval of the Board of Directors.

4.15 Rental of Units. No Owner may lease or rent less than his entire Unit. Units _____ through _____ may be leased or rented for a term of no less than seven (7) days. All other Units may be leased or rented for such terms as their Owners shall determine, including nightly. The Unit Owner shall be liable for any violation of this Declaration or the Rules by the Lessees or their guests or invitees and, in the event of any such violation, the Unit Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations.

4.16 Declarant Approval Required. After the expiration of the Period of Declarant Control and for so long as the Declarant owns any Unit, any action for which the consent or approval of the Board of Directors is required under this Declaration may be taken only if such action is also consented to or approved by the Declarant.

ARTICLE 5

MAINTENANCE AND REPAIR OF COMMON ELEMENTS AND UNITS

5.1. Duties of the Association. The Association shall maintain, repair and replace all Common Elements, except for the Limited Common Elements which the Unit Owners are obligated to maintain, repair and replace pursuant to Section 5.2 of this Declaration. The cost of all such maintenance, repairs and replacements shall be a Common Expense and shall be paid for by the Association. The Board of Directors shall be the sole judge as to the appropriate maintenance, repair and replacement of all Common Elements, but all Common Elements shall be maintained in good condition and repair at all times. No Owner or Lessee shall construct or install any Improvements on the Common Elements or alter, modify or remove any Common Elements without the approval of the Board of Directors. No Owner or Lessee shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair and replacement of the Common Elements.

5.2 Duties of Unit Owners. Each Unit Owner shall maintain, repair and replace, at his own expense: (a) all portions of his Unit; and (b) the Limited Common Elements allocated to his Unit pursuant to Subsections 2.8.1(i), (ii) and (iii).

5.3 Repair or Restoration Necessitated by Owner. Each Unit Owner shall be liable to the Association for any damage to the Common Elements or the Improvements, landscaping or equipment thereon which results from the negligence or willful misconduct of the Unit Owner. The cost to the Association of any such repair, maintenance or replacements required by such act of a Unit Owner shall be paid by the Unit Owner, upon demand, to the Association. The Association may enforce collection of any such amounts in the same manner and to the same extent as provided for in this Declaration for the collection of Assessments.

5.4 Unit Owner's Failure to Maintain. If a Unit Owner fails to maintain in good condition and repair his Unit or any Limited Common Element or Common Element which he is obligated to maintain under this Declaration and the required maintenance, repair or replacement is not performed within fifteen (15) days after written notice has been given to the Unit Owner by the Association, the Association shall have the right, but not the obligation, to perform the required maintenance, repair or replacement. The cost of any such maintenance, repair or replacement shall be assessed against the nonperforming unit Owner pursuant to Subsection 7.2.4 of this Declaration.

ARTICLE 6

THE ASSOCIATION; RIGHTS AND DUTIES, MEMBERSHIP

6.1 Rights, Powers and Duties of the Association. No later than the date on which the first Unit is conveyed to a Purchaser, the Association shall be organized as a nonprofit Arizona corporation. The Association shall be the entity through which the Unit Owners shall act. The Association shall have such rights, powers and duties as are prescribed by law and as are set forth in the Condominium Documents together with such rights, powers and duties as may be reasonably necessary in order to effectuate the objectives and purposes of the Association as set forth in this Declaration and the Condominium Act. The Association shall have the right to finance capital improvements in the Condominium by encumbering future Assessments if such action is approved by the written consent or affirmative vote of Unit Owners representing more than two-thirds (2/3) of the votes in the Association. Unless the Condominium Documents or the Condominium Act specifically require a vote of the Members, the Board of Directors may act in all instances on behalf of the Association.

6.2 Directors and Officers.

6.2.1 During the Period of Declarant Control, the Declarant shall have the right to appoint and remove the members of the Board of Directors and the officers of the Association who do not have to be Unit Owners.

6.2.2 Upon the termination of the Period of Declarant Control, the Unit Owners shall elect the Board of Directors which must consist of at least three members, a majority of whom must be Unit Owners. The Board of Directors elected by the Unit Owners shall then elect the officers of the Association.

6.2.3 The Declarant may voluntarily surrender the right to appoint and remove the members of the Board of Directors and the officers of the Association before termination of the Period of Declarant Control, and in that event the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or the Board of Directors, as described in a Recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

6.3 Rules. The Board of Directors, from time to time and subject to the provisions of this Declaration and the Condominium Act, may adopt, amend, and repeal rules and regulations. The Rules may, among other things, restrict and govern the use of any area by any Unit Owner or by any invitee, licensee or Lessee of such Unit Owner.

6.4 Composition of Members. Each Unit Owner shall be a Member of the Association. The membership of the Association at all times shall consist exclusively of all the Unit Owners.

Membership in the Association shall be mandatory. A Unit Owner shall automatically, upon becoming a Unit Owner, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to each Unit and may not be separately assigned, transferred or conveyed.

ARTICLE 7

ASSESSMENTS

7.1 Preparation of Budget.

7.1.1 At least thirty (30) days before the beginning of each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a Purchaser, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board of Directors believes will be required during the ensuing fiscal year to pay all Common Expenses including, but not limited, to: (i) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units, if any, which the Association has the responsibility of maintaining, repairing and replacing; (ii) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Condominium; (iii) the amount required to render to the Unit Owners all services required to be rendered by the Association under the Condominium Documents; and (iv) after the Period of Declarant Control, such amounts as may be necessary to provide reserves for contingencies and repair and replacement of the Common Elements. The budget shall separately reflect any Common Expenses to be assessed against less than all of the Units pursuant to Subsection 7.2.4 or 7.2.5 of this Declaration.

7.1.2 At least ten (10) days before the beginning of each fiscal year of the Association (except for the first fiscal year), the Board of Directors shall send to each Unit Owner a summary of the budget and a statement of the amount of the Common Expense Assessment assessed against the Unit of the Unit Owner in accordance with Section 7.2 of this Declaration. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as provided in Section 7.2 of this Declaration; and each Unit Owner shall continue to pay the Common Expense Assessment against his Unit as established for the previous fiscal year until notice of the Common Expense Assessment for the new fiscal year has been given to the Unit Owners by the Board of Directors.

7.1.3 The Board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Unit Owners shall be required.

7.2 Common Expense Assessment.

7.2.1 For each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a Purchaser, the total amount of the estimated Common Expenses set forth in the budget adopted by the Board of Directors (except for the Common Expenses which are to be assessed against less than all of the Units pursuant to Subsections 7.2.4 and 7.2.5 of this Declaration) shall be assessed against each Unit in proportion to the Unit's Common Expense Liability as set forth in Section 2.2 of this Declaration. The amount of the Common Expense Assessment assessed pursuant to this Subsection 7.2.1 shall be in the sole discretion of the Board of Directors. If the Board of Directors determines during any fiscal year that its funds budgeted or available for that fiscal year are, or will, become inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessments by Members, the Board of Directors may increase the Common Expense Assessment for that fiscal year and the revised Common Expense Assessment shall commence on the date designated by the Board of Directors.

7.2.2 The Common Expense Assessments shall commence as to all Units on the first day of the month following the conveyance of the first Unit to a Purchaser. The first Common Expense Assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board of Directors may require that the Common Expense Assessments or Special Assessments be paid in installments.

7.2.3 Except as otherwise expressly provided for in this Declaration, all Common Expenses including, but not limited to, Common Expenses associated with the maintenance, repair and replacement of a Limited Common Element, shall be assessed against all of the Units in accordance with Subsection 7.2.1 of this Declaration.

7.2.4 If any Common Expense is caused by the misconduct of any Unit Owner, the Association shall assess that Common Expense exclusively against his Unit.

7.2.5 Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered, in proportion to their Common Expense Liabilities.

7.2.6 The Common Expense Assessment for any Unit on which construction has not been substantially completed shall be an amount equal to twenty-five percent (25%) of the Common Expense Assessment for Units which have been substantially completed. So long as any Unit owned by the Declarant qualifies for the reduced Common Expense Assessment provided for in this Subsection, the Declarant shall be obligated to pay to the Association any deficiency in the monies of the Association due to the Declarant having paid a reduced Common Expense Assessment and necessary for the Association to be able to timely pay all Common Expenses.

7.2.7 All Assessments, monetary penalties and other fees and charges levied against a Unit shall be the personal obligation of the Unit Owner of the Unit at the time the Assessments, monetary penalties or other fees and charges became due. The personal obligation of a Unit Owner

for Assessments, monetary penalties and other fees and charges levied against his Unit shall not pass to the Unit Owner's successors in title unless expressly assumed by them.

7.3 Special Assessments. In addition to Common Expense Assessments, the Association may levy, in any fiscal year of the Association, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any Special Assessment (other than a Special Assessment levied pursuant to Section 9.1 of this Declaration as a result of the damage or destruction of all or part of the Common Elements) shall have first been approved by Unit Owners representing two-thirds (2/3) of the votes in the Association who are voting in person or by proxy at a meeting duly called for such purpose. Unless otherwise specified by the Board of Directors, Special Assessments shall be due thirty (30) days after they are levied by the Association and notice of the Special Assessment is given to the Unit Owners.

7.4 Effect of Nonpayment of Assessments; Remedies of the Association.

7.4.1 Any Assessment, or any installment of an Assessment, which is not paid within five (5) days after the Assessment first became due shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of interest established from time to time by the Board of Directors. If any Assessment, or any installment thereof, is not paid within five (5) days after the Assessment first became due, the Association may assess against the delinquent Unit Owner a late fee in the amount established from time to time by the Board of Directors.

7.4.2 All Assessments, monetary penalties and other fees and charges imposed or levied against any Unit or Unit Owner shall be secured by the Assessment Lien as provided for in the Condominium Act. The recording of this Declaration constitutes record notice and perfection of the Assessment Lien, and no further recordation of any claim of lien shall be required. Although not required in order to perfect the Assessment Lien, the Association shall have the right but not the obligation, to record a notice setting forth the amount of any delinquent assessments, monetary penalties or other fees or charges imposed or levied against a Unit or the Unit Owner which are secured by the Assessment Lien.

7.4.3 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments, monetary penalties and all other fees and charges owed to the Association in any manner allowed by law including, but not limited to: (i) bringing an action at law against the Unit Owner personally obligated to pay the delinquent amounts and such action may be brought without waiving the Assessment Lien securing any such delinquent amounts; or (ii) bringing an action to foreclose the Assessment Lien against the Unit in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Units purchased at such sale.

7.5 Subordination of Assessment Lien to Mortgages. The Assessment Lien shall be subordinate to the lien of any First Mortgage. Any First Mortgagee or any other Person acquiring title or coming into possession of a Unit through foreclosure of a First Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title free and clear of any claims for unpaid Assessments, monetary penalties and other fees and charges against the Unit which became payable prior to such sale or transfer. Any delinquent Assessments, monetary penalties and other fees and charges which are extinguished pursuant to this Section may be reallocated and assessed to all Units as at Common Expense. Any Assessments, monetary penalties and other fees and charges against the Unit which accrue prior to such sale or transfer shall remain the obligation of the defaulting Unit Owner.

7.6 Exemption of Unit Owner. No Unit Owner may exempt himself from liability for payment of Assessments, monetary penalties and other fees and charges levied pursuant to the Condominium Documents by waiver and nonuse of any of the Common Elements and facilities or by the abandonment of his Unit.

7.7 Certificate of Payment. The Association on written request shall furnish to a lienholder, Unit Owner or person designated by a Unit Owner a recordable statement setting forth the amount of unpaid Assessments against his Unit. The statement shall be furnished within fifteen (15) days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner. The Association may charge a reasonable fee in an amount established by the Board of Directors for each such statement.

7.8 No Offsets. All Assessments, monetary penalties and other fees and charges shall be payable in accordance with the provisions of this Declaration, and no offsets against such Assessments, monetary penalties and other fees and charges shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Condominium Documents or the Condominium Act.

7.9 Working Capital Fund. To insure that the Association shall have adequate funds to pay all Common Expenses, each Purchaser of a Unit from the Declarant shall pay to the Association, immediately upon becoming the Unit Owner of the Unit, a sum equal to two monthly installments of the Common Expense Assessment for the Unit. Such amount shall be non-refundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

7.10 Surplus Funds. Surplus funds of the Association remaining after payment of the Common Expenses and any prepayment of reserves may in the discretion of the Board of Directors either be returned to the Unit Owners pro rata in accordance with each Unit Owner's Common Expense Liability or be credited on a pro rata basis to the Unit Owners to reduce each Unit Owner's future Common Expense Assessments.

7.11 Transfer Fee. Each Purchaser of a Unit shall pay to the Association immediately upon becoming the Owner of the Unit a transfer fee in the amount set from time to time by the Board of Directors to compensate the Association for the administrative cost resulting from the transfer of a Unit.

7.12 Reserves. After the termination of the Period of Declarant Control, the Assessments shall include reasonable amounts as determined by the Board of Directors collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Elements, or any other purpose as determined by the Board of Directors. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board of Directors in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. The Board of Directors shall not expend funds designated as reserve funds for any purpose other than those purposes for which they were collected. Withdrawal of funds from the Association's reserve account shall require the signatures of either (a) two (2) members of the Board of Directors; or (b) one (1) member of the Board of Directors and an officer of the Association who is not also a member of the Board of Directors. After the termination of the Period of Declarant Control, the Board of Directors shall obtain a reserve study at least once every three years, which study shall at a minimum include (a) identification of the major components of the Common Elements which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years; (b) identification of the probable remaining useful life of the identified major components as of the date of the study; (c) an estimate of the cost of repair, replacement, restoration, or maintenance of the identified major components during and at the end of their useful life; (d) an estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the identified major components during and at the end of their useful life, after subtracting total reserve funds as of the date of the study. The Board of Directors shall modify the budget in accordance with the findings of the reserve study.

ARTICLE 8

INSURANCE

8.1 Scope of Coverage.

8.1.1 Commencing not later than the date of the first conveyance of a Unit to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

(i) A blanket causes of loss - special form policy of property insurance, sprinkler leakage (if applicable), debris removal and water damage endorsements insuring the entire Condominium, except for furniture, wall coverings, improvements and additions, and fixtures supplied or installed by the Unit Owners or any furniture, furnishings or other personal property of

the Unit Owners, together with all air conditioning and heating equipment and other service machinery contained therein and covering the interests of the Association, the Board of Directors and all Unit Owners and their mortgagees, as their interests may appear (subject, however, to the loss payment adjustment provisions in favor of the insurance trustee), in an amount equal to one hundred percent (100%) of the then current replacement cost of the Condominium (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board of Directors with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all personal property owned by the Association.

(ii) Commercial general liability insurance, for a limit to be determined by the Board, but not less than \$1,000,000.00 for any single occurrence. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements. Such policy shall include (i) a cross liability clause to cover liabilities of the Unit Owners as a group to a Unit Owner, (ii) medical payments insurance and contingent liability coverage arising out of the use of hired and nonowned automobiles, (iii) coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party, and (iv) a waiver of the contractual liability exclusion for personal injury.

(iii) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona and a policy of employer's liability insurance with coverage limits determined by the Board of Directors.

(iv) Directors' and officers' liability insurance in an amount not less than \$1,000,000 covering all the directors and officers of the Association in such limits as the Board of Directors may determine from time to time.

(v) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association, the members of the Board of Directors, the members of any committee or the Board of Directors or the Unit Owners.

(vi) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(a) Each Unit Owner shall be an insured under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or his membership in the Association.

(b) There shall be no subrogation with respect to the Association, its agents, servants, and employees against Unit Owners.

(c) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, shall void the policy or be a condition to recovery on the policy.

(d) The coverage afforded by such policy shall be primary and shall not be brought into contribution or proration with any insurance which may be purchased by Unit Owners or their mortgagees or beneficiaries under deeds of trust.

(e) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of the negligent acts of the Association or other Unit Owners.

(f) The Association shall be the insured for use and benefit of the individual Unit Owners (designated by name if required by the insurer).

(g) For policies of property insurance, a standard mortgagee clause providing that the insurance carrier shall notify the Association and each First Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial change in coverage or cancellation of the policy.

(h) Any Insurance Trust Agreement will be recognized by the insurer.

8.1.2 If, at the time of a loss insured under an insurance policy purchased by the Association, the loss is also insured under an insurance policy purchased by a Unit Owner, the Association's policy shall provide primary coverage.

8.1.3 The deductible, if any, on any insurance policy obtained by the Association shall be a Common Expense, but the Association may assess any deductible amount necessitated by the negligence, misuse or neglect for which a Unit Owner is responsible to such Unit Owner.

8.2 **Payment of Premiums.** Premiums for all insurance obtained by the Association pursuant to this Article shall be Common Expenses and shall be paid for by the Association.

8.3 **Insurance Obtained by Unit Owners.** The issuance of insurance policies to the Association pursuant to this Article shall not prevent a Unit Owner from obtaining insurance for his own benefit and at his own expense covering his Unit, his personal property and providing personal liability coverage.

8.4 **Payment of Insurance Proceeds.** Any loss covered by property insurance obtained by the Association in accordance with this Article shall be adjusted with the Association and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. The Association shall hold any insurance proceeds in trust for Unit Owners and

lienholder its their interests may appear, and the proceeds shall be disbursed and applied as provided for in A.R.S. § 33-1253.

8.5 Certificate of Insurance. An insurer that has issued an insurance policy pursuant to this Article 8 shall issue certificates or memoranda of insurance to the Association and, on written request, to any Unit Owner, mortgagee, or beneficiary under at deed of trust. The insurer issuing the policy shall not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner, and each mortgagee or beneficiary under a Deed of Trust to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

8.6 Annual Insurance Review. After the termination of the Period of Declarant Control, the Board of Directors shall determine annually whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area in which the Condominium is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Owners and of the Association.

ARTICLE 9

DESTRUCTION OF IMPROVEMENTS

9.1 Automatic Reconstruction. Any portion of the Condominium for which insurance is maintained by the Association which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Condominium is terminated, (ii) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (iii) eighty percent (80%) of the Unit Owners, including every Owner of a Unit or allocated Limited Common Element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement of the damaged or destroyed portion of the Condominium in excess of insurance proceeds and reserves shall be a Common Expense and shall be assessed to the Members as a Special Assessment pursuant to Section 7.3 of this Declaration.

9.2 Determination Not to Reconstruct Without Termination. If eighty percent (80%) of the Unit Owners (including every Owner of a Unit or an allocated Limited Common Element which will not be rebuilt) vote not to rebuild, and the Condominium is not terminated in accordance with the Act, the insurance proceeds shall be distributed in proportion to their interests in the Common Elements to the Owners of those Units and the Owners to which those Limited Common Elements were allocated, or to lienholders as their interests may appear. The remainder of the proceeds shall be distributed to all Unit Owners or lienholders as their interests may appear in proportion to Common Element interests of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests in the Common Elements and in the Common Expenses shall be automatically reallocated as if the Unit had been condemned under A.R.S. § 33-1206A, and the Association shall prepare, execute and record an amendment to this Declaration reflecting the reallocation.

9.3 Distribution of Insurance Proceeds in the Event of Termination of the Condominium. Notwithstanding any provisions of this Article 9 to the contrary, the distribution of insurance proceeds resulting from the damage or destruction of all or any part of the Common Elements shall be distributed as provided in the Act in the event of a termination of the Condominium.

9.4 Negotiations with Insurer. The Association shall have full authority to negotiate in good faith with representatives of the insurer of any totally or partially destroyed building or any other portion of the Common Elements, and to make settlements with the insurer for less than full insurance coverage on the damage to such building or any other portion of the Common Elements. Any settlement made by the Association in good faith shall be binding upon all Owners and First Mortgagees. Insurance proceeds for any damage or destruction of any part of the Condominium covered by property insurance maintained by the Association shall be paid to the Association and not to any First Mortgagee or other lienholder. The Association shall hold any proceeds in trust for the Unit Owners and lienholders as their interests may appear. Except as otherwise provided in Sections 9.1 and 9.2 of this Declaration, all insurance proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged or destroyed Common Elements have been completely repaired or restored or the Condominium is terminated.

9.5 Repair of Units. Installation of improvements to, and repair of any damage to, the interior of a Unit not covered by property insurance maintained by the Association shall be made by and at the individual expense of the Owner of that Unit and shall be completed as promptly as practicable and in a lawful and workmanlike manner.

9.6 Priority. Nothing contained in this Article shall entitle an Owner to priority over any lender under a lien encumbering his Unit as to any portion of insurance proceeds allocated to such Unit.

ARTICLE 10

EMINENT DOMAIN

10.1 Total Taking of a Unit. If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not be practically or lawfully used for any purpose permitted by this Declaration, the award must compensate the Owner for his Unit and interest in the Common Elements, regardless of whether any Common Elements are taken. Upon such a taking, unless the decree otherwise provides, that Unit's allocated interests in the Common Elements and in the Common Expenses shall automatically be reallocated to the remaining Units in proportion to their respective allocated interests immediately before the taking. Upon such a taking, the Association shall prepare, execute and record an amendment to the Declaration in

lienholder its their interests may appear, and the proceeds shall be disbursed and applied as provided for in A.R.S. § 33-1253.

8.5 Certificate of Insurance. An insurer that has issued an insurance policy pursuant to this Article 8 shall issue certificates or memoranda of insurance to the Association and, on written request, to any Unit Owner, mortgagee, or beneficiary under at deed of trust. The insurer issuing the policy shall not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner, and each mortgagee or beneficiary under a Deed of Trust to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

8.6 Annual Insurance Review. After the termination of the Period of Declarant Control, the Board of Directors shall determine annually whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area in which the Condominium is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Owners and of the Association.

ARTICLE 9

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9.1 Automatic Reconstruction. Any portion of the Condominium for which insurance is maintained by the Association which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Condominium is terminated, (ii) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (iii) eighty percent (80%) of the Unit Owners, including every Owner of a Unit or allocated Limited Common Element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement of the damaged or destroyed portion of the Condominium in excess of insurance proceeds and reserves shall be a Common Expense and shall be assessed to the Members as a Special Assessment pursuant to Section 7.3 of this Declaration.

9.2 Determination Not to Reconstruct Without Termination. If eighty percent (80%) of the Unit Owners (including every Owner of a Unit or an allocated Limited Common Element which will not be rebuilt) vote not to rebuild, and the Condominium is not terminated in accordance with the Act, the insurance proceeds shall be distributed in proportion to their interests in the Common Elements to the Owners of those Units and the Owners to which those Limited Common Elements were allocated, or to lienholders as their interests may appear. The remainder of the proceeds shall be distributed to all Unit Owners or lienholders as their interests may appear in proportion to Common Element interests of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests in the Common Elements and in the Common Expenses shall be automatically reallocated as if the Unit had been condemned under A.R.S. § 33-1206A, and the Association shall prepare, execute and record an amendment to this Declaration reflecting the reallocation.

9.3 Distribution of Insurance Proceeds in the Event of Termination of the Condominium. Notwithstanding any provisions of this Article 9 to the contrary, the distribution of insurance proceeds resulting from the damage or destruction of all or any part of the Common Elements shall be distributed as provided in the Act in the event of a termination of the Condominium.

9.4 Negotiations with Insurer. The Association shall have full authority to negotiate in good faith with representatives of the insurer of any totally or partially destroyed building or any other portion of the Common Elements, and to make settlements with the insurer for less than full insurance coverage on the damage to such building or any other portion of the Common Elements. Any settlement made by the Association in good faith shall be binding upon all Owners and First Mortgagees. Insurance proceeds for any damage or destruction of any part of the Condominium covered by property insurance maintained by the Association shall be paid to the Association and not to any First Mortgagee or other lienholder. The Association shall hold any proceeds in trust for the Unit Owners and lienholders as their interests may appear. Except as otherwise provided in Sections 9.1 and 9.2 of this Declaration, all insurance proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged or destroyed Common Elements have been completely repaired or restored or the Condominium is terminated.

9.5 Repair of Units. Installation of improvements to, and repair of any damage to, the interior of a Unit not covered by property insurance maintained by the Association shall be made by and at the individual expense of the Owner of that Unit and shall be completed as promptly as practicable and in a lawful and workmanlike manner.

9.6 Priority. Nothing contained in this Article shall entitle an Owner to priority over any lender under a lien encumbering his Unit as to any portion of insurance proceeds allocated to such Unit.

ARTICLE 10

EMINENT DOMAIN

10.1 Total Taking of a Unit. If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not be practically or lawfully used for any purpose permitted by this Declaration, the award must compensate the Owner for his Unit and interest in the Common Elements, regardless of whether any Common Elements are taken. Upon such a taking, unless the decree otherwise provides, that Unit's allocated interests in the Common Elements and in the Common Expenses shall automatically be reallocated to the remaining Units in proportion to their respective allocated interests immediately before the taking. Upon such a taking, the Association shall prepare, execute and record an amendment to the Declaration in

compliance with the Act. Any remnant of a Unit remaining after part of a Unit is taken becomes a Common Element.

10.2 Partial Taking of a Unit. Except as provided in Section 10.1, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in the value of his Unit and interest in the Common Elements, regardless of whether any Common Elements are taken. On acquisition, unless the decree otherwise provides, that Unit's allocated interests in the Common Elements and in the Common Expenses shall be reduced in proportion to the reduction in size of the Unit and the portion of the allocated interests divested from the partially acquired Unit shall automatically be reallocated to that Unit and the remaining Units in proportion to their respective interests immediately before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced interest.

10.3 Taking of Common Elements. If part of the Common Elements is acquired by eminent domain, the portion of the award attributable to the Common Elements taken shall be paid to the Association for the benefit of the Unit Owners, and any portion of the award attributable to the acquisition of a Limited Common Element shall be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of the acquisition.

10.4 Taking of Entire Condominium. In the event the Condominium in its entirety is acquired by eminent domain, the Condominium is terminated and the provisions of A.R.S. § 33-1228 apply.

10.5 Priority and Power of Attorney. Nothing contained in this Article shall entitle an Owner to priority over any First Mortgagee under a lien encumbering his Unit as to any portion of any condemnation award allocated to such Unit. Each Owner hereby appoints the Association as attorney-in-fact for the purpose of negotiations and settlement with the condemning authority for the acquisition of the Common elements, or any part thereof. This power of attorney is coupled with an interest, shall be irrevocable, and shall be binding on any heirs, personal representatives, successors or assigns or an Owner.

ARTICLE 11

GENERAL PROVISIONS

11.1 Enforcement. The Association or any Unit Owner shall have the right to enforce the Condominium Documents in any manner provided for in the Condominium Documents or by law or in equity, including, but not limited to, an action to obtain an injunction to compel removal of any Improvements constructed in violation of this Declaration or to otherwise compel compliance with the Condominium Documents. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Condominium Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Condominium Documents in the future. If any lawsuit is filed by the Association or any Owner to enforce the provisions of the

Condominium Documents or in any other manner arising out of the Condominium Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorney fees incurred by the prevailing party in the action. In addition to any other rights or remedies available to the Association pursuant to the Condominium Documents or at law or in equity, the Board of Directors shall have the power to levy reasonable monetary penalties against a Unit Owner for a violation of the Condominium Documents by the Unit Owner or a Lessee provided the Unit Owner is given notice and an opportunity to be heard. All rights, options and remedies of Declarant, the Association, the Unit Owners or First Mortgagees under this Declaration are cumulative, and not one of them shall be exclusive of any other, and Declarant, the Association, the Unit Owners and the First Mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

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

11.3 Duration. The covenants and restrictions of this Declaration, as amended from time to time, shall run with and bind the Condominium in perpetuity unless the Condominium is terminated as provided in Section 11.4 of this Declaration.

11.4 Termination of Condominium. The Condominium may be terminated only in the manner provided for in the Condominium Act.

11.5 Amendment.

11.5.1 Except in cases of amendments that may be executed by a Declarant in the exercise of its Development Rights or under Section 33-1220 of the Condominium Act, by the Association under Section 33-1206 or 33-1216(D) of the Condominium Act, or by certain Unit Owners under Section 33-1218(B), Section 33-1222, Section 33-1223 or Section 33-1228(B) of the Condominium Act, the Declaration, including the Plat, may be amended only by a vote of the Unit Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

11.5.2 Except to the extent expressly permitted or required by the Condominium Act, an 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.

11.5.3 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.

11.5.4 During the Period of Declarant Control, the Declarant shall have the right to amend the Declaration, including the Plat, to (i) comply with the Condominium Act or any other

applicable law if the amendment does not adversely affect the rights of any Unit Owner, (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.

11.5.5 Any amendment adopted by the Unit Owners pursuant to Subsection 11.5.1 of this Declaration shall be signed by the President or Vice President of the Association and shall be Recorded. Any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarant pursuant to Subsection 11.5.4 of this Declaration or the Condominium Act shall be executed by the Declarant and shall be Recorded.

11.6 Right to Cure Alleged Defects. It is Declarant's intent to resolve all disputes and claims regarding any "Alleged Defect" (as defined below) amicably, and without the necessity of time-consuming and costly litigation. Accordingly, the Association, the Board of Directors and all Unit Owners shall be bound by the following claim resolution procedure:

(i) **Right to Cure.** In the event that the Association, the Board of Directors, or any Unit Owner or Unit Owners (collectively, "Claimant") claim, contend or allege that any portion of the Common Elements, any Unit, and/or any Improvements constructed on the Condominium are defective, or that Declarant, its agents, consultants, contractors or subcontractors (collectively, "Agents") were negligent in the planning, design, engineering, grading, construction or other development thereof (collectively, an "Alleged Defect"), Declarant hereby reserves the right for itself to inspect, repair and/or replace such Alleged Defect as set forth herein.

(ii) **Notice.** In the event that a Claimant discovers any Alleged Defect, Claimant shall notify Declarant, in writing, within fifteen (15) days of discovery of the Alleged Defect, of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

(iii) **Right to Enter, Inspect, Repair and/or Replace.** Within a reasonable time after the receipt by Declarant of a Notice of Alleged Defect, or the independent discovery of any Alleged Defect by Declarant, as part of Declarant's reservation or right, Declarant shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, the Common Elements, any Unit, and/or any Improvements for the purposes of inspecting and/or conducting testing and, if deemed necessary by Declarant, repairing and/or replacing such Alleged Defect. In conducting such inspection, testing, repairs and/or replacement,

Declarant shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances.

(iv) **No Additional Obligations; Irrevocability and Waiver of Right.** Nothing set forth in this Section shall be construed to impose any obligation on Declarant to inspect, test, repair, or replace any item or Alleged Defect for which Declarant is not otherwise obligated under applicable law or any limited warranty provided by Declarant in connection with the sale of the Units. The right of Declarant to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and Recorded by Declarant.

(v) **Tolling of Statute of Limitations.** In no event shall any statutes of limitations be tolled during the period in which Declarant conducts any inspection or testing of any Alleged Defects.

11.7 Legal Actions. All legal actions initiated by the Association, the Board of Directors, or any Unit Owner or Unit Owners (collectively, "Claimant"), shall be brought in accordance with and subject to Sections 11.7 (Binding Arbitration), and 11.8 (Approval of Litigation) of this Declaration. In the event a Claimant initiates any legal action, cause of action, proceeding, reference or arbitration against Declarant alleging damages (i) for the costs of repairing or the replacement of any defective portion of the Common Elements, any Unit, and/or Improvements constructed on the Condominium, or from the negligence in the planning, design, engineering, grading, construction, or other development thereof by Declarant, its agents, consultants, contractors or subcontractors (collectively, an "Alleged Defect"), (ii) for the diminution in value of any real or personal property resulting from such Alleged Defect, or (iii) for any consequential damages resulting from such Alleged Defect, any judgment or award in connection therewith shall first be used to correct and or repair such Alleged Defect or to reimburse the Claimant for any costs actually incurred by such Claimant in correcting and/or repairing the Alleged Defect. In the event the Claimant is the Association, the Association must provide written notice to all Members prior to initiation of any legal action, cause of action, proceeding, reference or arbitration against Declarant which notice shall (at a minimum) include (i) a description of the Alleged Defect, (ii) a description of the attempts of Declarant to correct such Alleged Defect and the opportunities provided to Declarant to correct such Alleged Defect, (iii) a certification from an engineer licensed in the State of Arizona that such Alleged Defect exists along with a description of the scope of work necessary to cure such Alleged Defect and a resume of such engineer, (iv) the estimated cost to repair such Alleged Defect, (v) the name and professional background of the attorney retained by the Association to pursue the claim against Declarant and a description of the relationship between such attorney and member(s) of the Board (if any), (vi) a description of the fee arrangement between such attorney and the Association, (vii) the estimated attorneys' fees and expert fees and costs necessary to pursue the claim against Declarant and the source of the funds which will be used to pay such fees and expenses, (viii) the estimated time necessary to conclude the action against Declarant, and (ix) an affirmative statement

from the Board that the action is in the best interests of the Association and its Members. In the event the Association recovers any funds from Declarant (or any other Person) to repair an Alleged Defect, any excess funds remaining after repair of such Alleged Defect shall be paid into the Association's reserve fund.

11.8 Approval of Litigation. The Association shall not incur legal expenses, including without limitation, attorneys' fees, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings involving an Alleged Defect (as described in Section 11.7 above) without the written approval of Owners entitled to cast more than fifty percent (50%) of the total votes in the Association, excluding the voting power of any Unit Owner who would be a defendant in such proceedings. The Association must finance any legal proceeding with monies that are specifically collected for same and may not borrow money or use reserve funds or other monies collected for specific Association obligations other than legal fees. In the event that the Association commences any legal proceedings, all Unit Owners must notify prospective purchasers of such legal proceedings and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Section 11.7 of this Declaration.

11.9 Binding Arbitration. In the event of a dispute between or among Declarant, its builders, contractors or brokers, or their agents or employees, on the one hand, and any Unit Owner(s) or the Association, on the other hand, regarding any controversy or claim between the parties, including any claim based on contract, tort, or statute, arising out of or relating to the rights or duties of the parties under this Declaration, the operation or management of the Association, the design or construction of the Condominium, or an Alleged Defect (as defined in Section 11.7 above), the matter will be resolved by binding arbitration which shall be conducted in accordance with the following rules:

(i) **Initiation of Arbitration.** The arbitration shall be initiated by either party delivering to the other a Notice of Intention to Arbitrate as provided for in the American Arbitration Association ("AAA") Commercial Arbitration Rules, as amended from time to time (the "AAA Rules").

(ii) **Governing Procedures.** The arbitration shall be conducted in accordance with the AAA Rules and A.R.S. § 12-1501, *et seq.* In the event of a conflict between the AAA Rules and this Section 10.8, the provisions of this Section 10.8 shall govern.

(iii) **Appointment of Arbitrator.** The parties shall appoint a single Arbitrator by mutual agreement. If the parties have not agreed within ten (10) days of the date of the Notice of Intention to Arbitrate on the selection of an arbitrator willing to serve, the AAA shall appoint a qualified Arbitrator to serve. Any arbitrator chosen in accordance with this Subsection (iii) is referred to in this Section 10.8 as the "Arbitrator".

(iv) **Qualifications of Arbitrator.** The Arbitrator shall be neutral and impartial. The Arbitrator shall be fully active in such Arbitrator's occupation or profession, knowledgeable as

to the subject matter involved in the dispute, and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired lawyers or judges.

(v) **Disclosure.** Any candidate for the role of Arbitrator shall promptly disclose to the parties all actual or perceived conflicts of interest involving the dispute or the parties. No Arbitrator may serve if such person has a conflict of interest involving the subject matter of the dispute or the parties. If an Arbitrator resigns or becomes unwilling to continue to serve as an Arbitrator, a replacement shall be selected in accordance with the procedure set forth in Subsection (iii) above.

(vi) **Compensation.** The Arbitrator shall be fully compensated for all time spent in connection with the arbitration proceedings in accordance with the Arbitrator's hourly rate not to exceed Three Hundred and 00/100 Dollars (\$300.00) per hour, unless otherwise agreed to by the parties, for all time spent by the Arbitrator in connection with the arbitration proceeding. Pending the final award, the Arbitrator's compensation and expenses shall be advanced equally by the parties.

(vii) **Preliminary Hearing.** Within thirty (30) days after the Arbitrator has been appointed, a preliminary hearing among the Arbitrator and counsel for the Parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include, in addition to those set forth in the AAA Guidelines, the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the Parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding.

(viii) **Management of the Arbitration.** The Arbitrator shall actively manage the proceedings as the Arbitrator deems best so as to make the proceedings expeditious, economical and less burdensome than litigation.

(ix) **Confidentiality.** All papers, documents, briefs, written communication, testimony and transcripts as well as any and all arbitration decisions shall be confidential and not disclosed to anyone other than the Arbitrator, the parties or the parties' attorneys and expert witnesses (where applicable to their testimony), except that upon prior written consent of all parties, such information may be divulged to additional third parties. All third parties shall agree in writing to keep such information confidential.

(x) **Hearings.** Hearings may be held at any place within the State of Arizona designated by the Arbitrator and, in the case of particular witnesses not subject to subpoena at the usual hearing site, at a place where such witnesses can be compelled to attend.

(xi) **Final Award.** The Arbitrator shall promptly (within sixty (60) days of the conclusion of the proceedings or such longer period as the parties mutually agree) determine the claims of the parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration, the conduct of the parties and their counsel in the course of the arbitration, and other relevant factors. The Arbitrator shall not award any punitive damages. The Arbitrator shall not award indirect, consequential or special damages regardless of whether the possibility of such damage or loss was disclosed to, or reasonably foreseen by the party against whom the claim is made; provided, however, that such damages may be deemed by the Arbitrator to be direct damages in an award reimbursing payments made by a party therefor to a third party. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party.

(xii) **Statute of Limitations.** All statutes of limitation applicable to claims which are subject to binding arbitration pursuant to this Section 11.9 shall apply to the commencement of arbitration proceedings under this Section 11.9. If arbitration proceedings are not initiated within the applicable period, the claim shall forever be barred.

11.10 Notices. All notices, demands, statements or other communications required to be given to or served on a Unit Owner under this Declaration shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed to the Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Association or, if no such address is designated, at the address of the Unit of such Unit Owner. A Unit Owner may change his address on file with the Association for receipt of notices by delivering a written notice of change of address to the Association pursuant to this Section. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Unit is owned by more than one person, notice to one of the Unit Owners shall constitute notice to all Unit Owners of the same Unit. Each Unit Owner shall file his correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

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

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

11.13 Survival of Liability. The termination of membership in the Association shall not relieve or release any such former Owner or Member from any liability or obligation incurred under, or in any way connected with, the Association during the period of such ownership or membership, or impair any rights or remedies which the Association may have against such former Owner or Member arising out of, or in any way connected with, such ownership or membership and the covenants and obligations incident thereto.

11.14 Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, Bylaws or the Association Rules, the provisions of this Declaration shall prevail.

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

11.16 Guests and Tenants. Each Unit Owner shall be responsible for compliance by his agents, tenants, guests, invitees, licensees and their respective servants, agents, and employees with the provisions of the Condominium Documents. A Unit Owners' failure to insure compliance by such Persons shall be grounds for the same action available to the Association or any other Unit Owner by reason of such Unit Owner's own noncompliance.

11.17 Attorneys' Fees. In the event the Declarant, the Association or any Unit Owner employs an attorney or attorneys to enforce a lien or to collect any amounts due from a Unit Owner or to enforce compliance with or recover damages for any violation or noncompliance with the condominium documents, the prevailing party in any such action shall be entitled to recover from the other party his reasonable attorneys' fees incurred in the action.

11.18 Number of Days. In computing the number of days for purposes of any provision of the Condominium Documents, all days shall be counted including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday, then the next day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.

11.19 Notice of Violation. The Association shall have the right to record a written notice of a violation by any Unit Owner of any restriction or provision of the Condominium Documents. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (i) the name of the Unit Owner; (ii) the legal description of the Unit against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Unit Owner to cure the violation. Recordation of a Notice of Violation shall serve as a notice to the Unit Owner and to any subsequent purchaser of the Unit that there is a violation of the provisions of the Condominium Documents.

"DECLARANT"

UNITED ASSETS, INC., an Arizona corporation

By



Patrick Chen, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 15th day of January, 2002³, by Patrick Chen, President of UNITED ASSETS, INC., an Arizona corporation.

Jamie Chick
Jamie Gibbons
Notary Public

My Commission Expires:

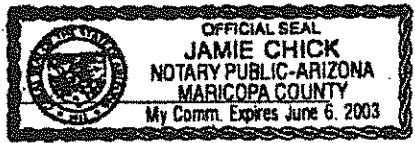


EXHIBIT B

FIDELITY NATIONAL TITLE
HOLD FOR PICK-UP

Mona Williams

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20030800625 06/20/2003 12:45
MW5254-3-4-1-
ELECTRONIC RECORDING

WHEN RECORDED, RETURN TO:

Matthew R. Berens, Esq.
BERENS, KOZUB, LORD & KLOBERDANZ, PLC
7047 East Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

FIRST AMENDMENT TO
CONDOMINIUM DECLARATION FOR
PARADISE VIEW VILLAS CONDOMINIUMS

This First Amendment to the Condominium Declaration for Paradise View Villas (this "First Amendment") is made as of this 19th day of June, 2003, by UNITED ASSETS, INC., an Arizona corporation (referred to herein as the "Declarant").

RECITALS

A. Unless otherwise defined in this First Amendment, each capitalized term used in this First Amendment shall have the meaning given to such term in the Condominium Declaration for Paradise View Villas as set forth in Document No. 2003-0141292, recorded on February 5, 2003, records of Maricopa County, Arizona (the "Declaration"); and

B. Section 2.4 of the Declaration reserves to the Declarant the right to expand the Condominium as phases are annexed into the Parcel; and

C. The Declarant desires to annex and subject the Additional Property to the Declaration in accordance with the terms of this First Amendment.

AMENDMENT

NOW, THEREFORE, the Declarant amends the Declaration as follows:

I. For purposes of this First Amendment, each of the following Phases, which contain Units 1001 through 3016, as shown on the Plat shall be considered a separate "Phase" of the Additional Property. Phase II consists of Units 1001 through 1004; 2001 through 2004 and 3001 through 3004. Phase III consists of Units 1005 through 1008; 2005 through 2008 and 3005 through 3008. Phase IV consists of Units 1009 through 1012; 2009 through 2012 and 3009 through 3012. Phase V consists of Units 1013 through 1016; 2013 through 2016 and 3013 through 3016. The effective date of this First Amendment with respect to each Phase (which will be the date the Phase will be annexed and subjected to Condominium Declaration) shall be the date (the "Effective Date") on which the first Unit in the Phase is conveyed to a Purchaser. Upon the

Effective Date of the annexation of each Phase, the undivided interest in the Common Elements and in the Common Expenses shall be reallocated equally among all the Units then subject to the Declaration so that each Unit's fraction of undivided interest in the Common Elements and in the Common Expenses of the Association shall be the fraction the numerator of which is one (1) and the denominator of which is the total number of the Units then subject to the Declaration. In addition, upon the Effective Date of the annexation of each Phase, the total number of votes in the Association shall be increased to equal the number of Units then subject to the Declaration with the voting rights allocated equally among all the Units so that each Unit has one (1) vote.

2. The Additional Property contains a total of 48 Units. The Identifying Numbers of the Units within the Additional Property are 1001 through 3016.

3. All of the Additional Property, except for the Units, shall be Common Elements.

4. The following portions of the Common Elements in the Additional Property shall be Limited Common Elements and are allocated to the exclusive use of one Unit as follows:

(a) Any chute, flue, pipe, duct, wire, conduit or other fixture (including, but not limited to, hearing and air conditioning units and related equipment and natural gas, cable television, water and electric pipes, lines or meters), located outside of the boundaries of a Unit, which serve only one Unit are a Limited Common Element allocated solely to the Unit served;

(b) If a chute, flue, pipe, duct, wire, conduit or other fixture (including, but not limited to, hot water heaters, heating and air conditioning units and related equipment and natural gas, cable television, water and electric pipes, lines or meters) lies partially within and partially outside of the designated boundaries of a Unit, the portion outside the boundaries of the Unit which serve only the Unit is a Limited Common Element allocated solely to the Unit, the use of which is limited to the Unit served;

(c) Each second floor Unit is allocated the uncovered Deck adjoining the Unit as shown on the Plat.

(d) Each first floor Unit is allocated the uncovered Patio adjoining the Unit as shown on the plat.

(e) Each Unit is designated one (1) garage as shown on the Plat.

6. All the Development Rights and Special Declarant Rights granted to or reserved by the Declarant in the Amended and Restated Declaration shall apply to the Additional Property.

APR-29-2002 08:30

STATE OF ARIZONA
ACC/TAX
DATE FILED

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APR 28 2002

DATE APPR 4-23-2002
TERM
BK

ARTICLES OF INCORPORATION

OF

PARADISE VIEW VILLAS CONDOMINIUM OWNERS ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves for the purpose of forming a nonprofit corporation under the laws of the State of Arizona, and for that purpose do hereby adopt the following Articles of Incorporation.

1. Name. The name of the corporation is "Paradise View Villas Condominium Owners Association, Inc." (the "Association").

SSA

2. Duration. The period of duration of the Association shall be perpetual.

3. Principal Place of Business. The principal office for the transaction of business of the Association is located in Maricopa County, Arizona.

4. Statutory Agent. The name and address of the initial Statutory Agent for the Association are:

Matthew R. Berens
BERENS, KOZUD & LORD, PLC
7047 E. Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

5. Nonprofit Corporation. The Association is organized as a nonprofit corporation under the laws of the State of Arizona.

6. Purpose and Powers. The Association does not contemplate the distribution of gains, profits or dividends to its Members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation and architectural control of the Common Area, and all responsibilities within that certain tract of property situated in the City of Fountain Hills, Maricopa County, Arizona, which is more particularly described in that Final Plat for Paradise View Villas Condominiums to be recorded in the Official Records of Maricopa County, Arizona, and those certain Declaration of Covenants, Conditions and Restrictions for said subdivision to be recorded in the Official Records of Maricopa County, Arizona (the "Declaration"), and to promote the health, safety and welfare of all of the residents within the above-described Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose, all according to the Declaration.

In furtherance of said purposes, the Association shall have the powers to:

- a. Perform all of the duties and obligations of the Association as set forth in the Declaration;
- b. Fix, levy, collect and enforce assessments, charges and fines as set forth in the Declaration and Bylaws;
- c. Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Common Area;
- d. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- e. Grant non-exclusive easements over the Common Area to any person for purposes beneficial to the Members;
- f. Borrow money and, only with the assent (by vote or written consent) of two-thirds (2/3rds) of each class of Members, mortgage, pledge, deed of trust or hypothecate any or all of its personal or real property as security for money borrowed or debts incurred;
- g. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any merger or consolidation shall have the assent by vote or written consent of two-thirds (2/3rds) of each class by Members; and
- h. Have and exercise any and all powers, rights and privileges which a corporation organized under the Arizona Non-profit Corporation Act A.R.S. § 10-1001 et seq. may now or hereafter have or exercise.

7. Membership Voting Rights. The number and qualifications of Members of the Association, the different classes of Membership, if any, the property, voting and other rights and privileges of Members, their liability for assessments and the method of collection thereof shall be as set forth in the Declaration and the Bylaws.

8. Board of Directors. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than five (5) Directors (the exact number and qualifications of which shall be fixed by the Bylaws, or amendments thereof, duly adopted by the Members or the Board of Directors). The number of Directors may be changed by amendment to the Bylaws. The initial Board of Directors and the addresses of the members, whom shall serve until their successors are elected or appointed according to the Bylaws, are as follows:

Patrick (Yuhan) Chen
7601 E. Indian Bend Road
Scottsdale, Arizona 85250

Eric (Yushien) Chen
7601 E. Indian Bend Road
Scottsdale, Arizona 85250

Homer Seram
7601 E. Indian Bend Road
Scottsdale, Arizona 85250

9. Elimination of Director Liability. As set forth in the Arizona Nonprofit Corporation Act, each Director shall be immune from civil liability and shall not be subject to suit indirectly or by way of contribution for any act or omission resulting in damage or injury if said Director was acting in good faith and within the scope of his official capacity (which is any decision, act or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized), unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the Director. Without limiting the foregoing, it is the intention of this paragraph to provide for the Directors the full benefits and immunities created by or available under the provision of the Arizona Revised Statutes, as the same may be expanded or modified in the future.

10. Dissolution. In the event of dissolution, liquidation or winding up of the Association (other than incident to a merger or consolidation), the Association shall pay or adequately provide for the debts and obligations of the Association and otherwise comply with the Arizona Non-Profit Corporation Act. The Directors or persons in charge of the liquidation shall dedicate the assets of the Association to an appropriate public agency to be used for purposes similar to those for which this Association was created or if such dedication is refused acceptance, then such assets may be granted, transferred or conveyed to any non-profit corporation, association, trust or other organization devoted to similar purposes. If such acts are not feasible, said Directors or other persons in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights therein as set forth in the Declaration, except as otherwise required by law.

11. Amendments. These Articles may be amended by the vote or written assent of Members representing sixty-seven percent (67%) of the total voting power of each class of Membership in the Association, provided however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision. Notwithstanding the foregoing, the Declarant, without the vote or written consent of the Members, may amend these Articles in order to conform the Articles to the requirements or guidelines of the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Articles, Bylaws or other documents relative to the Association or the Property is required by law or requested by the Declarant or the Association.

12. FHA VA Approval. As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration, if either of those agencies has approved the development plan of the Property: annexation or additional property, mergers and consolidations, mortgaging of Common Area, dedication of Common Area and dissolution and amendment of these Articles.

13. Incorporators. The Incorporators and their names and addresses are:

Matthew R. Berens
7047 E. Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

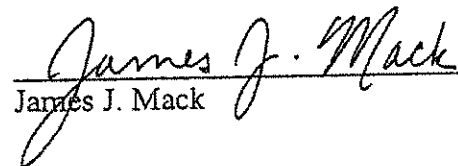
James J. Mack
7047 E. Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

14. Definitions. All initially capitalized terms used herein without definition shall have the meanings set forth for such terms in the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Arizona, we, the undersigned, constituting the Incorporators of this Association, have executed these Articles of Incorporation this 23rd day of April, 2002.

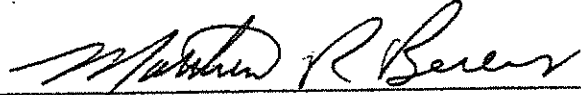
INCORPORATORS:


Matthew R. Berens


James J. Mack

CONSENT TO ACT AS STATUTORY AGENT

Matthew R. Berens, having been designated to act as Statutory Agent for Paradise View Villas Condominium Owners Association, Inc. hereby consents to act in that capacity until removed or resignation is submitted.



Matthew R. Berens



BYLAWS
OF
PARADISE VIEW VILLAS CONDOMINIUM
OWNERS ASSOCIATION, INC.

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BYLAWS
OF
PARADISE VIEW VILLAS CONDOMINIUM
OWNERS ASSOCIATION, INC.

ARTICLE 1

GENERAL PROVISIONS

1.1 Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Arizona Condominium Act, A.R.S. §33-1201, et seq., and in the Condominium Declaration for Paradise View Villas Condominiums, recorded at Recorder's No. 2002- _____, records of Maricopa County, Arizona, as amended from time to time.

1.2 Principal Office. The principal office of the Association shall be located at the known place of business of the Association designated in the Articles or such other place as may be designated from time to time pursuant to Arizona law. Meetings of Members and the Board of Directors may be held at the principal office of the Association or at such other place as may be designated by the Board of Directors.

1.3 Conflicting Provisions. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

1.4 Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

1.5 Financial Records. An annual report consisting of at least the following shall be made available to all Members within 60 days after the close of each fiscal year:

- (i) A balance sheet;
- (ii) An operating (income) statement; and
- (iii) A statement of changes in financial position for the fiscal year.

The annual financial report shall be on an audited, reviewed or compiled basis, as the Board determines, by an independent public accountant.

1.6 Amendment.

1.6.1 Except as provided for in Subsection 1.6.2 of this Section, these Bylaws may only be amended, at a regular or special meeting of the Members, by a vote of the Members holding more than fifty percent (50%) of the votes in the Association.

1.6.2 During the Period of Declarant Control, the Declarant, without the consent of any Unit Owner, shall have the right to amend these Bylaws in order to: (i) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect any Unit Owner; (ii) correct any error or inconsistency in these Bylaws if the amendment does not adversely affect the rights of any Unit Owner; or (iii) comply with the requirements 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 limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration or the Veterans Administration.

1.6.3 So long as the Declarant owns one or more Units, any amendment must be approved in writing by the Declarant.

1.7 **Notices.** All notices, demands, statements or other communications required to be given or served under these Bylaws shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Board of Directors or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. A notice given by mail shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Unit is owned by more than one person, notice to one of the Unit Owners shall constitute notice to all Unit Owners of the same Unit.

ARTICLE 2

MEETINGS OF MEMBERS

2.1 **Annual Meeting.** The first Annual meeting of the Members shall be held within one (1) year of the date on which the Association is incorporated, and an annual meeting of the Members shall be held during each calendar year thereafter. The date, time and place of each annual meeting of the Members shall be determined by the Board of Directors.

2.2 **Special Meetings.** Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors or by Unit Owners having at least twenty-five percent (25%) of the votes in the Association.

2.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of each notice, postage prepaid, no fewer than ten (10) nor more than sixty (60) days before such meeting to each Member entitled to vote at the meeting addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the items on the agenda including the general nature of any proposed amendment to the Declaration or the Bylaws, any budget changes and any proposal to remove a director or officer. When a meeting is adjourned to another date, time or place, a notice of the new date, time or place is not required if the new date, time or place is announced at the meeting before adjournment. At the adjourned meeting, the Association may transact any business which might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed under Subsection 2.8.2 below, the Association shall give notice of the adjourned meeting pursuant to this Section to persons who are Members as of the new record date. A Member's attendance at a meeting waives objection to the lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting and transaction business at the meeting. In addition, a Member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter at the time it is presented.

2.4 Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time until a quorum shall be present.

2.5 Multiple Owners. If only one of the multiple Unit Owners of a Unit is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Unit Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Unit Owners unless the Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Unit Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Unit Owners of the Unit.

2.6 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each Unit Owner of the Unit may vote or register protest to the casting of votes by the other Unit Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. The proxy is revoked on presentation of a later dated proxy executed by

the same Unit Owner. A proxy terminates one year after its date, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable.

2.7 Suspension of Voting Rights. In the event any Unit Owner is in arrears in the payment of any Assessment, monetary penalties or other fees and charges due under the terms of the Condominium Documents for a period of fifteen (15) days, the Unit Owner's right to vote as a member of the Association shall be automatically suspended and shall remain suspended until all payments, including accrued interest and attorneys' fees, are brought current, and for a period not to exceed sixty (60) days for any infraction of the Condominium Documents.

2.8 Record Date.

2.8.1 For any meeting of the Members, the Board of Directors shall fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board of Directors fails to fix a record date for any meeting of the Members, the record date for determining the Members entitled to notice of the meeting shall be the business day before the day on which the notice of the meeting is given. The Board of Directors shall also fix a date as the record date for determining the Members entitled to vote at a meeting of the Members. If the Board of Directors fails to fix such a record date, the Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

2.8.2 A determination of Members entitled to notice of or to vote at a membership meeting is effective for any adjournment of the meeting, unless the Board of Directors fixed a new date for determining the right to notice or the right to vote. The Board of Directors shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than seventy (70) days after the record date for determining Members entitled to notice of the original meeting.

2.8.3 The Board of Director shall fix a date as the record date for the purpose of determining the Members entitled to exercise any rights in respect of any other lawful action of the Members. If a record date is not fixed by the Board of Directors, Members at the close of business on the day on which the Board of Directors adopts the resolution relating to that record date, or the sixtieth (60th) day before the date of other action, whichever is later, are entitled to exercise those rights.

2.8.4 The record date fixed by the Board of Directors under this Section shall not be more than seventy (70) days before the meeting or action requiring a determination of Members.

2.9 Organization and Conduct of Meeting. All Members attending a meeting of the Members shall register with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting, and all proxies must be filed with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting. After the meeting is called to order by the chair of the meeting, no further proxies or

changes, substitutions or revocation of proxies will be accepted. All meetings of the Members will be called to order and chaired by the President of the Association, or if there is no President or if the President is absent or so requests, then by the Vice President. If both the President and Vice President are not present at the meeting, any other officer of the Association or such member of the Association as is appointed by the Board of Directors may call the meeting to order and chair the meeting. The chair of the meeting may appoint any person (whether or not a Member of the Association) to act as Recording Secretary. The chair of the meeting shall have the authority to determine the order of business to be conducted at the meeting and to establish reasonable rules for expediting the business of the meeting.

2.10 Action by Written Ballot. Any action that the Association may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than three (3) days after the date that the Association delivers the ballot. Once a written ballot has been received by the Association, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

2.11 Action by Written Consent.

2.11.1 The Members may approve any action required or permitted by law that requires the Members' approval without a meeting of the Members if the action is approved by Members holding at least a majority of the voting power in the Association, unless the Declaration, Articles, these Bylaws or applicable law require a different amount of voting power. The action shall be evidenced by one or more written consents describing the action taken, signed by those Members representing at least the requisite amount of the voting power, and delivered to the Association for inclusion in the minutes or filing with the corporate records of the Association.

2.11.2 If not otherwise fixed by the Board of Directors pursuant to Section 2.8 above, the record date for determining Members entitled to take action without a meeting is the date the first Member signs the consent to the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Written notice of Member approval pursuant to this Section shall be given to all Members who have not signed the written consent. Unless otherwise specified in the consent or consents, the action is effective on the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the voting power. Any Member may revoke the Member's consent by delivering a signed

revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the voting power.

2.12 Voting Requirements. Unless otherwise provided in the Association Documents, if a quorum is present at a meeting of the Members, the affirmative vote of a majority of the votes represented and voting is the act of the Members.

ARTICLE 3

BOARD OF DIRECTORS

3.1 Number. The affairs of this Association shall be managed by a board of directors. During and after the expiration of the Period of Declarant Control, the minimum number of directors shall be three (3). The number of directors may be changed from time to time by the Board of Directors, but the number of directors must always be an odd number. During the Period of Declarant Control, the Declarant shall have the right to appoint and remove the members of the Board of Directors who do not have to be Unit Owners. Upon the termination of the Period of Declarant Control, the Unit Owners shall elect the Board of Directors, all of whom must be Unit Owners. The Declarant may voluntarily surrender his right to appoint and remove the members of the Board of Directors before termination of the Period of Declarant Control, and in that event the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or the Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

3.2 Term of Office. Directors appointed by the Declarant shall hold office until their successors are elected and qualify. All directors elected by the Members shall be elected for a term of one (1) year. Despite the expiration of a director's term, a director shall continue to hold office until the director's successor is elected, designated or appointed and qualified, until the director's resignation or removal or until there is a decrease in the number of directors.

3.3 Resignation of Directors. A director may resign at any time by delivering written notice to the Board of Directors, its presiding officer or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

3.4 Removal. Except with respect to members of the Board of Directors appointed by the Declarant, at any annual or special meeting of the Members any one or more of the members of the Board of Directors may be removed from the Board of Directors, with or without cause, by Members having more than two-thirds (2/3) of the votes entitled to be cast by the Members present in person or by proxy at the meeting, and a successor shall then and there be elected to fill the vacancy thereby created.

3.5 Compensation. No director shall receive compensation for any service he may render to the Association which is within his duties as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties. A director may receive compensation for services rendered to the Association which are outside his duties as a director if the payment of such compensation is approved by all of the other directors.

3.6 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors. Any action taken by the Board of Directors pursuant to this Section shall be effective when the last director signs the consent, unless the consent specifies a different effective date.

3.7 Vacancies. Until the termination of the Period of Declarant Control, any vacancy on the Board of Directors shall be filled by the Declarant. Except with respect to members appointed by the Declarant and vacancies caused by the removal of a member of the Board of Directors by a vote of the Unit Owners as set forth in Section 3.4 of these Bylaws, all vacancies in the Board of Directors shall be filled by a vote of a majority of the remaining directors though less than a quorum or by a sole remaining director. Any person so elected shall serve the unexpired portion of the prior director's term. Any newly created directorship shall be deemed a vacancy. Any person elected to fill such a vacancy shall serve until the next annual meeting of the members.

3.8 Meetings.

3.8.1 If the time and place of a meeting of the Board of Directors is fixed by the Board of Directors, the meeting is a regular meeting. All other meetings of the Board of Directors are special meetings. Regular meetings of the Board of Directors may be held with or without notice to the directors of the date, time, place or purpose of the meeting.

3.8.2. Special meetings of the Board of Directors may be called by the President on two (2) business days notice to each director, given in writing, by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

3.8.3. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or promptly on the director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.8.4. A director may participate in a regular or special meeting of the Board of Directors through the use of any means of communication by which all directors participating may

simultaneously hear each other during the meeting, and a director participating in a meeting by such means is deemed to be present in person at the meeting.

3.8.5. Notice of meetings of the Board of Directors shall be given to the Members of the Association within such time and in such manner as is required by law.

3.9. Quorum and Voting. A majority of the prescribed number of directors shall constitute a quorum for the transaction of business. If a quorum is present when a meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding the departure of one or more directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors unless the Articles or Bylaws require the vote of a greater number of directors. A director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless either: (1) the director objects at the beginning of the meeting or promptly on the director's arrival to holding it or transacting business at the meeting; (2) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association before 5:00 P.M. on the next business day after the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. A director may vote in person or by proxy. A director may appoint a proxy to vote or otherwise act for the director by signing an appointment form, either personally or by the director's attorney-in-fact. The appointment does not relieve the director of liability for acts or omissions imposed by law on directors. An appointment of a proxy is effective when received by the Secretary. An appointment is valid for one (1) month unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the director. The death or incapacity of a director appointing a proxy shall not affect the right of the Association to accept the proxy's authority unless written notice of death or incapacity is received by the Secretary before the proxy exercises its authority under the appointment. Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Association is entitled to accept the proxy's vote or other action as the vote of the director making the appointment.

3.10 Powers and Duties.

3.10.1 The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may exercise all corporate powers of the Association, subject to any limitation set forth in the Condominium Documents. The duties of the Board of Directors shall include, without limitation:

(1) Open bank accounts on behalf of the Association and designate the signatories thereon;

(2) Make, or contract for the making, of repairs, additions to, improvements to or alterations of the Condominium and repairs to the Common Elements, in accordance with the

Condominium Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(3) In the exercise of its discretion, enforce by legal means the provisions of the Condominium Documents;

(4) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the Common Elements and provide services for the Condominium, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

(5) Provide for the operation, care, upkeep and maintenance of all of the Common elements and services of the Condominium and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the Common Elements;

(6) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

(7) Adopt and publish rules and regulations governing the use of the Common Elements and facilities and the personal conduct of the Members and their guests, lessees, invitees and family members thereon and establish penalties for the infraction thereof;

(8) Suspend the voting rights and the right to use of the Common Elements of a Member;

(9) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Condominium Documents;

(10) Except to members of the Board of Directors appointed by the Declarant, declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(11) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

(12) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;

(13) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(14) Levy Assessments in accordance with the Declaration and take all necessary action to collect such Assessments;

(15) As required by the Declaration, issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any Assessment has been paid;

(16) Procure and maintain adequate property liability and other insurance as required by the Declaration;

(17) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(18) Cause the Common Elements to be maintained, as more fully set forth in the Declaration.

3.10.2 The Board of Directors may employ for the Condominium a "Managing Agent" at a compensation established by the Board of Directors. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize, including, but not limited to, all of the duties listed in the Condominium Act, the Declaration and these Bylaws except for such duties and services that under the Condominium Act or the Declaration may not be delegated to the Managing Agent. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors or the officers of the Association by the Act, the Declaration and these Bylaws other than the following powers:

(1) To adopt the annual budget, any amendment thereto or to assess any Common Expenses;

(2) To adopt, repeal or amend Rules;

(3) To designate signatories on Association bank accounts;

(4) To borrow money on behalf of the Association;

(5) To acquire and mortgage Units;

(6) To allocate Limited Common Elements.

3.10.3 Any contract with the Managing Agent must provide that it may be terminated with or without cause and without payment of any penalty or termination fee on no more than thirty (30) days' written notice. The term of any such contract may not exceed three (3) years.

ARTICLE 4

OFFICERS AND THEIR DUTIES

4.1 Enumeration of Officers. The principal officers of the Association shall be the president, vice president, the secretary, and the treasurer. The Board of Directors may create such other offices as the affairs of the Association may require. During the Period of Declarant Control, all officers of the Association shall be appointed and removed by the Declarant. After the termination of the Period of Declarant Control, all officers shall be elected by the Board of Directors. After the expiration of the Period of Declarant Control, the President must be a member of the Board of Directors. Any other officers may, but need not, be members of the Board of Directors.

4.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

4.3 Term. After the termination of the Period of Declarant Control, the officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4.4 Resignation and Removal. Except for officers appointed by the Declarant, any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.5 Vacancies. Except for officers appointed by the Declarant, a vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4.6 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

4.7 Powers and Duties. To the extent such powers and duties are not assigned or delegated to the Managing Agent pursuant to Section 3.10 above, the powers and duties of the officers shall be as follows:

President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Board of Directors or the Members; shall see that orders and resolutions of the Board of Directors are carried into effect; sign checks and promissory notes of the Association; deposit monies in bank accounts of the Association; and shall generally manage the business of the Association.

Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign checks and promissory notes of the Association; shall keep proper books of account; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, in general, perform all the duties incident to the office of treasurer.

4.8 Officers Authorized to Execute Amendments to Declaration. Any amendments to the Declaration or the Plat which are required by the Condominium Act or the Declaration to be executed by the Association may be executed by either the President or Vice-President of the Association.

CERTIFICATION

I hereby certify that I am the duly elected Secretary of the Paradise View Villas Condominium Owners Association, Inc. and that the foregoing Bylaws are the original Bylaws of the Association and were duly adopted by the Board of Directors of the Association as of the 23rd day of April, 2002.



Homer Sarem, Secretary



First Financial Title Agency
Mona Williams
WHEN RECORDED, RETURN TO:

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20041059493 09/10/2004 10:41
7047M-6-1-1-
ELECTRONIC RECORDING

Matthew R. Berens, Esq.
BERENS, KOZUB, LORD & KLOBERDANZ, PLC
7047 East Greenway Parkway, Suite 140
Scottsdale, Arizona 85254

**SECOND AMENDMENT TO CONDOMINIUM DECLARATION FOR
PARADISE VIEW VILLAS CONDOMINIUMS**

This Second Amendment to the Condominium Declaration for Paradise View Villas (this "Second Amendment") is made as of this 14th day of April, 2004, by UNITED ASSETS, INC., an Arizona corporation (referred to herein as the "Declarant").

RECITALS

WHEREAS, Declarant owns that certain parcel of real property situated in Maricopa County, Arizona, originally described in the Plat of Paradise View Villas Condominiums, recorded on November 14, 2002, at Book 613, Page 15 at Recorder's No. 2002-1208976, described in Exhibit A attached hereto (the "Parcel"), as amended in the Plat of Paradise View Villas Condominiums, recorded on July 22, 2004, at Book 696, Page 15 at Recorder's No. 2004-0842401 re-recorded on September 9, 2004, at Book 703, Page 42 at Recorder's No. 2004-1056115 records of Maricopa County, Arizona, which changed the Unit Numbers and Parking Space Numbers as set forth on Exhibit A-1 attached hereto; and

WHEREAS, Declarant, as the Owner of over sixty-seven (67%) of the Lots, now records this Second Amendment to the Declaration.

AMENDMENT

NOW, THEREFORE, the Declarant hereby amends the Declaration and agrees as follows:

1. Unless otherwise defined in this Second Amendment, each capitalized term used in this Second Amendment shall have the meaning given to such term in the Condominium Declaration for Paradise View Villas as set forth in Document No. 2003-0141292, recorded on February 5, 2003, records of Maricopa County, Arizona and as amended by the First Amendment to Condominium Declaration for Paradise View Villas as set forth in Document No. 2003-0800625, recorded on June 26, 2003, records of Maricopa County, Arizona (as amended, the "Declaration"). The Recitals set forth above are hereby incorporated in this Second Amendment.

2. Article 4, Section 4.1 of the Declaration is hereby deleted in its entirety and the following is inserted in its place:

4.1. **Residential Use.** All Units and Limited Common Elements shall be used, improved and devoted exclusively to residential use only, and shall be limited to occupancy by any group of individuals, including persons who are not relatives of the Unit Owner, which may be from different families, provided the number of persons which may be unrelated occupying any Unit shall not exceed two (2) times the number of bedrooms in that Unit. No gainful occupation, business professional, trade or other nonresidential use shall be conducted on or in any Unit or Limited Common Element, but a Unit Owner may maintain his own personal professional library in his Unit, keep his personal business or professional records or accounts in his Unit, or handle his personal business calls or correspondence from his Unit.

3. Article 4, Section 4.12 of the Declaration is hereby deleted in its entirety and the following is inserted in its place:

4.12. **Signs.** No signs (including, but not limited to, "For Sale" or "For Rent" signs) shall be permitted on the exterior of any Building or in the interior of a Unit if the sign would be visible from the exterior of the Building in which the Unit is located, or on any other portion of the Condominium without the prior written approval of the Board of Directors. "Open House" signs shall be permitted if a Unit is for sale. The Open House signs may only be displayed during the hours of the "Open House" and must be removed daily at the end of the Open House.

4. The second sentence of Article 4, Section 4.15 of the Declaration is hereby deleted in its entirety and the following is inserted in its place:

4.15 **Rental of Units.** All other Units may be leased or rented for such terms as their Owners shall determine.

5. A new Article 4, Section 4.17 of the Declaration is hereby added as follows:

4.17 **Barbeque Grills.** Gas or electric barbeque grills shall be permitted on the Unit Owner's patio or balcony, only when used in accordance with the manufacturer's instructions and safety regulations. Charcoal grills shall not be permitted.

6. A new Article 4, Section 4.18 of the Declaration is hereby added as follows:

4.18 **Flags.** Unit Owner's may display flags only in areas designated by the Association.

7. A new Article 5, Section 5.5 of the Declaration is hereby added as follows:

5.5 Restrictive Use of Common Areas. No Unit Owner shall be permitted to place any personal property on any of the common areas including but not limited to, the second and third floor window facing the south end of the Condominiums which have exterior ledges. Placement of plants or other objects on these ledges could cause water damage or injury from falling objects.

8. A new Article 5, Section 5.6 of the Declaration is hereby added as follows:

5.6 Authorization to Enter Units with Prior Notice. Upon prior notice to the Unit Owner, the Association may enter any Unit in order to perform any other required maintenance.

9. Paragraphs 4 (c) and 4 (e) of the First Amendment are hereby deleted in their entirety and the following are inserted in their place:

(c) Each second and third floor Unit is allocated the Deck adjoining the Unit, as a part thereof, all as shown on the Plat.

(e) Each Unit is designated one (1) carport as shown on the Plat.

10. Declarant and Sprint Spectrum L.P., a Delaware limited partnership ("Sprint PCS") have entered into a PCS Site Agreement dated May 10, 2004 (the "Lease") whereby Declarant has leased to Sprint PCS a portion of the Parcel, and granted Sprint PCS access and utility easement for the purpose of allowing Sprint PCS to access, install, operate, repair, maintain, upgrade and remove a communications facility on the Parcel. The portion of the Parcel leased to Sprint PCS for placement of equipment includes approximately 336 square feet of ground space for equipment, additional ground space for installation of two antenna structures, and additional space for underground cable runs and includes easements for access and utilities, all as more particularly described on Exhibit B hereto ("Site").

The Lease, the Site and the installation, operation, maintenance, repair, upgrade or removal of the communication facility shall be deemed superior to and not be subject to the restrictions contained in the Condominium Documents and shall not be subject to the Association, the Board of Directors, the Condominium Documents or any restrictions contained therein, either now or in the future, except for the restrictions, if any, set forth in the Lease. The Condominium Documents may not be amended by Declarant, the Association, the Board of Directors, any Unit Owner or Unit Owners acting together, or any other Person acquiring any other ownership interest in any portion of the Condominium, if such amendment would in any way limited or restrict Sprint PCS rights under the Lease or the installation, operation, maintenance, repair, upgrade or removal of the communication facility.

Declarant, the Association, the Board of Directors, any Unit Owner or any other Person acquiring any other ownership interest in any portion of the Condominium, including the respective successors, assigns, transferees, heirs, and personal representatives of the forgoing, acknowledge, covenant and agree that no action shall be taken or commenced against Sprint PCS, the Site, the Lease or the installation, operation, maintenance, repair, upgrade or removal of the communication facility that would impair, restrict or impede in any manner the operation of the communication facility or Sprint PCS' rights under the Lease. The forgoing shall not restrict Declarant (or the Association if the Lease is assigned by Declarant to the Association) from exercising any rights it may have as landlord under the Lease.

The initial landlord under the Lease shall be Declarant, and the rights, duties and obligations of the landlord under the Lease may be assigned in writing by Declarant to the Association and Declarant shall provide Sprint PCS a copy of such assignment.

This paragraph 10 is entered into by Declarant for the specific benefit of Sprint PCS, and its successors, transferees and assigns and shall inure to the benefit of the Lease, the Site, Sprint PCS and its successors, transferees and assigns and shall run with the land and be binding upon any existing, subsequent and future Person that acquires an ownership interest in any portion of the Condominium, including Declarant, the Association, the Board of Directors and the Unit Owners, and the respective successors, assigns, transferees, heirs, and personal representatives of any of the forgoing.

11. Except as amended by this Second Amendment, the Declaration and the First Amendment shall remain unchanged and in full force and effect.

"DECLARANT"

UNITED ASSETS, INC., an Arizona corporation

By: *Patrick Chen*
Patrick Chen, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 14th day of April, 2004, by Patrick Chen, the President of United Assets, Inc., an Arizona corporation.

Shen Bohn
Notary Public


My Commission Expires:
 **SHEN BOHN**
Notary Public - Arizona
Maricopa County
Expires 05/21/07

Exhibit A**Legal Description of
Property Submitted to Condominium**

Units 1001 through 1032; 2001 through 2016; and 3001 through 3016; and all Common Elements, Easements, Drainage Easements and Access Easements set forth as part of the Amenity Area of the PARADISE VIEW VILLAS CONDOMINIUMS recorded in Book of Maps 613, page 16, at Recorder's No. 2002-1208976, in the Official Records of Maricopa County, Arizona, as amended in the REPLAT OF PARADISE VIEW VILLAS CONDOMINIUMS in Book of Maps 696, Page 15 at Recorder's No. 2004-0842401 and re-recorded in Book of Maps, 703, Page 42, at Recorder's No. 2004-1056115 in the Official Records of Maricopa County, Arizona.

Exhibit A-1

Old Unit No.	New Unit No.	Old Parking No.	New Parking No.
1005	1008	1001	2001
1006	1007	1002	3005
1007	1006	1003	3004
1008	1005	1004	2003
2005	2008	1005	1008
2006	2007	1006	3007
2007	2006	1007	3006
2008	2005	1008	2005
3005	3008	1009	3010
3006	3007	1010	3009
3007	3006	1011	3011
3008	3005	1012	2012
1013	1016	1013	2015
1014	1015	1014	3016
1015	1014	1015	3013
1016	1013	1016	2014
2013	2016	2001	2002
2014	2015	2002	3001
2015	2014	2003	3003
2016	2013	2004	1004
3013	3016	2005	1007
3014	3015	2006	2008
3015	3014	2007	2006
3016	3013	2008	1006
		2009	1009
		2010	2009
		2011	2011
		2012	1011
		2013	2016
		2014	3012
		2015	3014
		2016	1013
		3001	1001
		3002	3002
		3003	3008
		3004	2004
		3005	1003
		3006	2007
		3007	1005
		3008	1002
		3009	1010
		3010	2010
		3011	1012
		3012	1015
		3013	1016
		3014	3015
		3015	2013
		3016	1014

Exhibit B**Lease Site**

That portion of PARADISE VIEW VILLAS CONDOMINIUMS as recorded in Book 613 at Page 16, and as amended in Book 696 at Page 15 and re-recorded in Book 703, at Page 42, Maricopa County Recorder's Office, Maricopa County, Arizona, being a portion of the Northwest One-Quarter (NW ¼) of the Northeast One-Quarter (NE ¼) of Section 11, Township 2 North, Range 4 East, Gila and Salt River Meridian, Maricopa County, Arizona, describes as follows:

COMMENCING at a BCSM at the Northwest corner of said Northeast One-Quarter (NE ¼), from said point a BCSM at the Northeast corner of said section bears S 89°23'25" E 2,609.85 feet;

THENCE S 89°23'25" E, along the North Line of said Northeast One-Quarter (NE ¼), a distance of 467.86;

THENCE S 00°36'35" W 1,032.58 feet to the POINT OF BEGINNING;

THENCE S 70°25'06" E 14.18 feet;

THENCE S 30°30'39" W 24.66 feet;

THENCE N 70°49'40" W 13.99 feet;

THENCE N 30°02'02" E 24.73 feet to the POINT OF BEGINNING;

Containing 341.5 square feet, more or less.

