

When recorded mail to:

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**FIRST AMENDMENT TO CONDOMINIUM DECLARATION FOR
LAKESIDE VILLAGE CONDOMINIUM, A CONDOMINIUM**

This First Amendment to the Declaration of Condominium and Covenants, Conditions and Restrictions and Grant of Easements ("Condominium Declaration") for Lakeside Village Condominium, a condominium, is made as of this 10th day of June 2006, by Lakeside Village Condominium L.L.C., an Arizona limited liability company (the "Declarant"), with regard to the following facts and circumstances:

RECITALS

- A. Declarant caused the Condominium Declaration to be recorded in the official records of the County Recorder of Maricopa County, Arizona, at Recording No. 2006 516098 on April 18, 2006, submitting certain real property described in said Condominium Declaration to a condominium pursuant to the Arizona Condominium Act, ARS § 33-1201, et seq.
- B. Section 13.5.4 provides that during the Period of Declarant Control, the Declarant shall have the right to amend the Declaration in order to correct any error in the Declaration if the amendment does not adversely affect the rights of any Unit Owner.
- C. Declarant owns all of the Units and the Condominium is within the Period of Declarant Control.
- D. The Condominium Declaration contains two clerical errors, which the Declarant wishes to correct said errors.

AMENDMENT

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

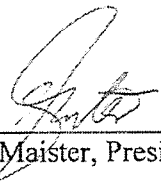
1. The identification of the Declarant in the introductory paragraph of the Condominium Declaration at page 1 is changed from "Chandler Lake, L.L.C., an Arizona limited liability company" to "Lakeside Village Condominium, L.L.C., an Arizona limited liability company."

2. Exhibit A Description of the Real Property Comprising the Project is amended by deletion of Units 1077 and 2077, as the Project does not contain said Units.

3. Unless otherwise defined in this First Amendment, each capitalized term used in this Amendment shall have the same meaning given to such term in the Condominium Declaration.


4. Except as amended by this First Amendment, the Condominium Declaration shall remain unchanged and in full force and effect. In the event of any conflict or inconsistency between the terms of this First Amendment and the Condominium Declaration, this First Amendment shall control.

LAKESIDE VILLAGE CONDOMINIUM, L.L.C.
an Arizona limited liability company

By: 
Gary Maister, President

State of Arizona)
) ss.
County of Maricopa)

The foregoing First Amendment to Condominium Declaration was acknowledged before me this 10th of June 2006, by Gary Maister, President of Lakeside Village Condominium, L.L.C., an Arizona limited liability company, on behalf of same.


Notary Public

My Commission Expires: 01/01/09



DYLAN J. KING
Notary Public - Arizona
Maricopa County
Expires 01/01/09

FIDELITY NATIONAL TITLE

When recorded return to:
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DECLARATION OF CONDOMINIUM AND COVENANTS, CONDITIONS AND
RESTRICTIONS AND GRANT OF EASEMENTS

FOR

LAKESIDE VILLAGE CONDOMINIUM,
a condominium

March 22, 2006

DISCLOSURE: THIS DECLARATION AND THE PROJECT DOCUMENTS DESCRIBED IN THIS DECLARATION CONTAIN ALTERNATIVE DISPUTE RESOLUTION PROCEDURES THAT ARE APPLICABLE TO CLAIMS AND DISPUTES ARISING OUT OF OR UNDER THE DECLARATION AND OTHER PROJECT DOCUMENTS. THESE ALTERNATIVE DISPUTE RESOLUTION PROCEDURES ARE CONTAINED IN ARTICLE XI OF THE DECLARATION AND IN THE BYLAWS OF THE ASSOCIATION (WHICH ARE PART OF THE PROJECT DOCUMENTS).

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**DECLARATION OF CONDOMINIUM AND COVENANTS, CONDITIONS
AND RESTRICTIONS AND GRANT OF EASEMENTS
FOR
LAKESIDE VILLAGE CONDOMINIUM,
a condominium**

This Declaration of Condominium and Covenants, Conditions and Restrictions and Grant of Easements for Lakeside Village Condominium, a condominium (the "Declaration"), is made this 22nd day of March, 2006, by Chandler Lake, L.L.C., an Arizona limited liability company (the "Declarant").

RECITALS

A. Declarant is the owner of that certain parcel of real property located in the City of Chandler (the "City"), Maricopa County, Arizona, described and depicted on Exhibit "A" attached hereto (the "Property"). The Property, together with all improvements and appurtenances thereto will be referred to herein as the "Project."

B. The Property and Project are part of a master planned community known as Andersen Springs and are subject to a Declaration of Covenants, Conditions, Restrictions and Easements for Andersen Springs executed and recorded by AMCOR Investments Corporation, the original subdivider of the larger parcel of which the Property is a part, on December 31, 1985, (the "Master Declaration"), under which this Declaration is defined as a "Subsidiary Declaration." The Property and Project are also subject to a previously recorded Tract Declaration, which designated same for Residential Apartment Development Use as defined in the Master Declaration and which Use is being changed by a Subdivision Plat being recorded simultaneously with the recordation of this Declaration.

C. Declarant will record this Declaration in the Office of the County Recorder of Maricopa County to provide for and promote a general plan of development for the Project, for its own benefit and the benefit of all other owners of property in the Project. This Declaration is intended to protect the value, desirability and attractiveness of the Project, by imposing covenants, restrictions and development and use standards on the Project.

D. Declarant intends that the Project will be maintained for its benefit and the benefit of all other owners of property in the Project, to protect the value, desirability and attractiveness of the Project, by imposing covenants, restrictions and granting easements on portions of the Project.

E. Owners, mortgagees, occupants and all other Persons having or hereafter acquiring any interest in the Project shall at all times enjoy the benefits of, and shall hold their interest subject to, the covenants, restrictions, easements, privileges and rights set forth herein.

DECLARATIONS

NOW, THEREFORE, Declarant hereby declares that the Project shall hereafter be held, developed, used, occupied, sold and conveyed subject to the provisions set forth herein, all of which shall run with the land and be binding upon the Project, binding upon any and all Persons having or requiring any interest in or to the Project or any part thereof, and binding upon any and all heirs, personal representatives, successors, assigns, and transferees.

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 Condominium Act and for purposes of this Declaration shall have the specific meanings set forth below:

1.2.1 "Assessment(s)" means the Common Expense Assessments, Special Assessments, Individual Expense Assessments, Enforcement Assessments and User Fee Assessments levied pursuant to Article 7.

1.2.2 "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.

1.2.3 "Association" means Lakeside Village Condominium Association, Inc., an Arizona nonprofit corporation, its successors and assigns, which shall be formed at such time as individual Units are offered for sale. The Association shall have no rights under this Declaration until it has been incorporated.

1.2.4 "Balcony/Patio" means a portion of the Common Elements comprising a balcony or a patio located adjacent to a Unit, which is allocated to the exclusive use of each Unit by Section 2.9.2 and pursuant to the Plat as a Limited Common Element.

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

1.2.6 "Builder Parties" means the parties described as "Builder Parties"

in Section 11.1.

1.2.7 "Buildings" means the buildings located on the Project and containing the Units as shown on the Plat.

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

1.2.9 "City" means the City of Chandler, a municipal corporation.

1.2.10 "Collection Costs" means all costs, fees, charges and expenditures (including, without limitation, attorneys' fees, court costs, filing fees and recording fees) incurred by the Association in collecting and/or enforcing payment of Assessments, monetary penalties, late fees, interest or other amounts payable to the Association pursuant to this Declaration.

1.2.11 "Common Elements" unless otherwise specified in this Declaration means all portions of the Condominium other than the Units, including but not limited to, Improvements such as the Parking Spaces, clubhouse, fitness center, security systems, pool, spa, ramadas, driveways, landscape areas and all private sewer facilities running from the public right-of-way throughout the Project to the boundary of each Unit, if any such items exist.

1.2.12 "Common Expenses" means the actual or estimated costs or expenses incurred or to be incurred by the Association or financial liabilities of the Association including, without limitation, the following:

(a) the cost of maintenance, management, operation, repair and replacement of the Common Elements and all other areas within the Condominium which are maintained by the Association;

(b) the cost of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, architects and employees;

(c) the cost of any utilities (water, sewer, and gas), trash pickup and disposal, landscaping, and other services benefiting the Unit Owners and their Units to the extent such services are paid for by the Association;

(d) the cost of fire, casualty, liability, worker's compensation and other insurance maintained by the Association as provided in this Declaration;

(e) reasonable reserves as deemed appropriate by the Board of Directors or otherwise required pursuant to the Condominium Documents;

(f) the cost of bonding the directors, officers and employees of the Association, any professional managing agent or any other Person handling the funds of the Association;

(g) taxes paid by the Association;

(h) amounts paid by the Association for the discharge of any lien or encumbrance levied against the Common Elements or portions thereof;

(i) the cost of any other item or items designated by, or in accordance with other expenses incurred by the Association for any reason whatsoever in furtherance of the purposes or the discharge of the obligations imposed on the Association by the Condominium Documents;

(j) Any Assessments or other amounts levied against or payable with respect to the Project, except to the extent such items are levied directly to any Unit.

1.2.13 "Common Expense Assessment" means the assessment levied against the Units pursuant to Section 7.2.

1.2.14 "Common Expense Liability" means the liability for common expenses allocated to each Unit by Section 2.7.

1.2.15 "Condominium" means the real property located in Maricopa County, Arizona, which is described in Exhibit "A" attached to this Declaration and on the Plat, together with all Buildings and other Improvements located thereon and all easements, rights, and appurtenances belonging thereto. The name of the Condominium created by this Declaration is "Lakeside Village Condominium".

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

1.2.17 "Condominium Documents" means this Declaration and the Articles, Bylaws, Rules, and Plat, collectively and/or as any of the foregoing may be amended.

1.2.18 "Covered Claims" shall have the meaning set forth in Section 11.1 below.

1.2.19 "Declarant" means Lakeside Village Condominium LLC, an Arizona limited liability company and its successors and any Person to whom it may transfer any of its right as Declarant under this Declaration by a Recorded instrument.

1.2.20 "Declarant Reserve Account" shall have the meaning set forth in

Section 7.12.5.

1.2.21 "Declarant Reserve Contribution(s)" shall have the meaning set forth in Section 7.12.5.

1.2.22 "Declaration" means this Declaration of Condominium and Covenants, Conditions and Restrictions and Grant of Easements for Lakeside Village Condominium, along with attached exhibits and where appropriate by context the Plat as amended from time to time.

1.2.23 "Developer Parties" mean the parties listed in Section 12.1.3(c).

1.2.24 "Development Rights" means any right or combination of rights reserved by or granted to Declarant in this Declaration to do any of the following:

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

(b) Subdivide Units, combine Units, convert Units into Common Elements or convert Common Elements into Units;

(c) Amend the Condominium Documents 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 materially and adversely affect the rights of any Unit Owner;

(d) Amend the Condominium Documents 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;

(e) Add real estate to the Condominium.

1.2.25 "Enforcement Assessment" means an Assessment levied pursuant to Section 7.6.

1.2.26 "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.

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

1.2.28 "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, recreational facilities, private drives, paving, fences, walls, gates, irrigation systems, cluster mailboxes, trash receptacles, sculptures, signs, and all hedges, plants, trees and shrubs of every type

and kind.

1.2.29 "Individual Expense Assessment" means an assessment levied by the Association pursuant to Section 7.5.

1.2.30 "Initial Reserve Account" shall have the meaning set forth in Section 7.12.2.

1.2.31 "Invitee" means any Person whose presence within the Condominium is approved by or is at the request of a particular Unit Owner, Lessee or Occupant, including, without limitation, family members, guests, employees and contractors.

1.2.32 "Lessee" means any Person who holds a right to occupancy of a Unit under a written lease of a Unit.

1.2.33 "Limited Common Elements" means a portion of the Common Elements specifically designated at Section 2.9.1 of 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. All Limited Common Elements are reserved for the exclusive use and benefit of the designated Unit Owners, subject to the rights of the Association described in this Declaration or the other Condominium Documents.

1.2.34 "Master Association" means the Andersen Springs Community Association, an Arizona nonprofit corporation, its successors and assigns.

1.2.35 "Master Declaration" means the Declaration of Covenants, Conditions, Restrictions and Easements of Andersen Springs, as amended or supplemented from time to time.

1.2.36 "Maintenance Program" shall have the meaning set forth in Section 5.1.

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

1.2.38 "Occupant" means a person, other than a Unit Owner, in possession of a Unit at the request of or with the consent of the Unit Owner or without the consent of a Unit Owner in the case of a holdover tenant.

1.2.39 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple legal title to any Unit. An "Owner" shall not include those persons having an interest in a Unit merely as security for the performance of an obligation or duty (e.g., a mortgagee). In the case of Units in which the fee simple title is vested of record in a trustee pursuant to Arizona Revised Statutes, §§ 33-801, et seq., the "Owner" of the Unit shall be deemed to be the trustor. In the case of a Unit

covered by an Agreement for Sale of Real Property as described in A.R.S., §§ 33-741, et seq., the buyer of the Unit shall be deemed to be the "Owner". An "Owner's Permitees" shall mean all family members, guests, tenants, licensees, invitees and agents that use or occupy the Owner's Unit or other portions of the Condominium (including Common Elements) with the implied or express consent of an Owner.

1.2.40 "Parking Spaces" means the parking intended for the parking of single motor vehicles and identified on the Plat.

1.2.41 "Percentage Interest" shall have the meaning set forth in Section 2.6 hereof.

1.2.42 "Period of Declarant Control" means the time period commencing on the date this Declaration is Recorded and ending the earlier of: (i) ninety (90) days after the individual conveyance of seventy-five percent (75%) of the Units, subject to conversion, to Unit Owners other than the Declarant; (ii) four (4) years after the Declarant has ceased to convert and offer Units for sale in the ordinary course of business; and (iii) such earlier date selected by Declarant in its sole discretion.

1.2.43 "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.

1.2.44 "Plat" means the Condominium plat for Lakeside Village Condominium, a condominium, Recorded in Book _____, page _____, in the official records of the County Recorder of Maricopa County, Arizona, and any amendments, supplements or corrections thereto.

1.2.45 "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 in connection with the sale of other Units, or a Person who, in addition to purchasing a Unit, is assigned any Special Declarant Right.

1.2.46 "Recording" or "Recorded" 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.

1.2.47 "Relinquishment" means the date upon which Declarant Control ends pursuant to Section 1.2.35.

1.2.48 "Reserve Account" shall have meaning set forth in Section 7.12.1.

1.2.49 "Reserve Account Deposit(s)" shall have the meaning set forth in Section 7.12.6.

1.2.50 "Reserve Contribution" shall have the meaning set forth in Section 7.12.1.

1.2.51 "Reserve Study" shall have the meaning set forth in Section 7.12.2.

1.2.52 "Rules" means the rules and regulations as permitted and adopted by Declarant and/or the Board of Directors, as amended from time to time.

1.2.53 "Special Declarant Rights" means any right or combination of rights reserved by or granted to Declarant in this Declaration to do any of the following:

(a) Construct Improvements provided for in this Declaration or shown on the Plat;

(b) Exercise any Development Right;

(c) Maintain sales offices, management offices, models, and signs advertising the Condominium, along with the right to display and show all Units owned by Declarant;

(d) Use easements through the Common Elements for the purpose of making Improvements within the Condominium;

(e) Appoint or remove any officer of the Association or any member of the Board of Directors during the Period of Declarant Control;

(f) Exercise the rights described in Section 3.4;

(g) Performance of warranty work and modifications to the Project by Declarant and its agents, contractors, employees, subcontractors, architects, engineers, consultants and similar parties.

1.2.54 "Termination of Mediation Notice" shall have the meaning as set forth in Section 11.3. If the parties do not settle the Covered Claim within ninety (90) days after submission of the matter to mediation, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings.

1.2.55 "Termination of Negotiations" shall have the meaning as set forth in Section 11.3.3.

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

1.2.57 "User Fee Assessment" means any assessment levied pursuant to Section 7.4.

**ARTICLE 2
SUBMISSION OF PROPERTY; UNIT BOUNDARIES; ALLOCATION
OF PERCENTAGE INTERESTS, VOTES AND
COMMON EXPENSE LIABILITIES**

2.1 Submission of Property. The Declarant is the owner of fee title to the Project. Declarant hereby submits the Project 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 Project shall be held and conveyed subject to the terms, covenants, conditions and restrictions set forth in this Declaration and the Master Declaration to which this Declaration is subordinate. Declarant further declares that all of the easements, restrictions, conditions and covenants in this Declaration shall run with the Project and shall be binding upon and inure to the benefit of the Declarant and all Unit Owners, Lessees and Occupants and all other Persons having or acquiring any right, title or interest in the Condominium or any part thereof, their heirs, successors, successors in title and assigns. Each Person who acquires any right, title or interest in the Condominium, or any part thereof, agrees to abide by all of the provisions of the Condominium Documents and the articles of incorporation, bylaws and rules of the Master Association. This Declaration shall be binding upon and shall be for the benefit of and enforceable by the Association. **Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of the Condominium Documents, or as to the compliance of any of the provisions of the Condominium Documents with public laws, ordinances and regulations applicable thereto.**

2.2 Name of Condominium. The name of the Condominium created by this Declaration is Lakeside Village Condominium, a condominium. The Condominium is located entirely in Maricopa County, Arizona.

2.3 Name of Association. The name of the Association is Lakeside Village Condominium Association, Inc., an Arizona non-profit corporation, to be formed on or about such time as the first individual Unit is offered for sale.

2.4 Identifying Numbers of Units. The identifying numbers of the Units are set forth on Exhibit "B" attached hereto.

2.5 Unit Boundaries.

2.5.1 The boundaries of each Unit are as follows:

(a) The vertical boundaries are the interior unfinished surfaces of the perimeter walls of the Unit.

(b) The lower horizontal boundary is the unfinished surface of the floor of the Unit.

(c) The upper horizontal boundary is the underside unfinished surface of the ceiling above the Unit.

(d) Each Unit shall include any door or window within a perimeter wall of the Unit, the openings and outlets of all utility installations in the Unit. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, drop ceiling, soffits, utility runs, paint, finished flooring and any other materials constituting any part of the finished surfaces of the walls, floor or ceilings below the concrete slab are part of the Unit. All portions of the perimeter walls and floor are part of the Common Elements except for conduit, HVAC lines, electrical lines, sewer and water lines, and similar improvements which serve only one Unit (such improvements being a Limited Common Element allocated to the Unit exclusively benefited thereby). All spaces, interior partitions and other fixtures and improvements (including, but not limited to, chutes, flues, wires, conduits, heating and air conditioning unit, air handler, hot water heaters and gas, cable television, water and electric pipes, lines or meters) within the boundaries of a 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. The HVAC components located on the roof of each Building, conduit runs, service lines and similar improvements which serve only one Unit, running from the HVAC components to the air handler for each Unit, the electrical meter related to each Unit, and the sub-meter for water for each Unit are deemed Limited Common Elements allocated to the Units benefited thereby.

2.5.2 In interpreting deeds, Plats, this Declaration, and plans, the existing physical boundaries of a Unit shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, Plat, plan, or Declaration, regardless of settling or lateral movement of the Building, and regardless of variances between the boundaries as shown on the Plat or in the deed and Declaration and existing physical boundaries of the Unit.

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 Percentage Interest in the Common Element, reallocate votes in the Association and reallocate Common Expense Liabilities subject to and in accordance with A.R.S. § 33-1222.

2.6 Allocation of Common Element Percentage Interest. Each Unit's current percentage of undivided interests in the Common Elements shall be allocated

equally among all the Units in the Condominium ("Percentage Interest"). The Percentage Interest of each Unit in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners as tenants in common in accordance with their respective Percentage Interest. The ownership of each Unit shall not be conveyed separate from the Percentage Interest in the Common Elements allocated to the Unit. The undivided percentage of interest in the Common Elements allocated to any Unit shall always be deemed conveyed or encumbered with any conveyance or encumbrance of that Unit, even though the legal description in the instrument conveying or encumbering the Unit may refer only to the fee title to the Unit.

2.7 Common Expenses. The Common Expenses allocable to each Unit ("Common Expense Liabilities") shall be allocated based upon each Unit's Percentage Interest.

2.8 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 on any Association matter which is put to a vote of the membership in the Association in accordance with this Declaration, the Articles of Incorporation of the Association or Bylaws adopted pursuant thereto.

2.9 Allocation of Limited Common Elements.

2.9.1 The following portions of the Common Elements are 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, heating and air conditioning units and related equipment and natural gas, cable television, wiring, water, sewer 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 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) Any awnings, doorsteps, stoops, porches, balconies, entryways or patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

(d) Each Unit is allocated the Balcony or Patio adjoining the Unit as shown on the Plat. The boundaries of each Balcony/Patio shall be as follows: (i) the lower boundary shall be the unfinished floor of the Balcony/Patio; (ii) the upper boundary shall be the unfinished ceiling of the Balcony/Patio, if any; and (iii) the vertical boundaries shall be vertical planes corresponding to the exterior wall of the Building and the inside surface of the wall or railing of the Balcony/Patio extended to the upper and lower boundaries.

(e) Each Unit is allocated the portion of entry area leading into each Unit as depicted on the Plat.

(f) Each Unit will be allocated a Parking Space as identified on the Plat. Each Parking Space allocated to a Unit Owner will be a Limited Common Element. In the event of any change to the allocation of the Parking Spaces as identified on the Plat, the Declaration shall be amended to reflect such allocation.

2.9.2 Each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements allocated to its Unit, subject to the rights granted to the Declarant or the Association by the Condominium Documents. No Limited Common Element may be transferred to a Person who is not an Owner of a Unit.

2.9.3 A Limited Common Element may be reallocated by an amendment to this Declaration. The amendment shall be executed by the Unit Owners between or among whose Units the allocation is made, shall state the manner in which the Limited Common Elements are to be reallocated and, before recording the amendment, shall be submitted to the Board of Directors. Unless the Board of Directors determines within thirty (30) days that the proposed amendment is unreasonable, which determination shall be in writing and specifically state the reasons for disapproval, the Association shall execute its approval and record the amendment. The cost of review by the Association and its legal counsel and the recording cost of the amendment shall be paid by the Unit Owners desiring such amendment. Notwithstanding the foregoing, each Unit shall, at all times, have a minimum of one (1) Parking Space allocated to such Unit. Further, the Unit Owners shall be entitled to lease to other Unit Owners or allow other Owners to use Limited Common Elements assigned to their Unit, from time to time, provided such lease or use rights do not exceed two (2) year terms, and provided such Unit Owners provided written notification of such lease or use rights to the Association.

2.9.4 The Declarant shall have the right to allocate as a Limited Common

Element any part of the Common Elements which has not previously been allocated as a Limited Common Element. Any such allocation shall be made by an amendment to this Declaration executed by the Declarant. After the Declarant no longer owns any Unit, the Board of Directors shall have the right, with the approval of Members holding at least sixty-seven percent (67%) of the total number of votes entitled to be cast by 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.

2.10 Reallocation of Boundaries Between Adjoining Units. The boundaries between or among adjoining Units may be reallocated by an amendment to this Declaration. The Unit Owners of the Units affected by the reallocation of boundaries shall prepare an amendment to this Declaration and the Plat that identifies the Units involved, specifies the outer boundaries of the Units and their dimensions and includes the Units identifying numbers. If the Unit Owners of the adjoining Units have specified a reallocation between their Units of the allocated interests in the Common Elements and in the Common Expenses, the amendment shall state the proposed reallocation in a reasonable manner. The amendment shall be executed by the Unit Owners of those Units, shall contain words of conveyance between or among them and, before recording the amendment, shall be submitted to the Board of Directors. Unless the Board of Directors determines within thirty (30) days that the proposed amendment is unreasonable (in which event the proposed amendment shall not become effective), which determination shall be in writing and specifically state the reasons for disapproval, the Association shall execute its approval and record the amendment.

2.11 Combination of Units Prohibited. If a Purchaser purchases adjoining Units, the Purchaser may not remove all or a portion of the demising wall between the adjoining Units so as to combine the adjoining Units as one Unit.

ARTICLE 3 EASEMENTS AND DEVELOPMENT RIGHTS

3.1 Utility Easement. There is hereby granted and created an easement upon, across, over and under the Common Elements and the Units for the installation, replacement, repair or maintenance of utility lines and systems, including, but not limited to, natural gas, water, sewer, telephone, electricity and cable television or other communication lines and systems. By virtue of this easement, it shall be expressly permissible for the providing utility service company, the Association or the Declarant to install and maintain utility lines, pipes, facilities and equipment on the Common Elements and the Units, but no sewer lines, electrical lines, water lines, or other utility or service lines or facilities may be installed or located on the Common Elements or the Units except as initially designed, approved and constructed by the Declarant or as subsequently 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 driveways 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 and their Invitees.

3.3 Unit Owners Easements of Enjoyment.

3.3.1 Every Unit Owner, Lessee and Occupant 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:

(a) The right of the Association to adopt reasonable Rules governing the use of the Common Elements. Such Rules may include rules and regulations to control parking.

(b) 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, if such action is approved by Unit Owners entitled to cast at least ninety percent (90%) of the votes in the Association. Any such action by the Association shall be done in the manner and subject to the limitations set forth in the Condominium Act.

(c) The right of the Association to grant non-exclusive easements over all or a portion of the Common Elements if the Board of Directors determines that the granting of the easement is necessary for the development or maintenance of the Common Elements or beneficial to the Unit Owners and Occupants.

(d) All rights and easements set forth in this Declaration including, but not limited to, the rights and easements granted to the Declarant by Section 3.4.

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

3.3.2 Notwithstanding the provisions of Section 3.3.1 to the contrary, if a Unit is leased or rented, the Lessee and the members of its family residing with the

Lessee shall have the right to use the Common Elements during the term of the lease, and the Unit Owner shall have no right to use the Common Elements until the termination or expiration of the lease.

3.3.3 The guests of any Unit Owner, Lessee or Occupant entitled to use the Common Elements pursuant to this Section 3.3 may use the Common Elements provided they are accompanied by an Owner, Member, Lessee or Occupant entitled to use the Common Elements pursuant to this Section 3.3. The Board of Directors shall have the right to limit the number of guests who may use the Common Elements at any one time and may restrict the use of the Common Elements by guests to certain specified times.

3.3.4 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.

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

3.4 Declarant's Rights and Easements.

3.4.1 Declarant shall have the right and an easement, without charge, to maintain sales or leasing offices, management offices, storage, models and related facilities throughout the Condominium and to maintain one or more marketing, directional or advertising signs on the Common Elements so long as the Declarant is marketing Units in the Condominium. Declarant reserves the right to maintain models, management offices, storage areas 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, including but not limited to Parking Spaces unless assigned as Limited Common Elements to Units owned by Persons other than Declarant. Declarant may from time to time relocate models, storage areas, management offices and sales and leasing offices to different locations within the Condominium. Declarant shall have the right and an easement to post signs, flags and banners on the Common Elements in connection with its marketing of Units. The foregoing rights and easement shall also apply as to the marketing and sales of Units in the event there is any future expansion of the Property.

3.4.2 While 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 Parking Spaces for use by prospective Unit purchasers, Declarant's employees and others engaged in

sales, leasing, maintenance, construction or management activities.

3.4.3 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.

3.4.4 Declarant and its employees, agents, contractors and subcontractors shall have the right and an easement on, over and across the Common Elements and the Units to erect and construct (including remodeling and renovation necessitated by the Condominium conversion): (i) the Common Elements and the Units shown on the Plat; (ii) all other Improvements the Declarant may deem appropriate; and (iii) to use the Common Elements as well as 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), and as such, Declarant shall not be subject to Rules otherwise applicable to the Project.

3.4.5 The Declarant and any Builder Parties (defined below) and their employees, agents, contractors and subcontractors shall have an easement through the Units, Common Elements and Limited Common Elements for the purpose of completing any renovations, warranty work or modifications to be performed by Declarant, or for purposes of inspecting, maintaining, repairing and replacing Common Elements, Limited Common Elements or otherwise, as permitted or necessitated by the provisions of this Declaration.

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

3.4.7 To the extent not expressly reserved by or granted to Declarant by other provisions of this Declaration, Declarant reserves to itself all Development Rights and Special Declarant Rights. The real estate to which those rights apply is the real estate described on Exhibit "A" attached hereto.

3.4.8 The Declarant shall have the right to the exclusive use, without charge, of any portion of any of the facilities within the Common Elements on a short-term basis for employee meetings, administrative purposes, special events or any other purpose.

3.4.9 The Declarant and its employees, agents, contractors and

subcontractors shall have an easement across Common Elements for purposes of future expansion, if any. Such easement includes, but is not limited to, the right to engage in sales, leasing, maintenance, construction and management activities, including the right to utilize Parking Spaces and other Common Elements which are not allocated as Limited Common Elements, so long as Declarant is constructing or marketing Units on a future expansion of the Property.

3.4.10 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. The rights of the Declarant set forth in this Section 3.4 shall be enforceable by injunction, by any other remedy available at law or in equity and/or by any means provided in this Declaration.

3.5 Easement for Support. There is hereby granted and reserved to each Unit a non-exclusive 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 a non-exclusive easement for structural support in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements.

3.6 Easements and Rights of the Association.

3.6.1 The Common Elements, Limited Common Elements and the Units shall be subject to an easement in favor of the Association and its agents, employees and contractors for the purpose of: (a) making emergency repairs to the Common Elements, Limited Common Elements and those components of the Unit the Association is obligated to maintain pursuant to this Declaration; (b) inspection, upkeep, maintenance, repair and replacement of the Common Elements, Limited Common Elements, and those components of the Units which the Association is obligated to maintain pursuant to this Declaration; and (c) exercising all rights and powers of the Association and discharging all duties and obligations of the Association.

3.6.2 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.

3.6.3 The easement granted to the Association in this Section for access to the Common Elements shall also inure to the benefit and may be utilized by the City in performance of its rights under Section 5.9 below.

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

3.7.1 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.

3.7.2 For the installation, repair, maintenance, use, removal or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations that 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.

3.7.3 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.

3.8 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:

3.8.1 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; and to verify that the provisions of the Condominium Documents are being complied with by the Unit Owners, Lessees and Occupant of the Unit.

3.8.2 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.

3.8.3 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.

3.8.4 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 Master Association Easement. The Master Association is hereby granted a non-exclusive easement, in, through, across and under all landscaped open

space areas designated as Common Elements on the Plat as may be necessary for the repair and maintenance of the Master Association's common areas and equipment.

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, reconstruction, shifting, settlement or movement of any improvement or alteration or restoration authorized by this Declaration or any reason other than an encroachment created by the intentional conduct or gross negligence of a Unit Owner, a valid easement for the encroachment, and for the maintenance thereof, is hereby granted.

3.11 Parking. Except as to Parking Spaces that are allocated to a specific Unit as a Limited Common Element, if any, the Declarant prior to Relinquishment and the Board of Directors thereafter may elect to assign Parking Spaces for exclusive use from time to time, to any individual Unit, may lease Parking Spaces to Unit Owners on such terms and provisions deemed desirable, and may adopt rules and regulations pertaining to use, access and maintenance of the Parking Spaces. Notwithstanding the foregoing, during the period of Declaration Control, Declarant may remove any Parking Spaces not allocated to a Unit as a Limited Common Element from the Common Elements and sell, convey or otherwise transfer said Parking Space to third parties for consideration or without consideration.

3.12 Use Fees. The Association shall be entitled to impose and receive payments, rent, fees and charges for the use, rental or operation of Common Elements to Unit Owners and non-Unit Owners in the reasonable discretion of the Board of Directors, provided such uses may be desirable or beneficial to the Association, Occupants or Unit Owners. The Association shall be entitled to lease Common Elements to non-Unit Owners in the reasonable discretion of the Board of Directors.

3.13 Clubhouse. A portion of the clubhouse identified on the Plat will be reserved by Declarant for its use pursuant to the following terms and conditions:

3.13.1 License coupled with right to retain profits. Declarant hereby reserves to itself, its successors and assigns an exclusive license to use the portion of the clubhouse designated on Exhibit "C" for the purposes of maintaining a sales, marketing and management office for the sale, marketing and renting of Units. The term of this license shall commence upon the Recording of this Declaration and shall continue in perpetuity or until otherwise terminated by Declarant, its successors or assigns.

3.13.2 Clubhouse Parking. Declarant, its successor and assigns also shall be entitled to the use of up to three (3) open Parking Spaces located in the general area of the Clubhouse in connection with the rights to use of the Clubhouse granted herein so long as the remaining Parking Spaces available for use by Unit Owners complies with any applicable City parking requirements.

3.13.4 **Following Relinquishment.** Following Relinquishment, Declarant shall continue to retain the exclusive license rights granted hereunder and shall have the right to sublicense such rights to other parties, including, without limitation, brokers, realtors and property management companies and retain any profits resulting from such sublicense.

3.13.5 **Insurance.** During any time which Declarant and any sublicensee of Declarant exercises the license rights granted hereunder, such party shall be required to maintain Commercial General Liability Insurance, including Contractual Liability Insurance coverage, covering any of its operations in or about the clubhouse, with combined single limits of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence for bodily injury, naming the Association as an additional insured. Such insurance shall be endorsed to provide that the insurance shall be primary to and not contributory to any similar insurance carried by the Association.

3.13.6 **Utilities.** Declarant and any sublicensee of Declarant shall pay to the Association a reasonable proportionate share of any utilities charges associated with the use of the clubhouse by Declarant or any sublicensee of Declarant under this Section.

ARTICLE 4 USE AND OCCUPANCY RESTRICTIONS

4.1 **Residential and Business Uses.** All Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Unit or in or from any Unit, except that an Owner or other Occupant of a Unit may conduct a business activity within a Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, vibration or smell from outside the Unit; (b) the business activity conforms to all applicable zoning ordinances or requirements for the Condominium; (c) the business activity is conducted solely in the Unit; (d) the business activity does not involve persons coming to the Unit or the door-to door-solicitation of Unit Owners, Lessees or Occupants in the Condominium; and (e) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other Unit Owners, Lessees or Occupants, as may be determined from time to time in the sole discretion of the Board of Directors. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license if required for such activity. The leasing of a Unit by

the Unit Owner thereof shall not be considered a trade or business within the meaning of this Section.

4.2 Antennas. No antenna for the transmission or reception of television or radio signals shall be erected, used or maintained outdoors on any portion of the Condominium whether attached to the Building 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 as the Board of Directors may adopt.

4.3 Utility Service. Except for lines, wires and devices existing on the Condominium on the date the first Unit is conveyed to a Purchaser 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 contained in conduits or cables installed and maintained underground or concealed in, under or on Buildings or other structures approved by the Board of Directors. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of Buildings or structures approved by the Board of Directors.

4.4 Improvements and Alterations.

4.4.1 Any Unit Owner may make nonstructural additions, alterations and improvements within his Unit which do not effect the plumbing, structural integrity or concrete slab of a 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 retains an architect and/or engineer, licensed in Arizona, who 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.

4.4.2 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 that the Unit is located or from the exterior of the Limited Common Element (including, but not limited to, the enclosing of a Balcony/Patio), 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. Except as expressly permitted by this Section, no Improvement situated within a Unit shall be constructed, installed or modified without the prior written approval of the Board of Directors. Notwithstanding any other provisions of this Declaration to the contrary, no Unit Owner shall make any additions, alterations or improvements above the finished ceiling of the Unit or below the top surface of the floors of the Unit, without the prior written consent of the Board of Directors.

4.4.3 No Unit Owner shall overload the electric wiring in the Building, or operate machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board of Directors, an unreasonable disturbance to others or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior consent of the Board of Directors, and acting in accord with the direction of the Board of Directors. No Unit Owner shall overload the floors of any Unit. Waterbeds and other furnishings, which may cause floor overloads shall not be placed, kept or used in any Unit, except with advance written approval of the Board of Directors.

4.4.4 The Board of Directors may condition the approval of any proposed additions, alterations or improvements to a Unit or the Common Elements in any manner, including, without limitation: (a) retaining approval rights of the contractor to perform the work; (b) restricting the time during which such work may be performed; (c) requiring the placement of a security deposit in an amount determined by the Board of Directors in an account controlled by the Board of Directors; (d) requiring the provision to the Board of Directors of plans and specifications prepared and sealed by a professional engineer and/or architect duly licensed by the State of Arizona; and (e) requiring that the Unit Owner requesting the change obtain, prior to commencing any work, and maintain until completion of such work, comprehensive general liability insurance in such amounts as may be required by the Board of Directors. The Unit Owner shall be obligated to designate Declarant, the Association, the Board of Directors and any other Person designated by the Board of Directors as additional insureds under the policies. The Board of Directors shall be required to maintain a complete record of all approvals granted which include, but are not limited to the final plans and specifications, meeting minutes, copies of permits and copies of insurance policies or memoranda thereof. The Unit Owner shall be responsible for all costs incurred by the Board of Directors in connection with the Board of Directors' review of the Unit Owner's proposed changes to such Unit Owner's Unit, including, without limitation, all costs of architects, engineers and other professionals, which may be retained by the Board of Directors to assist in their review. Any such costs not timely paid by the Unit Owner shall be deemed an Individual Expense Assessment.

4.4.5 The proposed additions, alterations and improvements by any Unit Owner shall be made in compliance with all laws, rules, ordinances and regulations of

all governmental authorities having jurisdiction, may only be made once all required permits have been obtained and must be in compliance with any conditions imposed by the Association with respect to design, structural integrity, sound attenuation, water-proofing, construction details, lien protection or otherwise. A Unit Owner making or causing to be made such additions, alterations or improvements agrees, and shall be deemed to have agreed, for such Unit Owner, and such Unit Owner's heirs, personal representatives, successors and assigns, as appropriate, to hold the Association, Declarant (including the original Declarant and any subsequent Declarants) and all other Unit Owners harmless from and to indemnify them for, from and against any and all liability or damage to the Condominium and expenses arising therefrom, and shall be solely responsible for the maintenance, repair and insurance of such additions, alterations and improvements from and after their date of installation or construction as may be required by the Association.

4.4.6 The Association shall have the right to stop any work that is not in compliance with the terms contained in this Section 4.4, or any Rules of the Association governing improvements by Unit Owners. The Association's rights of review and approval of plans and other submissions under this Declaration are intended solely for the benefit of the Association. Neither Declarant, the Association nor any of the officers, directors, employees, agents, contractors, consultants or attorneys shall be liable to any Unit Owner or any other Person by reason of mistake in judgment, failure to point out or correct deficiencies in any plans or other submissions, negligence, or any other misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval of any plans or submissions. Anyone submitting plans under this Declaration, by the submission of same, and any Unit Owner, by acquiring title to same, agrees not to seek damages or equitable relief from Declarant and/or the Association arising out of the Association's review of any plans under this Declaration. Without limiting the generality of the foregoing, the Association shall not be responsible for reviewing, nor shall its review of any plans be deemed approval of, any plans from the standpoint of structural safety, soundness, workmanship, materials, usefulness, conformity with building or other codes or industry standards, or compliance with governmental requirements. Further, each Unit Owner (including the successors and assigns) agrees to indemnify and hold Declarant and the Association harmless from and against any and all costs, claims (whether rightfully or wrongfully asserted), damages, expenses or liabilities whatsoever (including, without limitation, reasonable attorneys' fees and court costs at all pretrial, trial and appellate levels), arising out of any review of plans by the Association.

4.4.7 All additions, alterations and improvements to any Unit, Common Elements or other portions of the Condominium that would be visible to or affect the quiet enjoyment of any resident of any area governed by the Master Association, shall be submitted to the Master Association's architectural review committee for approval prior to construction.

4.5 Trash Containers and Collection. No garbage or trash shall be placed or kept on the Common Elements except in covered containers of a type, size and style, which are approved by the Board of Directors. The Rules may contain provisions governing the disposal of trash and refuse in the Condominium.

4.6 Animals. Except for service animals for handicapped persons and as expressly permitted by this Section 4.6, no animals, birds, reptiles, fowl, poultry or livestock shall be maintained or kept in any Unit or on any other portion of the Condominium. Permitted Pets may be kept or maintained in a Unit if they are kept, or raised solely as domestic pets and not for commercial purposes, and subject to such limitations and Rules as may be adopted from time to time by the Board of Directors. For purposes of this Section, a "Permitted Pet" shall mean dogs, cats, birds, fish or other animals of a variety commonly kept as a household pet. An Owner may keep up to one(1) dog or one (1) cat or one (1) other common household pet or one (1) of any combination of dogs, cats, or other common household pets in the Unit if permitted under local zoning ordinances. Except for service animals for handicapped persons, no dog or cat exceeding forty (40) pounds shall be kept in any Unit. Additional pets are prohibited unless approved in writing in advance by the Board of Directors. No Permitted Pet shall be allowed to make an unreasonable amount of noise, cause an odor, or to become a nuisance. All dogs shall be kept on a leash when outside a Unit and all dogs shall be directly under the Unit Owner's control at all times. Any Person bringing a dog onto the Common Elements shall immediately remove any feces deposited on the Common Elements by the dog. Any Unit where a Permitted Pet is kept or maintained shall at all times be kept in a neat and clean condition. No structure for the care, housing, confinement, or training of any Permitted Pet shall be maintained on any portion of the Common Elements or in any Unit so as to be visible from the Common Elements or any other Unit. Upon the written request of any Unit Owner, the Board of Directors shall determine whether, for the purposes of this Section, a Permitted Pet is a nuisance or is making an unreasonable amount of noise or causing an odor. The Board of Directors shall have the right to adopt, amend and repeal Rules governing the keeping of Permitted Pets in the Condominium, and such Rules may include limitations on the height and/or weight of Permitted Pets; provided, however, that any rule placing limitations on the height and/or weight of a Permitted Pet must be approved by the affirmative vote of Members having more than fifty percent (50%) of the votes cast with respect to such proposed rule at a meeting of the Members.

4.7 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 in its Unit as may be necessary to prevent insects, rodents and other pests from being present in the Unit.

4.8 Motor Vehicles. Except for emergency repairs, no automobile, truck, motorcycle, motorbike, trailer, boat, 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 the Parking Spaces. If a Parking Space that is assigned to a Unit, as a Limited Common Element, is leased to a Unit Owner, or is otherwise allocated exclusively to a Unit Owner, then no such Unit Owner, Lessee or Occupant may park any automobile, truck, motorcycle, motor bike or other motor vehicle owned or leased by such Unit Owner, Lessee or Occupant in any Parking Spaces other than the Parking Space so assigned to the Unit as a Limited Common Element as set forth above in this Section 4.8, unless otherwise allowed by the Association and subject to such Rules as the Board of Directors may adopt.

4.9 General Restrictions Regarding Parking of Vehicles. No truck (other than a Family Vehicle truck described below), mobile home, mini or standard size motor home, travel trailer, tent trailer, trailer, all-terrain vehicle, bus, camper shell, detached camper, recreational vehicle, boat, boat trailer, or other similar equipment or vehicle (hereinafter in this Article 4 referred to as "Commercial Vehicles") may be parked, kept, or maintained on any part of the Condominium. A "Family Vehicle" means any domestic or foreign car, station wagon, sport wagon, pick-up truck of ¾ ton capacity or less with camper shells not exceeding eight (8) feet in height measured from ground level, mini-van, jeep, sport utility vehicle, motorcycle and similar non-commercial and non-recreational vehicles that are used by the Owner of the Unit or its family members, tenants, guests or invitees for family and domestic purposes and which are used on a regular and recurring basis for basic transportation. The Board of Directors may, acting in good faith, designate a Commercial Vehicle as a Family Vehicle, if prior to use, the Unit Owner petitions the Board of Directors to classify the same as a Family Vehicle if the Commercial Vehicle is similar in size and appearance to a Family Vehicle and the parking of such Vehicle on the Condominium will not adversely affect the Condominium or the Owners of Units therein. Family Vehicles and Commercial Vehicles are collectively referred to in this Article 4 as "Vehicles".

4.10 Parking Spaces. Parking Spaces allocated as Limited Common Elements, if any, shall be used as the primary parking space(s) for the Owners of each respective Unit. A Unit Owner assigned more than one (1) Parking Spaces may rent the excess Space if he or she does not have a use for same, to another Unit Owner; provided, however, that any such rental shall be on a month to month basis, shall be approved in writing by Declarant prior to Relinquishment and by the Board of Directors thereafter and shall terminate without notice at the end of the renting Owner's ownership of the Unit to which the Space is allocated as a Limited Common Element. Parking at the Project shall be subject to Rules adopted by the Association.

4.11 Towing of Vehicles. The Board of Directors shall have the right to have any automobile, sport utility vehicle, van, truck, recreational vehicle, 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. Any expense incurred by the Association in

connection with the towing of any vehicle shall be paid to the Association upon demand by the owner of the vehicle. If the vehicle or equipment is owned by an Owner, any amounts payable to the Association shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner provided for in this Declaration for the collection of Assessments.

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. All of Declarant's and the Association's rules and policies governing signs, including without limitation sale or lease signs, lender signs, builder signs and condominium signs identifying the nature, number, location, content and design of Units, Limited Common Elements and Common Elements, shall be submitted to the Master Association's architectural review committee for approval prior to implementation.

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 nuisance shall be permitted to exist or operate upon the Condominium, and no activity shall be conducted upon the Condominium which is offensive or detrimental to any portion of the Condominium or any Unit Owner, Lessee or Occupants or is an annoyance to any Unit Owner, Lessee or Occupant or which interferes with the use or enjoyment of a Unit by the Unit Owner or Occupants. No exterior speakers, horns, whistles, bells or other sound devices shall be located, used or placed on the Condominium without the prior written approval of the Board of Directors. The foregoing shall not apply in the event of any action taken by Declarant or any Builder Parties to correct any Covered Claim (defined below).

4.15 Window Coverings. No reflective materials, including, but without limitation, aluminum foil, reflective screens or glass, mirrors or similar items, shall be installed or placed upon the outside or inside of any windows of a Unit without the prior written approval of the Board of Directors. Further, no window tinting or enclosures, drapes, blinds, shades, screens or other items affecting the exterior appearance of a Unit shall be constructed or installed without the prior written consent of the Board of Directors.

4.16 Balconies and Patios. Furniture, furnishings, umbrellas, plants, equipment or other materials kept or stored on any Balcony/Patio shall be of a neutral color harmonious with and not in conflict with the color scheme of the exterior walls of the Building and must be approved in writing by the Board of Directors unless expressly

permitted by the Rules. In addition, no astro-turf, carpet or other floor covering shall be installed in any Balcony/Patio without the prior written approval of the Board of Directors. No barbeque grill may be kept or used on any Balcony/Patio. No portable or other satellite receiving apparatus, clotheslines, linens, blankets, rugs, swimsuits or similar articles may be hung from any Balcony/Patio.

4.17 Machinery. No machinery of any kind shall be placed, operated, or maintained upon or adjacent to any Unit or Limited Common Elements other than machinery that is usual and customary in connection with the use, maintenance, or construction of a Unit, and other than machinery that Declarant or the Association may require for the operation and maintenance of the Condominium. The foregoing shall not apply in the event of any action taken by Declarant or any Builder Parties to correct any Covered Claim (defined below).

4.18 Increased Risk. Nothing shall be done or kept in or on any Unit or the Common Elements that will increase the rate of insurance on the Common Elements without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept on or in the Owner's Unit or the Common Elements that will result in the cancellation of insurance on any Unit or any part of the Common Elements or that would be in violation of any law.

4.19 Outdoor Burning and Lighting. There shall be no outdoor burning of trash, debris, wood, or other materials. The foregoing, however, shall not be deemed to prohibit the use of barbecues owned and maintained by the Association within the Limited Common Elements or Common Elements, subject to the Association Rules. Except as originally installed by the Declarant or as otherwise approved by the Board of Directors, no spotlights, flood lights, or other high intensity lighting shall be placed or utilized upon any Unit so that the light is directed or reflected on any Common Element or any other Unit.

4.20 Hazardous Wastes. Except as may be necessary for normal household, landscaping, or automotive uses, and in quantities and of types not in violation of applicable laws, no Owner shall permit any hazardous wastes (as defined under all applicable federal and state laws), asbestos, asbestos containing material, or any petroleum products or by-products to be kept, dumped, maintained, stored, or used in, on, under, or over any Unit or the Common Elements. No gasoline, kerosene, similar cleaning solvents, or other flammable liquids may be stored in the Units or the Common Elements.

4.21 Rental of Units. All leases must be in writing in a form approved by the Declarant, or after expiration of the Period of Declarant Control, by the Association and must provide that the terms of the lease are subject in all respects to the provisions of this Declaration and the Rules and that any violation of this Declaration or the Rules by the Lessee or the other occupants shall be a default under the lease. There shall be no subleasing of Units or assignments of leases. No Unit may be leased for a term of less

than three (3) full calendar months, except in holdover situations where the original term was three (3) calendar months or more, and no Unit shall be rented more than twice in any calendar year. Prior to commencement of the lease term, the Unit Owner shall provide the Association with a copy of the signed lease and the following information: (a) the commencement date and expiration date of the lease term; (b) the names of each of the Lessees and each other Person who will reside in the Unit during the lease term; (c) the address and telephone number at which the Unit Owner can be contacted by the Association during the lease term; and (d) the name, address and telephone number of a Person whom the Association can contact in the event of an emergency involving the Unit. Any Unit Owner who leases his/her Unit must provide the Lessee with copies of this Declaration and the Rules. The Unit Owner shall be liable for any violation of this Declaration or the Rules by the Lessees or other persons residing in the Unit and their guests or invitees. In the event of any violation of this Declaration and the Rules, the Unit Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations.

4.22 Time Sharing. A Unit may not be divided or conveyed on a time increment basis (commonly referred to as "time sharing") or measurable chronological periods other than pursuant to a written lease as permitted pursuant to Section 4.21. The term "time sharing" as used herein shall be defined to include, but shall not be limited to, any agreement, plan, program or arrangement under which the right to use, occupy or possess the Unit, or any portion thereof, rotates among various Persons on a periodically recurring basis for value exchanged, whether monetary or like-kind use privileges, according to a fixed or floating interval or period of time one hundred eighty (180) consecutive calendar days or less.

4.23 Weight and Sound Restriction. No Unit Owner of a Unit (other than Declarant) shall install any hard and/or heavy surface floor coverings on the floor, including, without limitation, tile, marble, wood and the like, without the prior written approval of the Board of Directors. Any flooring to be installed by a Unit Owner (other than the Declarant) must use a sound control underlayment system. Installation of such sound control underlayment system shall include provisions for a perimeter insulation material which will ensure that impact noises are not transmitted into the Unit below the floor either directly through the floor or by going around the floor and through the surrounding walls.

4.24 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.

4.25 Decorating. Each Owner, at its own expense, shall furnish and be responsible for all of the decorating within its own Unit (but any furnishing or decorating of the main patio or Balcony shall be subject to the provisions of Section 4.16 hereof) from time to time, including painting, wallpapering, paneling, floor coverings, draperies,

window shades, curtains, lamps, and other furniture and interior decorating. Each Owner shall be entitled to the exclusive use of the interior unfinished surfaces of the walls, floors and ceilings in its Unit and each Owner shall have the right to decorate such surfaces from time to time as it may see fit at its sole expense. However, such Owner shall maintain such surfaces in good condition, and all such use, maintenance and decoration shall be subject to regulation by the Board of Directors. Decorating and maintenance of the Common Elements and any redecorating to the Unit to the extent made necessary by any damage caused by maintenance, repair or restoration work by the Association on the Common Elements shall be furnished by the Association and paid for as part of the Common Expense.

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 including the Limited Common Elements, except those Limited Common Elements, that the Unit Owners are obligated to maintain, repair and replace pursuant to Section 5.2 of this Declaration. The Association shall also maintain, repair and replace the railings of the Balconies and Patio walls. 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. The Board of Directors shall obtain from the Declarant, and the Declarant shall provide to the Association, a maintenance program for the maintenance, care, up-keep, repair, inspection and replacement of the Common Elements, Improvements and Units ("Maintenance Program"), and the Board of Directors shall utilize such Maintenance Program in the determination of appropriate maintenance of Common Elements. No Owner, Lessee, Occupant or other Person shall construct or install any Improvements on the Common Elements or alter, modify or remove any Common Elements without the prior written approval of the Board of Directors. No Owner, Lessee, Occupant or other Person shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair and replacement of the Common Elements. Further, the Association shall repair and replace Limited Common Elements otherwise required to be maintained, repaired or replaced by Unit Owners pursuant to Section 5.2, which reasonably require access for such repair or replacement, through other Units or through Common Elements, and as to such repairs or replacements, the expense shall be paid by the Unit Owner. The Unit Owner shall advance the estimated costs of such maintenance, repair and replacement, if requested by the Board of Directors. Notwithstanding anything contained in this Section, the Association will have no obligation to perform any maintenance or repair work that is performed by any municipality or utility company responsible for the maintenance of any utilities or improvements located within any Common Elements.

5.2 Duties of Unit Owners. Each Unit Owner shall maintain, repair and replace, at its own expense, all portions of its Unit including, but not limited to:

5.2.1 All portions of the Owner's Unit;

5.2.2 The interior portions of the Unit, including, without limitation: (i) service equipment such as a dishwasher, laundry, refrigerator, microwave, oven and stove, whether or not these items are built-in fixtures; (ii) interior fixtures such as electrical and plumbing fixtures, tubs, toilets, sinks, floor coverings, and surfaces except the floor slab and sub-floor; and (iii) all interior surfaces including but not limited to windows, doors, inside paint, and other inside wall finishes;

5.2.3 All windows, glass doors and screens (including the cleaning of the interior and exterior of any windows and glass doors);

5.2.4 The air conditioning unit (including compressors and condensers), heater, and hot water heater servicing the Unit;

5.2.5 The decorating within the Unit including, without limitation, painting, wallpapering, paneling, floor covering, draperies, window shades, curtains, lamps, and other furniture and interior decorating. Subject to the provisions of this Declaration, each Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter and interior walls, floors, and ceilings within the Owner's Unit, and each Owner shall maintain these surfaces in good condition at the Owner's sole expense. Maintenance by the Owners may be subject to the Rules of the Association as may be necessary for the common good of the Condominium;

5.2.6 All cosmetic defects or blemishes within the Unit including, without limitation, damage or defect caused by settlement, expansion and/or cracking;

5.2.7 It is the responsibility of all Owners to maintain, repair, replace and provide insurance for personal property;

5.2.8 All Units shall be maintained in a good, clean and sanitary condition in accordance with and subject to the Condominium Documents. Except as otherwise provided in Section 5.1, each Unit Owner shall be responsible for the maintenance (in a good, clean and sanitary condition), repair, and replacement of the Limited Common Elements allocated to its Unit pursuant to Subsections 2.9.1(a) and (b), as well as the interior of the Balcony/Patio allocated to the Unit by Subsection 2.9.1(d). Each Unit Owner shall obtain from the Board of Directors the Maintenance Program (set forth in Section 5.1) applicable to Units, and utilize the Maintenance Program in maintaining, up-keeping, inspecting, repairing and replacing elements of the Unit including, but not limited to, the HVAC, water heater and other mechanical elements. Each Unit Owner shall cause the HVAC system to be inspected periodically, but in all events, not less often than annually, by a qualified technician, to properly assess all wear, malfunctions, required service and condition of the system and the Unit

Owner shall undertake all reasonable recommended repairs, maintenance and replacements.

5.2.9 No Owner may alter, remove, injure, damage, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Common Elements.

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 and/or equipment thereon that results from the negligence or willful misconduct of the Unit Owner or of the Unit Owner's Invitees. The cost to the Association of any such repair, maintenance or replacements required by such act of a Unit Owner, or of the Unit Owner's Invitees, shall be assessed against the Unit Owner pursuant to Subsection 7.2.4.

5.4 Unit Owner's Failure to Maintain. If a Unit Owner fails to maintain in good condition and repair his/her Unit, or any Limited Common Element that it 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. Any entry by the Association or its agents shall not be considered a trespass. The cost of these maintenance items and repairs shall be added to the Assessments charged to the Unit Owner, shall be paid immediately to the Association by that Unit Owner as a Special Assessment or otherwise, and shall constitute a lien upon that Owner's Unit. The rights of the Association described above are in addition to any other remedies available to the Association under the Condominium Documents or Arizona law.

5.5 Private Sewer Facilities. As used in this Section 5.5, the term "Private Sewer Facilities" means all sewer lines and appurtenant facilities within the boundaries of the Property, except for: (a) any sewer lines and appurtenant facilities which serve only one Unit, which are located within the boundaries of the Unit or are allocated to the Unit by this Declaration as a Limited Common Element; and (b) any sewer lines and appurtenant facilities that have been accepted by and are the responsibility of the county or municipality in which the Project is located. The Association shall be responsible for the operation, maintenance, repair and replacement of the Private Sewer Facilities in compliance with all applicable federal, state and local laws, ordinances and regulations. The Unit Owners shall be subject to Assessment for such purposes as a Common Expense Assessment, as provided in Article 7.2 of this Declaration. The Association shall file all reports regarding the operation and maintenance of the Private Sewer Facilities as may be required by federal, state or local laws, ordinances or regulations, if any.

5.6 Exterior Repairs. Notwithstanding the fact that the Unit Owner may be required to maintain certain of the Limited Common Elements that are outside of the

physical boundaries of the Unit, the Unit Owner will not be permitted to change any exterior color, style, or condition of the Limited Common Elements without the prior approval of the Board of Directors.

5.7 General Standards. Except as may be otherwise provided in this Declaration or the other Condominium Documents, each respective Unit Owner shall maintain the areas for which they are respectively responsible, at a level of general maintenance at least equal to that prevailing with respect to areas of a similar nature located in residential and commercial communities commonly and generally deemed to be of the same quality as the Condominium.

5.8 Utilities. Utility costs that are metered collectively for the Common Elements and paid by the Association shall be a Common Expense. Electricity for individual Units will be metered separately to each Unit and will be the responsibility of the respective Unit Owners for payment. Utilities that are utilized by individual Units, but not separately metered, shall be a Common Expense.

5.9 City Intervention. Notwithstanding any other provision of this Declaration, should the Association fail to perform its obligations to maintain the Common Elements and should no other party including the Master Association take responsibility for maintenance of the Common Elements, then the City may maintain the Common Elements and assess the Unit Owners for all costs associated with such maintenance and use the rights of collection granted to the Association herein to recover said costs.

ARTICLE 6 THE ASSOCIATION

6.1 Rights, Powers and Duties of the Association. No later than the date that the first Unit is conveyed to an individual Purchaser for use as a condominium (as distinguished from sales of all or substantially all of the Project), 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 affirmative vote of Unit Owners holding 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, including but not limited to the following:

6.1.1 Common Elements. Maintain and otherwise manage the Common Elements and all other real and personal property that may be acquired by the Association;

6.1.2 Legal and Accounting Services. Obtain legal, accounting, and other services deemed by the Board of Directors, in its discretion, to be necessary or desirable in the operation of the Association and the Common Elements;

6.1.3 Easements. Subject to the limitations, if any, imposed by the Condominium Documents, grant easements where necessary for utilities, sewer facilities, and CATV on, under, over, through, upon, or across the Common Elements to serve the Common Elements or any Unit;

6.1.4 Employment of Managers. Employ affiliated or third-party managers or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;

6.1.5 Purchase Insurance. Purchase insurance for the Common Elements for risks, with companies, and in amounts as required by this Declaration and/or applicable law or otherwise as the Board of Directors determines to be necessary, desirable, or beneficial;

6.1.6 Other. Perform other acts authorized expressly or by implication under this Declaration and the other Condominium Documents including, without limitation, the right to construct improvements on the Units and Common Elements; and

6.1.7 Enforcement. Enforce the provisions of this Declaration and the other Condominium Documents by all legal means, including, without limitation, the expenditure of funds of the Association, the employment of legal counsel, the commencement of actions, and the establishment of a system of fines or penalties for the enforcement of this Declaration and the other Condominium Documents.

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. 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 (3) members, all of whom must be Unit Owners. The Board of Directors elected by the Unit Owners shall then elect the officers of the Association, that at a minimum shall include President, Vice President and Secretary.

6.2.2 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. The Rules may, among other things, restrict and govern the use of the Units, the Common Elements and the Limited Common Elements; provided, however, that the Rules may not unreasonably discriminate among Unit Owners and shall not be inconsistent with the Condominium Act, the applicable federal and state Fair Housing Acts, this Declaration, the Articles or Bylaws. A copy of the Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Unit Owner and may be Recorded.

6.4 Identity 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 its ownership ceases for any reason, at which time his/her 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.

6.5 Personal Liability. No Director or Officer of the Association, no Member of any committee of the Association, and no other Person acting on behalf of the Board of Directors shall be personally liable to any Member, or to any other Person for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence in the discharge of such Person's duties and responsibilities under the Condominium Documents provided such Person acted in good faith and without intentional misconduct.

6.6 Utility Service. The Association shall acquire and pay for the following: (a) water, sewer, electrical, natural gas and other utility service for the Common Elements and for utilities to Units that are not individually metered; (b) refuse and rubbish collection for the Common Elements and the Units; (c) natural gas (if applicable) and water and sewer service for the Units; and (d) to the extent elected by the Association, telephone services, internet services, telecommunication and related services. There shall be one or more water meters for the Project, and Declarant or the Association shall be entitled to install sub-meters to measure water usage by each Unit. In the event the Association installs separate meters for water, the Association shall have the right to assess each respective Unit Owner(s) for such water usage as an Individual Expense Assessment.

6.7 Monitored Access. The Association may provide mechanical or other monitoring of access to the Building to limit access to the Owners, Occupants, Lessees and their Invitees. The Board of Directors shall determine whether or not the

Association shall provide such mechanically monitored access service and, if so provided, the hours during which such service will be provided. Each Owner, Lessee and Occupant acknowledges and agrees that such monitoring service does not guarantee the safety or security of the Owners, Lessees and Occupants, or his or her Invitees, or guarantee that no unauthorized person will gain access to the Building. Such monitored access may restrict or delay entry into the Project for Owners, Occupants and Invitees, and for emergency and safety personnel. Each Owner, Occupant, Lessee or Invitee of a Unit assumes all risk associated with such controlled access. Each Unit Owner, Occupant and Lessee further acknowledges and agrees that neither the Declarant nor the Association or its directors, officers, agents and employees shall be liable for any loss or damage resulting from unauthorized restricted or delayed entry into the Condominium or from persons gaining entry into the Building or for any death or injury resulting from any criminal act or any damage to or loss of property resulting from burglary, death or other criminal act.

6.8 Disclaimer of Representations. No representations or warranties of any kind, express or implied, have been given or made by Declarant or Builder Parties or their agents, consultants or employees in connection with the Condominium, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, taxes or regulation thereof, except as specifically and expressly set forth in this Declaration, or in a Public Report for the Condominium issued to Declarant, or in any written contract with a purchaser executed by Declarant. DECLARANT AND BUILDER PARTIES FURTHER MAKE NO WARRANTIES, EXPRESS OR IMPLIED, ABOUT THE EXISTING OR FUTURE SOIL OR ENVIRONMENTAL CONDITIONS ON OR ADJACENT TO THE CONDOMINIUM, INCLUDING POSSIBLE PRESENT OR FUTURE POLLUTION OF THE AIR, WATER OR SOIL FROM ANY SOURCES, INCLUDING BUT NOT LIMITED TO, POWER LINES, RADON GAS OR UNDERGROUND MIGRATION OR SEEPAGE OF HAZARDOUS SUBSTANCES OR OTHER POLLUTANTS. DECLARANT EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY TYPE OF DAMAGE, WHETHER DIRECT, INDIRECT OR CONSEQUENTIAL, THAT THE CONDOMINIUM OR THE OWNERS AND RESIDENTS, THEIR FAMILY MEMBERS, GUESTS AND INVITEES MAY SUFFER BECAUSE OF ANY EXISTING OR FUTURE ENVIRONMENTAL OR OTHER CONDITION IN OR ADJACENT TO THE CONDOMINIUM.

6.9 Voting Procedures. No change in the ownership of a Unit shall be effective for voting purposes unless and until the Board of Directors is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Unit must be cast as a Unit, and fractional votes shall not be allowed. In the event that a Unit is owned by more than one (1) Person, and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Unit, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of the same Unit unless

objection thereto is made at the time the vote is cast. None of the votes shall be counted in the event more than one (1) vote is cast by a Member for a particular Unit and all such votes shall be deemed void.

6.10 Transfer of Membership. The rights and obligations of any Member, other than Declarant, shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Unit, and then only to the transferee of ownership to the Unit. A transfer of ownership to a Unit may be affected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as are now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Unit shall operate to transfer the membership appurtenant to said Unit to the new Owner thereof. Each Purchaser of a Unit shall notify the Association of its purchase within ten (10) days after becoming an Owner.

6.11 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Condominium Documents within fifteen (15) days after such payment is due, or if any Owner or Occupant violates any other provision of the Condominium Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner in writing of the violation, the Board of Directors shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Condominium Documents by such Owner or such Owner's Occupant are corrected.

6.12 Conveyance or Encumbrance of Common Element. The Common Elements shall not be mortgaged, transferred, dedicated or encumbered without the prior written consent or affirmative vote of Owners representing at least eighty percent (80%) of the votes allocated to Owners. In addition, any conveyance, encumbrance, judicial sale or other transfer (whether voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated also is transferred.

6.13 Availability of Condominium Documents. The Association, or its designee, has the specific duty to make available to the Declarant, First Mortgagee holders, Unit Owners, and Eligible Insurers or Institutional Guarantors, during normal business hours, current copies of the Condominium Documents and other books, records and financial statements of the Association as may be requested from time to time by such parties. Such requests shall be in writing, and the Association shall have the right to charge for copying expenses and the reasonable cost of postage, shipping or transmission of the information requested.

ARTICLE 7 ASSESSMENTS

7.1 Preparation of Budget.

7.1.1 The Board of Directors shall adopt, each year, an annual budget for the Association containing an estimate of the total amount of funds that the Board of Directors believes will be required during the ensuing fiscal year to pay all Common Expenses including, but not limited to: (a) 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; (b) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Condominium; (c) the amount required to render to the Unit Owners all services required to be rendered by the Association under the Condominium Documents; and (d) such amounts as may be necessary to provide general operating reserves and reserves for contingencies and replacements. 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 or Section 7.4.

7.1.2 The Board of Directors, annually, 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 or the Unit Owner in accordance with Section 7.2. The failure or delay of the Board of Directors to prepare or adopt a budget or a summary of the budget and a statement of the amount of the Common Expense Assessment assessed against the Unit or the Unit Owner in accordance with Section 7.2 for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owners obligation to pay its allocable share of the Common Expenses as provided in Section 7.2, and each Unit Owner shall continue to pay the Common Expense Assessment against its Unit as established for the previous fiscal year until notice of the Common Expense Assessment for the new fiscal year has been prepared and 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 or amendment 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 or Section 7.4, and except for charges for water service which will be billed to each Unit Owner as provided in Section 6.6) shall be assessed against each Unit in proportion to the Unit's Common Expense Liability as set forth in Section 2.6. 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.

7.2.4 If any Common Expense is caused by the misconduct, negligence, omissions, failure to repair, replace and/or maintain by any Unit Owner, the Association shall assess that Common Expense exclusively against that 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 All Assessments, monetary penalties and other fees and charges levied against a Unit shall be the personal obligation of the Unit Owner 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/her 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 a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, maintenance, 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 as a result of the damage or destruction of all or part of the Common Elements) shall be 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 User Fee Assessment. The Association may establish and charge fees for the use of certain facilities in the Condominium. By way of illustration but not of limitation, such fees may include fees for use of the clubhouse. All such fees shall be assessed to the Unit Owners as a User Fee Assessment which shall be payable within fifteen (15) days after notice of the User Fee Assessment is given to the Unit Owner.

7.5 Individual Expense Assessment. The Association may contract with various suppliers of goods or services to provide to the Unit Owners, Lessees and Occupants goods or services that the Association is not required to provide under the Condominium Documents. Such goods or services may include, without limitation, water usage, cable television, telecommunication fees and for those Units with gas fireplaces the costs associated with gas usage. Any such contract may provide either that the Association shall pay for the cost and expense of the goods or services provided to the Unit Owners, Lessees or Occupant under the contract or that the cost and expense shall be billed directly to the Unit Owner, Lessee or Occupant receiving such goods or services. Any such costs and expenses paid by the Association shall be assessed to the Unit Owner receiving such goods and services as an Individual Expense Assessment. The Association may charge reasonable administrative charges to handle billings and related matters pertaining to the Individual Expense Assessments.

7.6 Enforcement Assessment. The Association may assess against a Unit Owner as an Enforcement Assessment any of the following expenses: (a) any Collection Costs incurred by the Association in attempting to collect Assessments or other amounts payable to the Association by the Unit Owner; (b) any attorneys' fees (whether or not a lawsuit is filed) incurred by the Association with respect to any violation of the Condominium Documents by the Unit Owner or the Unit Owner's Lessees or Invitees; (c) any monetary penalties levied against the Unit Owner; or (d) any amounts (other than Common Expense Assessments, Special Assessments, Individual Assessments and User Fee Assessments), that become due and payable to the Association by the Unit Owner or the Unit Owner's Lessees or Invitees pursuant to the Condominium Documents.

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

7.7.1 Any Assessment, any installment of an Assessment or other charge payable herein, that is not paid within fifteen (15) days after such amount first becomes 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, any installment thereof or other charge payable herein, is not paid within fifteen (15) days after such amount first becomes 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.

7.7.2 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.

7.7.3 The Assessment Lien shall have priority over all liens, or claims except for: (a) tax liens for real property taxes; (b) Assessments in favor of any municipal or other governmental body; (c) liens to the favor of the Master Association established pursuant to the Master Declaration; and (d) 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 the 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 and charges against the Unit that became payable prior to the acquisition of such Unit by the First Mortgagee or other Person. Any Assessments and charges against the Unit, which accrue prior to such sale or transfer shall remain the obligation of the defaulting Unit Owner.

7.7.4 The Association shall not be obligated to release the Assessment Lien until all delinquent Assessments, interest, lien fees, fines, reasonable attorneys' fees, court costs, Collection Costs and all other sums payable to the Association by the Unit Owner of the Unit have been paid in full.

7.7.5 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: (a) bringing a lawsuit against the Unit Owner personally obligated to pay the delinquent amounts and such lawsuit may be brought without waiving the Assessment Lien securing any such delinquent amounts; or (b) 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.

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

7.9 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/her 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.

7.10 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.

7.11 Initial Working Capital Fund. To provide the Association with initial operating funds, 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.

7.12 Reserve Contribution.

7.12.1 Effective upon the date established in Section 7.12.3, the Assessments shall include reasonable amounts as determined by the Declarant prior to Relinquishment and Board of Directors thereafter, 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 Declarant or Board of Directors. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited in a separate bank account (the "Reserve 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. The Members shall deem such reserves a contribution to the capital account of the Association. Funds designated as reserve funds shall not be expended for any purpose other than for purposes of repairing, replacing or maintaining the Common Elements, and in no event shall the Reserve Accounts be used for purposes of litigation or any other type of alternative dispute resolution proceedings involving the Board of Directors, the Association, or the Project. 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.

7.12.2 The Declarant and/or Board of Directors shall obtain a Reserve Study (the "Reserve Study") by a professional engineer licensed in the State of Arizona prior to sale of the first individual Unit, and at least once every three (3) 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 that, 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 and expected contributions to the reserves from the initial sale of the Units and taking into account warranties and or guaranties, if any. The results of any Reserve Study shall be for advisory purposes only and the Declarant or Board of Directors shall have the right to provide for reserves which are greater or less than those shown in the Reserve Study, and may take into account other factors they deem relevant in setting reserve amounts. Provided however that the initial Reserve Study shall contain a recommendation for the total of all Reserve Contributions required to establish the beginning Reserve Account ("Initial Reserve Account") provided however the Initial Reserve Account shall not exceed Two Thousand Five Hundred No/100 Dollars (\$2,500.00) for each Unit.

7.12.3 The Reserve Contributions payable hereunder shall not become effective until the date the first Unit is sold to a Person, as distinguished from a sale of the entire Project.

7.12.4 Each Person who purchases or otherwise becomes the Owner of a Unit after the date established in Section 7.12.3 and provided such transaction involves a purchase price or exchange value, shall pay to the Association, immediately upon becoming the Owner of the Unit, a dollar amount to be determined by the Declarant prior to Relinquishment or the Board of Directors thereafter (the "Reserve Contribution(s)"), provided however that the Reserve Contribution shall be equal among all Units and the Reserve Contributions to be paid for the initial sale of all Units shall not exceed the amount of the Initial Reserve Account. After Relinquishment, the Board of Directors may increase the Reserve Contribution for resale of Units sold previously to Association Members but not on Units retained and to be sold in the future by Declarant, provided that such increase is approved by Members holding more than fifty percent (50%) of the votes in the Association

7.12.5 Declarant shall not be obligated to pay any Reserve Contribution based upon its ownership or sale of Units, but shall fund into the Reserve Account, upon its sale of each Unit in the Project, the sum of no less than One Hundred

Hundred Dollars (\$100.00), as a refundable Reserve Account Deposit ("Declarant's Reserve Contribution(s)"). The Association shall maintain the Declarant's Reserve Contributions in a separate interest bearing trust account designated for the deposit of Declarant's Reserve Contributions ("Declarant's Reserve Account"). Declarant's Reserve Contributions shall not be included as part of the Budget. Declarant's Reserve Contributions together with all interest earned thereon, shall become non-refundable to Declarant, and may be retained by the Association and deposited into the Reserve Account provided that (i) five (5) years has passed from the last sale of all Units, (ii) no Covered Claim (as defined in Article 11 below) has been brought by the Association within the foregoing five (5) year period, and (iii) the Association provides Declarant with a letter confirming that no Covered Claims exist and waiving any and all rights to any potential Covered Claim, whether known or unknown. In the event or to the extent a Covered Claim is brought by the Association within the stated time period, Declarant shall be entitled to an immediate refund of all Declarant's Reserve Contributions held in Declarant's Reserve Account together with all interest earned thereon.

7.12.6 No Reserve Contribution shall be payable with respect to: (a) the transfer or conveyance of a Unit by devise or intestate succession; (b) a transfer or conveyance of a Unit to a family trust, family limited partnership or other Person for bona fide estate planning purposes; (c) a transfer or conveyance of a Unit to a corporation, partnership or other entity in which the grantor owns a majority interest unless the Board of Directors determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the Reserve Contribution in which even a Reserve Contribution shall be payable with respect to such transfer or conveyance; (d) the conveyance of a Unit by a trustee's deed following a trustee's sale under a deed of trust; or (e) a conveyance of a Unit as a result of the foreclosure of a realty mortgage or the forfeiture or foreclosure of a Purchaser's interest under a Recorded contract for the conveyance of real property or a deed in lieu of foreclosure subject to A.R.S. § 33-741, et seq.

7.12.7 All Reserve Contributions shall be deposited in the Reserve Account established pursuant to Section 7.12.1. Reserve Contributions shall be non-refundable and shall not be considered as an advance payment of Assessments.

7.13 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. The transfer fee is not intended to compensate the Association for the costs incurred in the preparation of the statement which the Association is required to mail or deliver to a purchaser under A.R.S. § 33-1260A and, therefore, the transfer fee shall be in addition to the fee which the Association is entitled to charge pursuant to A.R.S. § 33-1260C.

7.14 Surplus Funds. Surplus funds of the Association remaining after payment of or provisions for 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 Liability.

7.15 Master Association Assessments. All assessments and amounts payable to the Master Association pursuant to the Master Declaration shall be in addition to and not in substitution for any assessments and amounts payable to the Association pursuant to this Declaration. The Board of Directors of the Master Association may but shall not be obligated to delegate the responsibility to bill and collect some or all of the Master Association's assessments and special use fees to the Association. The Master Association's liens for unpaid assessments and charges shall be superior to and have priority of collection over the Association's liens for unpaid assessments and charges.

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:

(a) A blanket causes of loss - special form policy of property insurance insuring the entire Condominium, except for: (i) additions, alterations and improvements supplied or installed by the Unit Owners; and (ii) furniture, furnishings or other personal property of the Unit Owners. Such property insurance shall cover the interests of the Association, the Board of Directors and all Unit Owners and their mortgagees, as their interests may appear, 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. The Board of Directors shall review the replacement cost not less than annually 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.

(b) Broad form comprehensive general liability insurance, for a limit to be determined by the Board of Directors, but not less than Two Million Dollars and No/100 (\$2,000,000.00) for any single occurrence with an aggregate of Two Million Dollars and No/100 (\$2,000,000.00). 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 non-owned 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.

(c) Workers 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.

(d) Director's and officer's liability insurance in an amount not less than Three Million Dollars and No/100 (\$3,000,000.00) covering all the directors and officers of the Association in such limits as the Board of Directors may determine from time to time.

(e) 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, including without limitation, umbrella general liability insurance that would provide general liability coverage in excess of the coverage provided by the policy to be obtained pursuant to Subsection 8.1.1(b).

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

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

(ii) There shall be no subrogation with respect to the Association, its agents, servants, and employees against Unit Owners and members of their household.

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

(iv) 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.

(v) 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.

(vi) The Association shall be the insured for use and

benefit of the individual Unit Owners (designated by name if required by the insurer).

(vii) 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.

(g) If applicable, pressured, mechanical and electrical equipment coverage on a comprehensive form in an amount not less than Five Hundred Thousand Dollars and No/100 (\$500,000.00) per accident per location.

(h) If required by any governmental or quasi-governmental agency (including, without limitation, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation) flood insurance in accordance with the applicable regulations of such agency.

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 Board of Directors may select deductibles applicable to the insurance coverage to be maintained by the Association pursuant to this Section 8.1 in order to reduce the premiums payable for such insurance. The deductible, if any, on any insurance policy obtained by the Association shall be a Common Expense, but the Association may assess to a Unit Owner any deductible amount necessitated by the negligence, misuse or neglect for which such Unit Owner is responsible.

8.1.4 Notwithstanding any of the other provisions of this Article to the contrary, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any successor to such trustee who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish such purpose. Each Unit Owner appoints the Association, or any insurance trustee or substitute insurance trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (a) the collection and appropriate disposition of the proceeds thereof; (b) the negotiation of losses and execution of releases of liability; (c) the execution of all documents; and (d) the performance of all other acts necessary to accomplish such purpose.

8.2 Fidelity Bonds.

8.2.1 The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association including, but without limitation, officers, directors and employees of any management agent of the

Association, whether or not they receive compensation for their services. The total amount of the fidelity bonds maintained by the Association shall be based upon the best business judgment of the Board of Directors, and shall not be less than the greater of the estimated maximum funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond, or the sum equal to three months aggregate Common Expense Assessments on all Units plus reserve funds. Fidelity bonds obtained by the Association must also meet the following requirements:

- (a) The fidelity bonds shall name the Association as an obligee;
- (b) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions;
- (c) The bonds shall provide that they may not be canceled or substantially modified (including cancellation from nonpayment of premium) without at least ten (10) days prior written notice to the Association and each First Mortgagee.

8.2.2 The Association shall require any management agent of the Association to maintain its own fidelity bond in an amount equal to or greater than the amount of the fidelity bond to be maintained by the Association pursuant to Subsection 8.2.1. The fidelity bond maintained by the management agent shall cover funds maintained in bank accounts of the management agent and, if required by the Board of Directors, shall name the Association as an obligee.

8.3 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.

8.4 Insurance Obtained by Unit Owners. Each Unit Owner shall be responsible for:

- (a) physical damage insurance on the personal property in his/her Unit and elsewhere on the Condominium, and any additions, alterations and improvements to his/her Unit (whether installed by such Unit Owner or any prior Unit Owner or whether originally in his/her Unit); (b) his/her personal liability to the extent not covered by the policies of liability insurance obtained by the Board of Directors for the benefit of all of the Unit Owners; and (c) his/her additional living expense. All policies of property insurance carried by each Unit Owner shall be without contribution with respect to the policies of property insurance obtained by the Board of Directors for the benefit of all of the Unit Owners. For the purposes of this Section 8.4, "additions, alterations and improvements" shall mean any property (excluding personal property readily removable without damage to the Unit) attached to the Unit, including without limitation, carpeting, flooring, wall covering, paint and paneling.

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

8.6 Non-liability of Association. Notwithstanding the obligation of the Association to obtain insurance coverage as stated in this Declaration, neither the Declarant nor the Association, or their respective officers, directors, employees and agents, shall be liable to any Unit Owner or any other party if any risks or hazards are not covered by the insurance to be maintained by the Association or if the amount of the insurance is not adequate, and it shall be the responsibility of each Unit Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for any additional insurance coverage and protection that the Unit Owner may desire.

8.7 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.

8.8 Annual Insurance Review. 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: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent (80%) of the Unit Owners, including every Owner of a Unit, or allocated Limited Common Element, that 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.

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 that will not be rebuilt) vote not to rebuild, and the Condominium is not terminated in accordance with the Condominium Act, the insurance proceeds attributable to Units and allocated Limited Common Elements which are not rebuilt shall be distributed in proportion to their interests in the Common Elements to the Owners of those Units and the Owners of the Units 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 their Percentage Interests. 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. § 22-1206A, 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, A.R.S. § 33-1228 governs the distribution of insurance proceeds if the Condominium is terminated.

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 Unit 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, all insurance proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements and second to the Unit Owners. 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 a Unit Owner to priority over any lender under a lien encumbering his/her 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/her 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 Condominium 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/her 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 that the 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 a Unit Owner to priority over any First Mortgagee under a lien encumbering his/her 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.

10.6 Reconstruction. Any reconstruction and repair necessitated by a partial taking shall be governed by the procedures specified in Article 10.

10.7 Separate Compensation. Nothing contained in this Article 10 shall restrict the rights of Lessees, mortgagees, the Declarant, or any other Person holding an interest in a Unit or its Common Elements from receiving separate compensation or a portion of the compensation payable, or both, pursuant to this Article 10 and A.R.S. §33-1206 (as and if amended).

ARTICLE 11 DISPUTE RESOLUTION

11.1 Dispute Resolution Agreement. All Bound ADR Parties, as identified and defined below, agree to encourage the amicable and expeditious resolution of claims, grievances, controversies, disagreements, or disputes involving the Condominium or the Condominium Documents in order to avoid or limit wherever possible the emotional and financial costs of litigation. Accordingly, each Bound ADR Party covenants and agrees that all Covered Claims as defined in this Section, between one or more Bound ADR Party must follow the alternative dispute resolution procedures set forth below in this Declaration in lieu of filing a lawsuit or initiating administrative proceedings. As used in the Condominium Documents, the term "Bound ADR Parties" means the Association (the "Association Parties"), any member of the Board of Directors, any property manager or association manager (the "Management Parties") for the Condominium, Declarant, any affiliate of Declarant, all Owners, any tenant of an Owner, any family member residing in the Owner's Unit; the Builder Parties listed in Section 12.1.3 and any contractor or subcontractor that may become bound to this Dispute Resolution Agreement by privity with the Builder Parties hereafter (the foregoing collectively referred to herein as "Builder Parties") and any person not subject to this Declaration who voluntarily agrees to be subject to the dispute resolution

procedures described below. Unless they otherwise agree in writing, First Mortgagees and guarantors of any loans with Declarant as borrower, secured by one (1) or more Units or portions of the Project ("Institutional Guarantors") are not Bound ADR Parties. As used in the Condominium Documents, the term "Covered Claims" means all claims, grievances, controversies, disagreements, or disputes that arise in whole or part out of: (i) any claim or cause of action arising out of or related in any way to the planning, design, engineering, grading, construction or development of the Unit, the Common Elements, the Limited Common Elements, or any other part of the Project, including, without limitation, any claim or cause of action that the Unit, the Common Elements or Limited Common Elements are defective or that any contractors, employees, members, subcontractors, architects, engineers, consultants or similar parties who previously were involved in the planning, design, engineering, grading, construction or development thereof were negligent; and (ii) any claim or cause of action against the Declarant or any employee, agent, director, member or officer of Declarant arising out of or in any way related to improvements placed on the Project by Declarant or its contractors or agents or the management or operation of the Association, including, without limitation, any claim for negligence, fraud, intentional misconduct or breach of fiduciary duty. The term "Covered Claims", however, specifically does not include any Exempt Claims of the type described below. The term "Alleged Defects" means only those Covered Claims described in subsection (i) above.

11.2 Exempt Claims. The following claims, grievances, controversies, disagreements and disputes (each an "Exempt Claim" and, collectively, the "Exempt Claims") are exempt from the alternative dispute resolution provisions described in this Declaration:

11.2.1 Collection of Assessments. Any action taken by the Association against any Bound ADR Party to enforce the collection of any Assessments, to enforce or foreclosure any lien in favor of the Association, or to determine the priority of any lien for Assessments.

11.2.2 Specific Actions. Any claim, grievance, controversy, disagreement, or dispute that primarily involves:

- (a) title to any Unit or Common Area;
- (b) a challenge to a property taxation or condemnation proceeding;
- (c) the eviction of a tenant from a Unit;
- (d) the breach of fiduciary duty by any one or more of the Board of Directors or Officers of the Association;
- (e) the rights of any First Mortgagee or Institutional Guarantor;

(f) an employment matter between the Association and any employee of the Association;

(g) the authority of the Association or the Board of Directors to take or not take any action under the Condominium Documents;

(h) the failure of the Declarant or the Association or the Board of Directors to properly conduct elections, give adequate notice of meetings, properly conduct meetings, allow inspection of books and records, or establish adequate warranty and reserve funds; or

(i) the performance or non-performance by any of the Bound ADR Parties of any of their respective obligations or responsibilities under the Condominium Documents to or on behalf of any other Bound ADR Party.

11.2.3 Injunctive Relief. Any suit by the Association to obtain a temporary or permanent restraining order or equivalent emergency equitable relief (together with any other ancillary relief as the court may deem necessary) in order to maintain the then current status of the Condominium and preserve the Association's ability to enforce the architectural control provisions of the Condominium Documents and the use restrictions contained in this Declaration.

11.2.4 Owner Actions. Any suit solely between Unit Owners (that does not include as a party the Association or the Declarant) seeking redress on any Covered Claim that would constitute a cause of action under federal law or the laws of the State of Arizona regardless of the existence of the Condominium Documents.

11.2.5 Separate Written Contracts. Any action arising out of any separate written contract between Unit Owners, between the Declarant and any Owner, or between Declarant that would constitute a cause of action under the laws of the State of Arizona regardless of the existence of the Condominium Documents.

Any Bound ADR Party having an Exempt Claim may submit it to the alternative dispute resolution procedures established in this Declaration and the Bylaws, but there is no obligation to do so and no obligation of any other Bound ADR Party to agree to have the Exempt Claim submitted to the alternative dispute resolution procedures. The submission of an Exempt Claim involving the Association or Declarant to the alternative dispute resolution procedures below requires the approval of the Association or Declarant, as applicable.

11.3 Mandatory Resolution Procedures. All Covered Claims must be resolved using the following procedures:

11.3.1 Notice. Any Bound ADR Party having a Covered Claim (each a "Claimant") against any one or more Bound ADR Party (each a "Respondent") must notify each Respondent in writing of the Covered Claim (the "Covered Claim Notice"), stating plainly and concisely:

- (a) The nature of the Covered Claim, including date, time, location, persons involved, and Respondent's role in the Covered Claim;
- (b) The basis of the Covered Claim (i.e., the provisions of the Condominium Documents or other authority out of which the Covered Claim arises);
- (c) The resolution or relief sought by Claimant against Respondent; and
- (d) The agreement of Claimant to meet personally with Respondent at a mutually agreeable time and place to discuss ways to resolve the Covered Claim.
- (e) The Covered Claim Notice shall be binding upon the Claimant and may be subsequently amended only to add a new Covered Claim that did not exist or was not discoverable upon reasonable inspection at the time that the Covered Claim Notice was served by Claimant. The submittal of a new Covered Claim after the initiation of the mediation process under Section 11.3.3 below shall result in the initiation of an entirely new mediation process as to the new Covered Claim.

11.3.2 Conciliation and Negotiation.

- (a) Each Claimant and Respondent (collectively, the "Claim Parties" and singularly, a "Claim Party") must make reasonable efforts to meet personally and agree to confer for the purpose of resolving the Covered Claim by good faith and confidential negotiations.
- (b) Upon receipt of a written request from any of the Claim Parties, accompanied by a copy of the Covered Claim Notice, the Board of Directors may appoint a representative to assist the Claim Parties in resolving the dispute by negotiation if, in its discretion, the Board of Directors believes its efforts will be beneficial to the Claim Parties or to the welfare of the Condominium.

11.3.3 Mediation.

- (a) If the Claim Parties do not resolve the Covered Claim through negotiation within thirty (30) days of the date of the Covered Claim Notice (or within any other period as may be agreed upon by the Claim Parties) ("Termination of Negotiations"), Claimant will have thirty (30) additional days within which to submit the Covered Claim to mediation by an independent mediation service designated by the Association or, in absence of a mediation service designated by the Association or in the case of a reasonable objection by Claimant, any dispute resolution center or other independent agency providing similar services in the Maricopa County, Arizona area upon which the Claim Parties may mutually agree.
- (b) If Claimant does not submit on a timely basis the Covered Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant

will be deemed to have waived the Covered Claim, and Respondent will be released and discharged from any and all liability to Claimant arising out of the Covered Claim; however, Claimant's failure to submit the Covered Claim for mediation will not release or discharge Respondent from any liability to any Person that is not a Claim Party to the foregoing proceedings.

(c) Within fifteen (15) days of the selection of the mediator, each of the Claim Parties will submit to the mediator and each other a brief memorandum setting forth its position with regard to the issues to be resolved. The mediator will have the right to schedule a pre-mediation conference, and all Claim Parties must attend unless otherwise agreed. The mediation will commence within thirty (30) days following submittal of the memoranda to the mediator and will conclude within fifteen (15) days from the commencement of the mediation unless the Claim Parties mutually agree to extend the mediation period. The mediation will be held in Maricopa County or any other place that is mutually acceptable to the Claim Parties.

(d) The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of the Covered Claim. The mediator is authorized to conduct joint and separate meetings with the Claim Parties and to make oral and written recommendations for settlement. Whenever necessary, the mediator also may obtain expert advice concerning technical aspects of the dispute, so long as the Claim Parties agree to obtain and assume the expenses of obtaining the expert advice. The mediator does not have the authority to impose a settlement.

(e) The expenses of witnesses will be paid by the Claim Party producing the witnesses. All other expenses of the mediation, including, but not limited to, the fees and costs charged by the mediator and the expenses of any witnesses or the cost of any proof or expert advice produced at the direct request of the mediator, will be borne equally by the Claim Parties unless agreed to otherwise. Each Claim Party will bear their own attorneys' fees and costs in connection with the mediation.

(f) If the Claim Parties do not settle the Covered Claim within sixty (60) days after submission of the matter to the mediation process, or within any period of time as determined reasonable or appropriate by the mediator and the Claim Parties, the mediator will issue a notice of termination of the mediation proceedings ("Termination of Mediation Notice"). The Termination of Mediation Notice must set forth that the Claim Parties met, the fact that the mediation resulted in an impasse, and the date that the mediation was terminated. At the option of the Claim Parties, the Termination of Mediation Notice may establish, as to matters or items that have been agreed to by the Claim Parties, any undisputed factual findings or agreed resolutions.

(g) Within ten (10) days of the mediator's issuance of the Termination of Mediation Notice, each of the Claim Parties must make a written offer of settlement in an effort to resolve the Covered Claim, the Claimant will make a final written settlement demand ("Settlement Demand") to the Respondent, and the

Respondent will make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Covered Claim Notice will constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent will be deemed to have made a "zero", "take nothing", or "do nothing" Settlement Offer.

(h) All mediation discussions are privileged and confidential in the same manner as described in A.R.S. § 12-2238. Persons other than the parties, the representatives and the mediator may attend mediation sessions only with the permission of both parties and the consent of the mediator. Confidential information disclosed to a mediator by the parties or by witnesses in the course of the mediator while serving in such capacity shall be confidential. There shall be no stenographic record of the mediation process.

11.3.4 Arbitration. Should mediation not be successful in resolving any dispute, such dispute shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the "American Arbitration Association" as modified or as otherwise provided in this Section. The parties shall cooperate in good faith to attempt to cause all necessary and appropriate parties to be included in the arbitration proceeding. Subject to the limitations imposed in this Section, the arbitrator shall have the authority to try all issues, whether of fact or law.

(a) The proceedings shall be heard in Maricopa County.

(b) A single arbitrator shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association with experience in relevant real estate matters or construction. The arbitrator shall not have any relationship to the parties or interest in the Condominium. The parties to the dispute shall attempt to mutually agree on the arbitrator within ten (10) days after service of the initial complaint on all defendants named therein. If the parties do not agree on an arbitrator within said ten (10) day period, the American Arbitration Association will select an arbitrator.

(c) The arbitrator shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

(d) The arbitrator may require one or more pre-hearing conferences.

(e) The parties shall be entitled only to limited discovery, consisting of the exchange between the parties of only the following matters; (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the dispute, including but not limited to, destructive or invasive testing; and (vi) trial briefs. The parties shall also be entitled to conduct further tests and inspections. Any other discovery shall be permitted by the

arbitrator upon a showing of good cause or based on the mutual agreement of the parties. The arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(f) The arbitrator shall not have the power to award punitive or consequential damages. As further provided below, the right to punitive and consequential damages is waived by the parties. The arbitrator shall have the power to grant all other legal and equitable remedies and award compensatory damages in the proceeding.

(g) The arbitrator shall have the power to hear and dispose of motions, including motions to dismiss, motions for judgment on the pleadings and summary judgment motions, in the same manner as a trial court judge, except the arbitrator shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(h) The arbitrator's award may be enforced as provided to in the Uniform Arbitration Act, A.R.S. § 12-1501, et seq., or such similar law governing enforcement of awards in a trial court as is applicable in the jurisdiction in which the arbitration is held.

11.3.5 Waivers.

Notice: By acceptance of a deed or by acquiring any ownership interest in any portion of the Condominium, each Person, for themselves, their heirs, personal representatives, successors, transferees and assigns, agrees to have any dispute as to a Covered Claim resolved according to the provisions of this Section and waives the right to pursue any dispute as to a Covered Claim in any manner other than as provided in this Section. The Association, each Unit Owner and Declarant acknowledge that by agreeing to resolve all disputes as provided in this Section, they are giving up their respective rights to have such disputes tried before a jury, a judge or an administrative body or tribunal. The Association, each Unit Owner and Declarant further waive their respective rights to an award of punitive and consequential damages relating to a dispute as to a Covered Claim. By acceptance of a deed or by acquiring any ownership interest in any portion of the Condominium, each Unit Owner has voluntarily acknowledged that he is giving up any rights they may possess to punitive and consequential damages or the right to a trial before a jury relating to a dispute as to a Covered Claim.

11.3.6 This Article 11 may not be amended except in accordance with Section 13.5 of this Declaration and with the express written consent of the Declarant and the Developer Parties.

11.3.7 Notice to Unit Owners. Prior to obtaining the consent of the Unit Owners in accordance with Section 11.9, the Association must provide written notice to all Unit Owners which notice shall (at a minimum) include (1) a description of the nature of the Covered Claim, (2) a description of the attempts of Declarant to correct such Covered Claim and the opportunities provided to Declarant to correct such Covered Claim, (3) a certification from an engineer licensed in the State of Arizona that such Covered Claim is valid along with a description of the scope of work necessary to cure such Covered Claim and a resume of such engineer, (4) the estimated cost to repair such Covered Claim, (5) the name and professional background of the attorney proposed to be retained by the Association to pursue the Covered Claim against Declarant and a description of the relationship between such attorney and member(s) of the Board of Directors (if any), (6) a description of the fee arrangement between such attorney and the Association, (7) the estimated attorneys' fees and expert fees and costs necessary to pursue the Covered Claim against Declarant and the source of the funds which will be used to pay such fees and expenses, (8) the estimated time necessary to conclude the action against Declarant, (9) an affirmative statement from the Board of Directors that the action is in the best interest of the Association and its Members and (10) a statement from the Board of Directors that there are no fees paid to the Board of Directors or Management Parties as a result of the referral to any attorney or licensed professional. The foregoing notice and disclosure requirements are without limitation of the requirements of A.R.S. § 33-2002.

11.3.8 In the event that the Association commences a Covered Claim, all Unit Owners must notify prospective purchasers of such Covered Claim and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Section 11.9.

11.4 Litigation/ Attorney Fees . All Exempt Claims shall be filed either in the Superior Court of Maricopa County, Arizona, or in the United States District Court for the District of Arizona, Chandler Division, which shall be the exclusive venues for the resolution thereof. In compliance with A.R.S. Section 12-1364, in any contested action involving the Unit or the Condominium, the court shall award the successful party reasonable attorney fees, reasonable expert witness fees and taxable costs. If the Settlement Offer, including any best and final offer, is rejected and the judgment finally obtained is less than or less favorable to the Claimant than the Settlement Offer, the Respondent is deemed to be the successful party from the date of the offer or best and final offer. If the judgment finally obtained is more favorable to the Claimant than the Respondent's Settlement Offer or best and final offer, the Claimant is deemed to be the successful party from the date of the offer or best and final offer. This section shall not be construed as altering, prohibiting or restricting present or future contracts or statutes that may provide for attorney fees.

11.5 Right to Enter, Inspect, Repair and/or Replace. Within reasonable time after the receipt by a Bound ADR Party of a Covered Claim Notice against that party (the "Respondent") of a Covered Claim Notice, the Respondent and its agents, contractors, employees, subcontractors, architects, engineers, consultants and similar

parties, shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, the Unit, the Common Elements and Limited Common Elements, for the purposes of inspecting and/or conducting testing to determine the validity of the Covered Claim and, if deemed necessary by the Respondent, to correct, repair and/or replace the alleged deficiency in the planning, design, engineering, grading, construction or development of the residence, the Common Elements or Limited Common Elements, which is the basis for the Covered Claim (the "Alleged Defect"). In conducting such inspection, testing, repairs and/or replacement, the Respondent shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances. Nothing set forth in this Article shall be construed to impose any obligation on the Respondent to inspect, test, repair, or replace any item or Alleged Defect for which the Respondent is not otherwise obligated under applicable law or any warranty provided by the Declarant in connection with the sale of the Unit. The right of the Respondent and its employees, agents, contractors and consultants 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 the Respondent. In no event shall any statutes of limitations be deemed tolled during the period in which the Respondent conducts any inspection or testing of any Alleged Defects. **The rights in this Section 11.5 are in addition to any rights contained in A.R.S. § 12-1363. TO THE EXTENT OR IN THE EVENT AN OWNER PROHIBITS THE DECLARANT, DEVELOPER PARTIES OR ANY AGENTS, CONTRACTORS, EMPLOYEES, SUBCONTRACTORS, ARCHITECTS, ENGINEERS, CONSULTANTS OR SIMILAR PARTIES, UNDER THE DIRECTION OF DECLARANT OR DEVELOPER PARTIES THE RIGHTS GRANTED BY THIS ARTICLE, ANY COVERED CLAIM FOR DAMAGES RELATING TO SUCH MATTER THAT SUCH PARTIES DESIRED TO INSPECT REPAIR OR REPLACE, SHALL BE DEEMED WAIVED IN FULL.**

11.6 Statute of Limitations. If litigation proceedings are not initiated against the Respondent within the time provided above, the Covered Claim shall forever be barred. All other applicable statutes of limitation and other limitation periods are hereby waived. Nothing in this Section shall be considered to toll, stay or extend any applicable statute of limitation.

11.7 Unit Owner's Consent to Construction Activities. By accepting a deed to a Unit, each Person consents to Declarant's construction activities, including future potential construction activities, if any, for future construction/renovation, and agrees not to protest such activities or claim such activities are a nuisance or unduly disturb occupancy at the Condominiums.

11.8 Use of Funds. In the event a Claimant initiates any legal action, cause of action or proceeding including, but not limited to, arbitration, mediation or any other alternative dispute resolution against Declarant alleging damages for a Covered Claim, any judgment or award in connection therewith shall first be used to correct and/or repair such alleged Covered Claim or to reimburse the Claimant for any costs actually

incurred by such Claimant in correcting and/or repairing the alleged Covered Claim. Any excess funds remaining after repair of such alleged Covered Claim shall be paid into the Association's reserve fund.

11.9 Approval of Litigation. The Association shall not take any legal action or commence any proceeding including, but not limited to arbitration, mediation or any other alternative dispute resolution involving a Covered Claim, or incur legal expenses, including without limitation, attorneys' fees, in connection with any Covered Claim without the written approval of seventy-five percent (75%) of the Unit Owners eligible to vote in the Association, excluding the votes of any Unit Owner who would be a defendant in such proceedings. The Association must pay for any such legal action or proceeding with monies that are specifically collected from Unit Owners for such purposes and may not borrow money or use reserve funds or other monies collected for specific Association obligations other than legal fees. Such funds must be maintained in a separate account specifically designated solely for such purposes. In the event that the Association commences any legal action or proceeding involving a Covered Claim, all Unit Owners must give written notice to prospective purchasers of their Unit of such legal action or proceeding and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Article 11.

11.10 Conflicts. In the event of any conflict between this Article 11 and any other provision of the Condominium Documents, this Article 11 shall control.

ARTICLE 12 DISCLOSURES AND OWNER ACKNOWLEDGEMENTS

12.1 Disclosures and Owner Acknowledgements.

12.1.1 By acceptance of a deed for a Unit within the Condominium, each Owner shall be deemed to have acknowledged, agreed to and accepted the following: (i) that in all likelihood, Units contain some variations and deviations from the original plans and specifications including, but not limited to, minor variations as to the location of the walls of a Unit; (ii) that there may be minor deviations in the Common Elements, Limited Common Elements, and in a Unit from Declarant's model Units located within the Condominium and from illustrations and designs shown in promotional materials; (iii) that floor plans, maps, landscaping and elevation renderings included within promotional brochures and Condominium information are based upon an architect's rendering, which may not coincide with a survey done by a licensed surveyor, may not have been drawn to scale, and any square footage or dimensions shown in such materials are only approximations; (iv) that the as-built location of utility lines, utility improvements (such as, but not limited to, junction boxes, transformers or pedestals) and sewer taps, may vary from locations shown on site layout plans; (vii) that the character and uses of property surrounding and in the vicinity of the Condominium may change; (viii) construction activity (including, but not limited to, noise and the transportation of labor, material and equipment) will continue in the Condominium until

all Units are renovated and may cause varying degrees of increased traffic, dust, noise, and other inconveniences to the Owners and Occupants; (ix) the Property, Project, Condominium Documents and Association shall be subject and subordinate to the Master Declaration and Master Association, with which the Owners shall have an independent obligation to comply; and (x) in any multi-family dwelling, sound may be audible between Units (particularly where the sound level of the source is sufficiently high and the background noise in an adjacent Unit is very low) and each Owner and Occupant agrees to accept their Unit subject to sound impacts from adjacent Units and properties, to accept responsibility for minimizing noise transmission from their Unit, and adhere to any Rules which are designed to minimize noise transmission. Declarant and Builder Parties disclaim and shall have no liability or responsibility in connection with the foregoing and by acceptance of a deed each Owner for itself and its respective Occupants and guests, or Invitees releases Declarant and Builder Parties from any and all responsibility, obligation or liability resulting from the existence or effect of any of the foregoing items.

12.1.2 No representation or warranty is made by Declarant, or any of its representatives or agents, with respect to the presence or continued existence of any view or scene from any portion of a Unit or the Condominium. The particular view, if any, which a Unit or the Condominium currently enjoys may be impaired and may be obstructed by the construction of other Buildings, Improvements, or facilities within or outside of the Condominium.

12.1.3 By acceptance of a deed for a Unit within the Condominium, each Owner shall be deemed to have acknowledged and accepted the following:
The Condominium is a conversion from multifamily rental to condominiums.
The date original construction of the Condominium was completed is 1987.

The name and address of the original owner and developer are as follows:

Original Owner: Lakeside Village Partnership, an Arizona General Partnership, c/o Clifton Investment Company, 6400 East El Dorado Circle, Tucson, Arizona, 857125.

Original Developer: Lakeside Village Partnership, an Arizona General Partnership, c/o Clifton Investment Company, 6400 East El Dorado Circle, Tucson, Arizona, 857125.

The above listed Original Owner and Original Developer, if same consents to be bound by the provisions of Article 11 hereof, are sometimes referred to in this Declaration as the "Developer Parties."

The name and address of each subsequent owner as determined by a search of the county recorder's records in the county in which the Project is located is as follows:

Clifton Income Fund Limited Partnership-II, an Arizona limited partnership, c/o Clifton Investment Company, 6400 East El Dorado Circle, Tucson, Arizona, 857125.

Lakeside Village Apartments, L.P., a California limited partnership, (address unknown).

Chandler Lake, L.L.C., an Arizona limited liability company, P.O. Box 19999, Omaha, Nebraska 68110.

Upon written request from a Unit Owner, Declarant will provide the following information:

The name and address of any builder, developer, general contractor, subcontractor, architect and engineer who designed or made improvements to the Project immediately before the first Unit was sold to any Owner.

A specific description of all improvements made to the Condominium by Declarant.

12.2 Economic Potential. Neither Declarant, nor any of its members, employees, agents or representatives has made any representation concerning potential for future profit, rental income potential, tax advantages, or investment potential of any Unit.

12.3 Gated Entries. Declarant may construct access gates at the entrance to the Project to limit access and to provide a measure of privacy for Owners, Occupants and guests; provided, however, (i) there are no guaranties that such access entries will provide any security and safety for all persons or that unauthorized persons will not gain access to the Project; and (ii) such access gates may restrict or delay entry into the Project for Owners, Occupants, Lessees and Invitees, and for emergency and safety personnel. Each Owner, Occupant, Lessee or Invitee of a Unit assumes all risk associated with such controlled access. Neither Declarant nor the Association shall be held liable for any loss or damage by reason of restricted or delayed entry into the Condominium or failure to provide adequate security or ineffectiveness of safety measures undertaken at the Project.

12.4 Wood Building Materials. Wood and wood products contain moisture when installed and will dry, shrink and settle after installation. As a result, nails may "pop" from drywall locations, baseboards may move slightly and exposed wood may straiten or crack. Doors made of wood may "pop" from drywall locations, baseboards may move slightly and exposed wood may straiten or crack. Doors made of wood may shrink, swell or warp. Swelling may affect the way a door fits in an opening and it may cause sticking. Such matters are not warranty issues.

12.5 Paint. Due to the large quantity of paint used in the Project, slight variations in paint shade may exist from Unit to Unit and each Owner, Occupant, Lessee and Invitees hereby waive all claims against Declarant related to such variations. Such matters are not warranty issues.

12.6 Security. From time to time the Association may, but shall not be required to, provide measures or take actions which directly or indirectly are intended to improve safety at the Project; provided, however, the Association is not a provider of security services and shall have no duty to provide security at the Project. It shall be the responsibility of each Owner to protect his/her person and property and all responsibility to provide such security shall be solely with each Owner. Neither Declarant nor the Association shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of safety measures undertaken at the Project.

12.7 Severe Weather Conditions. During severe weather conditions, minor leaks around sliding doors, windows and roof vents may occur.

12.8 Sound Insulation. Each Owner understands and acknowledges that Declarant has not made any written or oral representation or warranty concerning the sound insulation capabilities of the Unit and that in any multi-family dwelling, sound may be audible between units, particularly where the sound level of the source is sufficiently high and the background noise in an adjacent unit is low. Each Owner hereby agrees to accept their Unit subject to sound impacts from adjacent units and to accept responsibility for minimizing noise transmission from the Unit and adhering to any Association rules and regulations which are designed to minimize noise transmission.

12.9 Mold. Mold is a type of fungus, which occurs naturally in the environment and is necessary for the natural decomposition of plant and other organic material. It spreads by means of microscopic spores borne on the wind and is found everywhere life can be supported. Residential construction is not, and cannot be, designed to exclude mold spores. If the growing conditions are right, mold can grow in a Unit. Whether or not an Owner experiences mold growth depends largely on how Owner manages and maintains the Unit. Owner will need to take actions to prevent conditions that cause mold and mildew, which actions are a necessary responsibility of condominium ownership. Owner agrees to assume responsibility for the actions necessary to prevent, detect and treat mold and to reduce its adverse effects. Owner acknowledges that if there is any water damage or intrusion into Owner's Unit, Owner will take immediate action to prevent conditions, which cause mold or mildew to develop and will notify Declarant and the Association immediately if Owner believes that the problem comes from a third party source or is likely to impact on another party.

ARTICLE 13
GENERAL PROVISIONS

13.1 Enforcement. The Association may enforce the Condominium Documents in any manner provided for in the Condominium Documents or by law or in equity, including, but not limited to:

(a) imposing reasonable monetary penalties after notice and an opportunity to be heard is given to the Unit Owner or other violator. A Unit Owner shall be responsible for payment of any fine levied or imposed against a Lessee or Occupant of the Unit Owner's Unit or by any Invitee of the Unit Owner or any Lessee or Occupant;

(b) suspending a Unit Owner's right to vote;

(c) suspending any Person's right to use any facilities within the Common Elements; provided, however, nothing herein shall authorize the Board of Directors to limit ingress or egress to or from a Unit;

(d) suspending any services provided by the Association to a Unit Owner or the Unit Owner's Unit if the Unit Owner is more than fifteen (15) days delinquent in paying any Assessment or other charge owed to the Association;

(e) exercising self-help of taking action to abate any violation of the Condominium Documents in a non-emergency situation;

(f) requiring a Unit Owner, at the Unit Owner's expense, to remove any structure or Improvement on such Owner's Unit in violation of this Declaration and to restore the Unit to its previous condition and, upon failure of the Unit Owner to do so, the Board of Directors or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(g) without liability to any person, prohibiting any contractor, subcontractor, agent, employee or other Invitee of a Unit Owner who fails to comply with the terms and provisions of the Condominium Documents from continuing or performing any further activities of the Condominium;

(h) towing vehicles which are parked in violation of this Declaration or the Rules;

(i) filing a suit at law or in equity to enjoin a violation of the Condominium Documents, to compel compliance with the Condominium Documents, to recover monetary penalties or money damages or to obtain such other relief as to which the Association may be entitled; and

(j) Recording 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.

The Association shall not be obligated to take any enforcement action if the Board of Directors determines, in its sole discretion, that because of the strength of the Association's possible claims, the time and expense of litigation or other enforcement action, the likelihood of a result favorable to the Association, or other facts deemed relevant by the Board of Directors, enforcement action would not be appropriate or in the best interests of the Association.

Any Unit Owner may enforce the Condominium Documents in any manner provided for in this Declaration or at law or in equity, except that a Unit Owner may not exercise any remedy provided to the Association by this Declaration or enforce payment of any Assessments or other amounts payable to the Association pursuant to the Condominium Documents.

All rights and remedies of the Association under the Condominium Documents or at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association's right to exercise another right or remedy. The failure of the Association, or a Unit 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 Unit Owner to enforce the Condominium Documents in the future. If any lawsuit is filed by the Association or any Unit 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 attorneys' fees incurred by the prevailing party in the action.

The Master Association shall have the right but not the obligation to enforce the use and occupancy restrictions and repair and maintenance obligations contained in this Declaration, in addition to its enforcement rights under the Master Declaration and other governing documents of the Master Association.

13.2 Severability. If any term or provision of this Declaration shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, such invalid or unenforceable term or provision shall be reduced or

otherwise modified by such court or authority to the minimum extent necessary to make it valid and enforceable and each remaining term and provision of this Declaration shall be valid and enforceable to the fullest extent permitted by law and the remainder of this Declaration shall not be affected thereby so long as the economic and legal substance of the transaction evidenced by this Declaration is not affected in a materially adverse manner with respect to any party to this Declaration. If any term or provision cannot be so reduced or modified, it shall be severed from this Declaration and the remaining terms shall be interpreted in such a way as to give maximum validity and enforceability to this Declaration so long as the economic and legal substance of the benefits and burdens established by this Declaration are not affected in a materially adverse manner with respect to any Person bound by the terms of this Declaration. It is the intention of the Declarant that if any provision of this Declaration is capable of two (2) constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning that renders it valid.

13.3 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 13.4.

13.4 Termination of Condominium. Except in the case of a taking of all the Units by eminent domain, the Condominium may be terminated only by the agreement of Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated. An agreement to terminate the Condominium must be evidenced by the execution or ratifications of a termination agreement, in the same manner as a deed by the requisite number of Unit Owners.

13.5 Amendment.

13.5.1 Except in cases of amendments that may be executed by a Declarant in the exercise of its Development Rights or under A.R.S. § 33-1220 of the Condominium Act, by the Association under A.R.S. § 33-1206 or A.R.S. § 33-1216(D) of the Condominium Act, or by certain Unit Owners under A.R.S. § 33-1218(B), A.R.S. § 33-1222, A.R.S. § 33-1223 or A.R.S. § 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 unless otherwise provided for in this Declaration. No amendments that change or remove the provisions of Sections 3.4, 4.14 (as it pertains to a Covered Claim), 4.17 (as it pertains to a Covered Claim), 5, 6.8, 7.12, 7.14, Articles 8 (as it relates to required insurance coverage) and 11, Section 12.1.3 and 13.5 shall be effective unless approved in writing by Declarant. Provided however that if Declarant delivers a written notice to the Prior Owner declaring Declarant's intention to change or remove one of the Sections or Articles listed in this Section or to consent to the vote of Unit Owners to so change or remove, then the Prior Owner shall object to said change or removal in writing within thirty (30) days or Prior Owner shall be deemed conclusively to have consented to said change or removal. Any prohibited amendment shall not be binding

or enforceable against Declarant or the Builder Parties. The obligation to obtain the consent of Prior Owner shall automatically expire ten (10) years after recordation of this Declaration. Sections 3.6.2 and 5.9 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 and with the consent of the City.

13.5.2 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, or the use as to which any Unit is restricted, in the absence of unanimous consent of the Unit Owners.

13.5.3 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. In addition, no amendment to Article 11 shall be effective unless the Declarant approves the amendment in writing even if the Declarant no longer owns any Unit at the time of such amendment.

13.5.4 During the Period of Declarant Control, the Declarant shall have the right to amend the Declaration, including the Plat, to: (a) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner; (b) correct any error or inconsistency in the Declaration if the amendment does not adversely affect the rights of any Unit Owner; or (c) comply with the rules or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments, including without limitation, the Veterans Administration, the Federal Housing Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

13.5.5 Any amendment adopted by the Unit Owners pursuant to Subsection 13.5.1 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 13.5.4, or the Condominium Act, shall be executed by the Declarant and shall be recorded. Any amendment requiring the consent of the Declarant shall be signed by an authorized agent of Declarant and described in a Recorded instrument.

13.6 Notices.

13.6.1 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 that 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/her 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 (3) days after the notice is mailed. If a Unit is owned by more than one person, notice to one (1) of the Unit Owners shall constitute notice to all Unit Owners of the same Unit. Each Unit Owner shall file his/her correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

13.6.2 All notices to the Declarant or any other party to this Declaration shall comply with the requirements of Section 13.6.1 provided that each party other than a Unit Owner and the Association shall notify Declarant of said party's address or any change thereto and Declarant may rely on the last such notification as the address of said party without any obligation to investigate if said party has changed such address, even if a notice addressed to the party at the last notified address is returned to Declarant because such address is no longer current.

13.7 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.

13.8 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. Unless otherwise specified, all references in this Declaration to Articles or Sections refer to Articles and Sections of this Declaration.

13.9 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 that 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.

13.10 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.

13.11 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.

13.12 Attorneys Fees. In the event the Declarant, the Association or any Unit Owner or any other party to this Declaration 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. Nothing herein shall be deemed a waiver of Declarant's rights pursuant to Section 13.

13.13 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.

13.14 Declarant's Right to Use Similar Name. The Association hereby irrevocably consents to the use by any other nonprofit corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association provided one or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other nonprofit corporation formed or incorporated by the Declarant to use a corporate name which is the same or deceptively similar to the name of the Association.

13.15 Guests and Tenants. Each Unit Owner shall, to the extent permitted by Arizona law, be responsible for compliance by his/her agents, tenants, guests, invitees, licensees and their respective servants, agents, and employees with the provisions of the Condominium Documents. A Unit Owner's failure to ensure 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.

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

13.17 Mortgagee Protection Clause.

13.17.1 Rights of First Mortgagees

13.17.1.1 No breach of any of the covenants, conditions and restrictions contained in this Declaration, nor the enforcement of any lien provisions

herein, shall render invalid the lien of any First Mortgage on any Unit, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure, trustee's sale or otherwise.

13.17.1.2 An action to abate the breach of any of these covenants, conditions, restrictions and reservations may be brought against the Purchaser who has acquired title through foreclosure of a First Mortgage and the subsequent sheriff's sale or through a trustee's sale (or through any equivalent proceedings) and the successor in interest to said Purchaser if the breach continues to exist after the time said Purchaser acquired an interest in such Unit interest.

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

13.17.1.4 Notwithstanding anything contained herein to the contrary, at such time as the First Mortgagee shall become record Owner of a Unit, the First Mortgagee shall be subject to all of the terms and conditions of this Declaration including, but not limited to, the obligation to pay all Assessments and charges accruing thereafter in the same manner as any other Owner.

13.17.2 Mortgage Priority.

13.17.2.1 Notwithstanding any language contained in this Declaration to the contrary, no Owner and no other party shall have priority over any rights of First Mortgagees pursuant to their First Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units, and/or any portion or element of the Common Elements and no changes to this Declaration providing for priority over such rights of First Mortgagees shall be made without the prior consent of all First Mortgagees.

13.17.3 Payment of Taxes and Insurance Premiums by First Mortgagees.

13.17.3.1 First Mortgagees may, jointly or singularly, pay any taxes, Assessments or other charges which are in default and which may or have become a lien or charge against the Common Elements and may pay overdue premiums on hazard insurance policies (or secure hazard insurance coverage on the lapse of a policy) for the Common Elements. Any First Mortgagee making such payments shall be entitled to immediate reimbursement therefor from the Association.

13.17.4 Owner's Right to Sell Its Interest.

13.17.4.1 The right of any Owner to sell, transfer or otherwise convey its Interest shall not be subject to any right of first refusal or any similar restriction in favor of the Association.

13.17.4.2 During the Period of Declarant control, any Owner desiring to sell, transfer or otherwise convey a Unit, shall notify Declarant in writing of Owner's intent and the terms and conditions of the contemplated transaction. Declarant shall have ten (10) days within which to notify Owner that Declarant will or will not acquire the Unit under the terms of the proposed transaction. If Declarant notifies Owner that Declarant will acquire the Unit, then Declarant shall have thirty (30) days from the date Declarant notifies Owner to close said transaction. If Declarant notifies Owner that Declarant will not acquire the Unit, the Owner may proceed to consummate the proposed transaction with a third party, provided however that in such case, Owner shall pay to Declarant a fee of one and a half percent (1.5%) of the net proceeds of the transaction. Owner's notification to Declarant of one proposed transaction shall not be construed as a waiver of Owner's obligation to notify Declarant of any subsequent proposed transaction based upon different terms and conditions.

ARTICLE 14
RIGHTS OF FIRST MORTGAGEES

14.1 Notification to First Mortgagees. Upon receipt by the Association of a written request from a First Mortgagee or insurer or governmental guarantor of a First Mortgage (collectively in this Section 14 referred to as an "Eligible Mortgage Holder") informing the Association of its correct name and mailing address and number or address of the Unit to which the request relates, the Association shall provide such Eligible Mortgage Holder with timely written notice of the following:

- a. Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder;
- b. Any delinquency in the payment of Assessments or charges owed by a Unit Owner subject to a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder, which delinquency or default remains uncured for the period of sixty (60) days;
- c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- d. Any proposed action which requires the consent of a specified percentage of Eligible Mortgage Holders as set forth in Section 14.2.

14.2 Approval Required for Amendment to Declaration, Articles or Bylaws.

14.2.1 The approval of Eligible Mortgage Holders holding First Mortgages on Units the Unit Owners of which have at least fifty-one percent (51%) of the votes in the Association allocated to Unit Owners of all Units subject to First Mortgages shall be required to add or amend any material provisions of the Declaration, Articles or Bylaws which establish, provide for, govern or regulate any of the following unless such addition or amendment is in connection with the exercise of a Development Right(s) (in which case no Eligible Mortgage Holder approval is required unless expressly required under the Condominium Act):

- a. Voting rights;
- b. Increases in Assessments that raise the previously assessed amount by more than 25%, Assessment Liens or the priority of Assessment Liens;
- c. Hazard or fidelity insurance requirements;
- d. Responsibility for maintenance and repairs;
- e. Expansion or contraction of the Condominium, or the addition or annexation of property to the Condominium;
- f. Change in the definition of Unit boundaries;
- g. Convertibility of Units into Common Elements or of Common Elements into Units;
- h. Imposition of any restrictions on the subleasing of Units;
- i. Imposition of any restrictions on a Unit Owner's right to sell or transfer his/her Unit;
- j. A decision by the Association to establish self management when professional management had been required previously by an Eligible Mortgage Holder;
- k. Restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents and/or the Condominium Act;
- l. Any provisions that expressly benefit mortgage holders, insurers, or guarantors.

14.2.2 Any action to terminate the legal status of the Condominium after

substantial destruction or condemnation occurs must be agreed to by the Unit Owners of Units to which at least eight percent (80%) of the votes in the Association are allocated and the approval of Eligible Mortgage Holders that represent at least fifty-one percent (51%) of the votes of Units subject to mortgages held by Eligible Mortgage Holders.

14.2.3 Any action to terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation of the Condominium must be approved by Eligible Mortgage Holders holding mortgages on Units the Unit Owners of which have at least sixty-seven percent (67%) of the votes in the Association allocated to Unit Owners of all Units subject to First Mortgages held by Eligible Mortgage Holders.

14.2.4 Any Eligible Mortgage Holder who receives a written proposal for an amendment to the Declaration, Articles or Bylaws who does not deliver or mail to the requesting party a negative response within thirty (30) days after the Eligible Mortgage Holder receives proper notice of the proposal shall be deemed to have approved the proposed amendment, provided the notice was delivered by certified or registered mail, with a "return receipt" requested. Any addition or amendment to the Declaration, Articles or Bylaws shall not be considered material if it is for the purpose of correcting technical errors or for clarification only.

14.3 Right of Inspection of Records. Any Unit Owner or Eligible Mortgage Holder will, upon written request, be entitled to: (a) inspect the current copies of the Condominium Documents and the books, records and financial statements of the Association during normal business hours; (b) receive within ninety (90) days following the end of any fiscal year of the Association, an audited financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party; and (c) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings. Upon written request of any agency or corporation, which has an interest or prospective interest in the Condominium, the Association shall prepare and furnish within a reasonable time an audited financial statement of the Association. The Association, upon request, shall make available for inspection during normal business hours to prospective purchasers of a Unit, copies of the Condominium Documents and the most recent annual audited financial statement, if one has been prepared.

14.4 Prior Written Approval of First Mortgagees. Except as provided by statute in case of condemnation or substantial loss to the Units or the Common Elements, unless at least two-thirds (2/3) of all First Mortgagees (based upon one vote for each First Mortgage owned) and Unit Owners (other than Declarant or other sponsor, developer or builder of the Condominium) of the Units have given their prior written approval, the Association shall not be entitled to:

a. By act or omission, seek to abandon or terminate this Declaration or the Condominium;

b. Change the pro rata interest or obligations of any individual Unit for the purpose of: (i) levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the Common Elements;

c. By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. The granting of easement for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this subsection;

d. Use hazard insurance proceeds for losses to any Units or the Common Elements for any purpose other than the repair, replacement or reconstruction of such Units or the Common Elements.

Nothing contained in this Section or any other provisions of this Declaration shall be deemed to grant the Association the right to partition any Unit without the consent of the Unit Owners thereof. Any partition of a Unit shall be subject to such limitations and prohibitions as may be set forth elsewhere in this Declaration or as provided under Arizona law.

14.5 Liens Prior to First Mortgage. All taxes, Assessments, and charges which may become liens prior to the First Mortgage under local law shall relate only to the individual Unit and not to the Condominium as a whole.

14.6 Limitation on Partition and Subdivision. No Unit shall be partitioned or subdivided without the prior written approval of the Holder of any First Mortgage on such Unit.

14.7 Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Article and any other provision of the Condominium Documents, the provisions of this Article shall prevail; provided, however, that in the event of any conflict or inconsistency between the different Sections of this Article or between the provisions of this Article and any other provision of the Condominium Documents with respect to the number or percentage of Unit Owners, First Mortgagees, Eligible Mortgage Holders that must consent to (a) an amendment of the Declaration, Articles or Bylaws, (b) a termination of the Condominium, or (c) certain actions of the Association as specified in Sections 14.2 and 14.4, the provision requiring the consent of the greatest number or percentage of Unit Owners, First Mortgagees or Eligible Mortgage Holders shall prevail; provided, however, that Declarant shall have the right to unilaterally amend this Declaration, the Articles or the Bylaws during the Period of Declarant Control in order to (a) comply with the Condominium Act or any other

applicable law if the amendment does not adversely affect the rights of any Unit Owner, (b) correct any error or inconsistency in the Declaration, the Articles or the Bylaws if the amendment does not adversely affect the rights of any Unit Owner, (c) 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 Department of Veterans Affairs; (d) comply with the rules or requirements of any federal, state or local governmental entity or agency whose approval of the Condominium, the Plat or the Condominium Documents is required by laws or requested by Declarant; or (e) comply with the requirements of or otherwise take into account any Recorded instrument affecting the Condominium. Anything herein to the contrary notwithstanding, Declarant has the right to unilaterally amend this Declaration in connection with the exercising a Development Right.

14.8 Restoration or Repair of Condominium. Any restoration or repair of the Condominium after a partial condemnation or change due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of Eligible Mortgage Holders holding mortgages on Units to which at least fifty-one percent (51%) of the votes in the Association allocated to Units subject to First Mortgages held by Eligible Mortgage Holders is obtained.

ARTICLE 15 ANDERSEN SPRINGS COMMUNITY ASSOCIATION

15.1 ANDERSEN SPRINGS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS. The Master Declaration places certain restrictions and obligations upon the Property and Project and provides certain voting rights in and obligations to the Master Association, which restrictions, obligations and voting rights will pass to the owners of Units upon the further subdivision of the Property into Units and the sale of same. Any provision of this Declaration that may conflict with the Master Declaration shall be construed so as to be consistent with the Master Declaration or shall be deemed null and void. Subject to the foregoing, all requirements of this Declaration shall be additional to all requirements of the Master Declaration, and the fact that the provisions hereof may be more restrictive than those of the Master Declaration shall not create a conflict or inconsistency therewith. In addition, the fact that the provisions of the Association's Articles, Bylaws and Rules may be more restrictive than those of the Master Association shall not create a conflict or inconsistency therewith.

15.2 ANDERSEN SPRINGS OBLIGATIONS. Notwithstanding any other provision of this Declaration, each Unit shall be bound by and each Owner of a Unit shall perform all obligations contained in the Master Declaration, the Master Association's articles of incorporation, bylaws, rules, regulations and design guidelines. The Property and Association are subject and subordinate to the Master Declaration

and Master Association and its articles of incorporation, bylaws, rules and regulations, with which each Unit Owner is obligated to comply. All Unit Owners are not only Members of the Association but also Members of the Master Association. The Declarant, Association and each Unit Owner acknowledge and agree that the Master Association shall not be responsible for the maintenance, repair or replacement of the Common Elements and that the Master Association is exempt from assessment by the Association.

15.3 ASSESSMENTS. During the period of Declarant Control and continuing thereafter until amended by a vote of the owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, the Association shall add to the Common Expense Assessment under Section 7.2 of this Declaration, any assessment levied by the Master Association under the Master Declaration and delegated to the Association by the Master Association, which delegation the Association accepts. The Association shall have all rights to collect said additional Master Association assessments as if same were Common Expense Assessments of the Association.

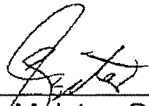
15.4 VOTING RIGHTS. During the period of Declarant Control and continuing thereafter until amended by a vote of the owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, the Association shall be granted a right of proxy to vote the votes in the Master Association of the owners of Units in the place and stead of such owners of Units. Without limitation to the generality of the foregoing, the Association shall have the right to use its sole and absolute discretion in exercising said franchise. Said proxy shall not prohibit the owner of a Unit from seeking and holding elective or appointive office in the Andersen Springs Community Association.

[Signature Page Follows]

DECLARANT:


IN WITNESS WHEREOF, I have hereunto signed my hand this 22nd day of March, 2006.

LAKESIDE VILLAGE CONDOMINIUM LLC,
an Arizona limited liability company

By: 
Gary Maister, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED AND SWORN to before me this 22 day of March, by
Gary Maister.


Notary Public

My Commission Expires:



DYLAN J. KING
Notary Public - Arizona
Maricopa County
Expires 01/01/09

APPROVAL & CONSENT TO SUBSIDIARY DECLARATION & ASSOCIATION

The Board of Directors of the Andersen Springs Community Association adopts this Approval and Consent to Subsidiary Declaration and Association on the 8th day of March 2006, in recognition of the following facts and circumstances:

Recitals:

A. Andersen Springs Community Association (the "Master Association") is the senior and superior community association governing a number of parcels of land located within the City of Chandler, Arizona, commonly called "Andersen Springs", pursuant to certain Covenants, Conditions, Restrictions and Easements recorded by the original subdivider of Anderson Springs on December 31, 1985, as subsequently amended (the "Master Declaration").

B. Lakeside Village Apartments is one of the parcels governed by the Master Declaration and Master Association. The owner of Lakeside Village wishes to further subdivide its parcel into condominium units pursuant to a new subdivision plat (the "Plat") and burden said units with a new Declaration of Covenants, Conditions and Restrictions (the "Subsidiary Declaration"), which will create a new homeowners association to be called the "Lakeside Village Condominium Association" (the "Subsidiary Association").

C. Section 5.5 of the Master Declaration requires that all documents governing the further subdivision of a parcel owned by a Master Association member including a subsidiary declaration be subject and subordinate to the Master Declaration and Master Association and approved by its Board of Directors.

Action of Board:

NOW THEREFORE, the Plat and Subsidiary Declaration for Lakeside Village Condominium, a condominium, having been submitted to this Board for review and it appearing said documents meet the requirements of Section 5.5 of the Master Declaration, the Board of Directors of Andersen Springs Community Association does hereby approve said Plat and Subsidiary Declaration and consents to the formation of said Subsidiary Association.

IN WITNESS WHEREOF, the Board authorizes the Association's President to execute this Approval and Consent on its behalf and consents to the recording of same as a part of the recording of the Subsidiary Declaration in the records of the Maricopa County Recorder.

ANDERSEN SPRINGS COMMUNITY ASSOCIATION

BY: Beth Hill
- Its President

State of Arizona
County of Maricopa

On March 8, 2006 Beth Hill appeared
before me as the President of the Andersen
Springs Community Association.

my commission expires:
September 15, 2007

Susan R. Coghill
Notary Public



SUSAN R. COGHILL
Notary Public - Arizona
Maricopa County
Expires 09/15/07

EXHIBIT A

Description of Real Property Comprising the Project

Units 1001 through 1076, 1077 through 1116, 2001 through 2076, 2077 through 2116, LAKESIDE VILLAGE CONDOMINIUM, a Condominium as shown on the plat of said condominium recorded in Book 830 of Maps, Page 40, records of Maricopa County, Arizona.

Together with a proportionate interest in and to the Common Areas, as set forth in said Declaration and as shown on the plat of said Condominium.

EXHIBIT B
Intentionally Omitted

EXHIBIT C

Clubhouse

Declarant intends to use all or any portion of the Clubhouse as a sales office during the period of Declarant Control.