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The Salon Group

**DECLARATION OF CONDOMINIUM AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN RIDGE CONDOMINIUM**

DATED

December 18, 2006

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**DECLARATION OF CONDOMINIUM AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN RIDGE CONDOMINIUM**

THIS DECLARATION OF CONDOMINIUM AND OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MOUNTAIN RIDGE CONDOMINIUM ("Declaration") is made as of this 18th day of December, 2006, by WOW CORP, INC., an Arizona corporation ("Declarant").

RECITALS

A. Declarant owns certain real property located in the City of Phoenix, Maricopa County, Arizona, described on Exhibit A attached hereto and made a part hereof, together with all Improvements thereon and appurtenances thereto (the "Property").

B. Declarant desires and intends that the Property shall be held, sold and conveyed subject to the covenants, conditions, restrictions and easements in this Declaration, which (i) are for the purpose of creating a condominium under the Condominium Act; (ii) are for the purpose of protecting the value, desirability, attractiveness and character of the Property; (iii) shall run with all of the real property comprising the Property; (iv) shall be binding on all parties having any right, title, or interest in the Property, or any part thereof; and (v) shall inure to the benefit of the aforementioned parties and their successors and assigns.

C. Declarant has formed an Arizona nonprofit corporation, known as "The Mountain Ridge Condominium Owners Association," for the purposes of, among other things, (i) the efficient preservation of the values and amenities of the Property, in regard to which the Association will be delegated certain powers of administering and maintaining the Common Elements and enforcing this Declaration and Rules adopted pursuant hereto; and (ii) establishing, collecting, disbursing and enforcing the Assessments created herein.

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Capitalized terms not otherwise defined in this Declaration shall have the meanings specified for such terms in the Condominium Act. As used in this Declaration, the following terms shall have the following meanings:

1.1 "Applicable Laws" means the Condominium Act and all other laws, statutes, ordinances, rules and regulations of all federal, state, county, city and other governmental agencies having jurisdiction over the Condominium.

1.2 "A.R.S." means the Arizona Revised Statutes, as now or hereafter amended.

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1.3 “Articles” means the Articles of Incorporation of the Association, as they may be amended from time to time.

1.4 “Assessments” means the Common Expense Assessments, Special Assessments, Individual Assessments and Enforcement Assessments levied or assessed pursuant to ARTICLE X of this Declaration.

1.5 “Assessment Lien” means the charge and continuing servitude and lien against a Unit granted to the Association by this Declaration and Section 33-1256 of the Condominium Act to secure payment of Assessments, including monetary penalties and other charges pursuant to this Declaration, as more particularly described in Section 10.6 of this Declaration.

1.6 “Association” means “The Mountain Ridge Condominium Owners Association,” organized by Declarant to administer and enforce the Condominium Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns.

1.7 “Authorized Vehicle” means as defined in Section 7.15 of this Declaration.

1.8 “Board” or “Board of Directors” means the Board of Directors of the Association.

1.9 “Building” or “Buildings” means any structure or structures so designated on the Plat.

1.10 “Bylaws” means the Bylaws of the Association, as they may be amended from time to time.

1.11 “City” means the City of Phoenix

1.12 “Claim” or “Claims” means as defined in Section 14.1 of this Declaration.

1.13 “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.

1.14 “Common Elements” means all portions of the Condominium other than the Units, including, without limitation, Limited Common Elements and any swimming pools, recreational amenities, walkway areas, and private drives.

1.15 “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;

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(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, 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 of 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 as such by the Condominium Documents; and

(J) Any other expenses incurred by the Association for any reason whatsoever in furtherance of the purposes of the Association or in the discharge of the obligations imposed on the Association by the Condominium Documents.

1.16 "Common Expense Assessments" means any Assessments levied or assessed pursuant to Section 10.2 of this Declaration.

1.17 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit by this Declaration.

1.18 "Condominium" means the real property located in the City of Phoenix, Arizona, submitted to the Declaration 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 "Mountain Ridge Condominium."

1.19 "Condominium Act" means the Arizona Condominium Act, A.R.S. §§33- 1201 to 33-1270, as now or hereafter amended or supplemented from time to time.

1.20 "Condominium Documents" means this Declaration, including the Plat, and the Articles, Bylaws, and Rules of the Association.

1.21 "Declarant" means (a) WOW Corp, Inc., an Arizona corporation (the "Original Declarant"); (b) any holder of a First Mortgage who succeeds to Original Declarant's interest in all or part of the Property by foreclosure or deed in lieu of foreclosure (a "First Mortgagee Successor"); and (c) any successor or assignee of the special rights, preferences, and privileges conferred on Original Declarant herein (including without limitation all Special Declarant Rights), who is designated by Original Declarant or any First Mortgagee Successor to succeed to such special rights, preferences and privileges in, and who acquires an interest in the Property pursuant to, an instrument recorded in the Official Records of Maricopa County, Arizona. As the context may require, each entity, if any, separately constituting the Declarant shall separately enjoy all special rights, privileges, exemptions, powers and immunities hereunder. Upon any assignment by a Declarant of its rights as Declarant hereunder and the assumption by the assignee of the obligations of the Declarant hereunder by a Recorded instrument, the assigning Declarant shall be released from all liability and responsibility under the Condominium Documents for the performance of those obligations of the Declarant hereunder and the other Condominium Documents which are to be performed by the assignee or any other Declarant after the effective date of such assignment and assumption.

1.22 "Declaration" means this Declaration of Condominium and of Covenants, Conditions and Restrictions for Mountain Ridge Condominium, as it may be amended from time to time, together with the exhibits, and where appropriate by context, the Plat.

1.23 "Development Rights" means as defined in the Condominium Act and/or identified in Section 5.1 and also including without limitation any right or combination of rights reserved by or granted to the Declarant in this Declaration as permitted by the Condominium Act.

1.24 "Eligible Insurer or Guarantor" means an insurer or governmental guarantor of a First Mortgage which in writing has requested that the Association furnish it with specific written notice of amendments or other material actions in relation to this Declaration.

1.25 "Eligible Mortgage Holder" means a First Mortgagee which in writing has requested that the Association furnish it with specific written notice of amendments or other material actions in relation to this Declaration.

1.26 "Enforcement Assessments" means the costs, charges, fees, interest and other amounts described in Section 10.4 of this Declaration.

1.27 "First Mortgage" or "Mortgage" means any mortgage or deed of trust on a Unit with first priority over all other mortgages or deeds of trust on the Unit.

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

1.29 "Governmental Agency" means the Federal Housing Administration, Veterans Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Association, or other quasi-public or similar agency or regulated entity which has given approval to the legal documents for the Condominium, or which contemplates such approval in connection with the insuring, guaranteeing, sale or purchase of loans for the Property.

1.30 "Hazardous Substances" means any flammables, explosives, radioactive materials, hazardous wastes, hazardous and toxic substances or related materials, asbestos or any material containing asbestos (including, without limitation, vinyl asbestos tile), or any other substance or material, defined as a "hazardous substance" by any federal, state or local environmental law, ordinance, rule or regulation including, without limitation, the federal Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, the Federal Hazardous Materials Transportation Act, as amended, the Federal Resource Conservation and Recovery Act, as amended, and the rules and regulations adopted and promulgated pursuant to each of the foregoing.

1.31 "Identifying Number" means the number or symbol shown on the Plat that identifies a particular Unit.

1.32 "Improvements" means any and all physical structures, fixtures and facilities existing or constructed, placed, erected or installed on the land included in the Condominium including, but not limited to, residential Buildings, parking areas, driveways, recreational amenities (including pool areas, ramada and clubhouse Building, if any), fences and walls, exterior lighting, signs mailboxes, office Building, maintenance Building, fountains, planters, privacy gates, trash receptacles, and all landscaping, including, but not limited to, hedges, plantings, trees and shrubs of every type and kind.

1.33 "Individual Assessments" means any Assessments levied or assessed pursuant to Subsection 10.2(D) of this Declaration.

1.34 "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, guests, employees and contractors.

1.35 "Lessee" means any person who is a tenant or lessee under a lease of a Unit.

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

1.37 "Maintenance Program" means as defined in Section 8.2 of this Declaration.

1.38 "Member" means a Unit Owner who, by reason of ownership of a Unit, is entitled to automatic membership in the Association as set forth in the Bylaws.

1.39 "Occupant" means any Person, other than a Unit Owner, occupying a Unit, or any portion thereof, as a resident, Lessee, licensee, family member or otherwise, other than on a merely transient basis.

1.40 "Official County Records" means the Official Records of Maricopa County, Arizona.

1.41 "Parking Space" means a portion of the Common Elements intended for the parking of a single motor vehicle and identified on the Plat as a parking space.

1.42 "Period of Declarant Control" means the time period commencing on the date this Declaration is Recorded in the Official County Records, and ending on the earlier of:

(A) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created in the Condominium to Unit Owners other than the Declarant; or

(B) Four (4) years after Declarant has ceased to offer Units for sale in the ordinary course of business.

1.43 "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, joint venture, government, government subdivision or agency, or other legal or commercial entity, and in the case of a subdivision trust, means the beneficiary of the trust who holds the right to subdivide, develop or sell the real estate rather than the trust or trustee.

1.44 "Plat" means the condominium plat for Mountain Ridge Condominium, Recorded in Book 887 of Maps at Page 44, Official County Records, and any amendments, supplements, or corrections thereto.

1.45 "Property" means as defined in Recital A above.

1.46 "Purchaser" means any Person, other than the Declarant, who by means of a voluntary transfer becomes a Unit Owner except for: (i) a Person who purchases a Unit and then leases it to the Declarant for use as a model, sales or leasing office, fitness facility or business support center in connection with the sale of other Units, or (ii) a Person who, in addition to purchasing a Unit, is assigned any Special Declarant Right.

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

1.48 "Reserve Fund Contribution" means as defined in Section 10.16 of this Declaration.

1.49 "Rules" means the rules and regulations adopted by the Association, as they may be amended from time to time.

1.50 "Single Family" means a group of one or more persons, whether or not related by blood, marriage or legal adoption, living together and maintaining a common single nonprofit housekeeping unit, together with their domestic servants, which does not exceed a maximum of two adults per bedroom in the Unit.

1.51 "Special Assessments" means any assessment levied or assessed pursuant to Section 10.3 of this Declaration.

1.52 "Special Declarant Rights" means as defined in the Condominium Act and/or identified in Section 5.2 below and also including without limitation any right or combination of rights reserved by or granted to the Declarant in this Declaration as permitted by the Condominium Act.

1.53 "Unit" means a portion of the Condominium designated for separate ownership and occupancy, as shown on the Plat and more particularly described in Article III of this Declaration, and which has not been withdrawn from the Property.

1.54 "Unit Owner" or "Owner" means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Unit. Unit Owner shall not include (i) Persons having an interest in a Unit merely as security for the performance of an obligation or (ii) a Lessee or tenant of a Unit. Unit Owner shall include a Purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract through which a seller has conveyed to a Purchaser equitable title to a Unit under which the seller is obligated to convey to the Purchaser the remainder of seller's title in the Unit, whether legal or equitable, upon payment in full of all monies due under the contract. The term "Unit Owner" shall not include a Purchaser under a purchase contract and receipt, escrow instructions or similar executory contract which is intended to control the rights and obligations of the parties to the executory contract pending the closing of a sale or purchase transaction. In the case of Units the fee simple title to which is vested in a trustee pursuant to A.R.S., §§ 33-801 et seq., the trustor shall be deemed to be the Unit Owner.

ARTICLE II

CREATION AND DECLARATION OF CONDOMINIUM

2.1 Creation; Submission of Property. The Declarant is the owner of fee title to the Property and all Units and Common Elements hereby created. Declarant hereby submits the Property, together with all Improvements and easements, rights and appurtenances thereto, 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 Property shall be held and conveyed subject to conditions and restrictions set forth in this Declaration. Pursuant to the Condominium Act, Declarant hereby divides the Property into the Units described in Sections 3.1 and 3.2 of this Declaration and shown on the Plat and the Common Elements. Declarant further declares that all of the easements, restrictions, conditions and covenants in this Declaration shall run with the Property 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. This Declaration shall also be binding upon and shall be for the benefit of and enforceable by the Association. Declarant makes no warranties or representations, express or implied, with respect to the binding effect or enforceability of any portion of the Condominium Documents or with respect to the compliance of any of the provisions of the Condominium Documents with public laws, ordinances and regulations applicable thereto.

2.2 Applicable Law. All provisions of the Condominium Act shall apply to this Condominium, its organization, rights of Declarant, management, and other matters unless a permitted contrary provision is expressly specified in this Declaration.

2.3 Name and Description of Condominium. The name of the Condominium is Mountain Ridge Condominium. The legal description of the Condominium is Units 101 to 114 and 201 to 214 and Common Elements Recorded in Book 887 of Maps at Page 41, Official County Records. The Identifying Numbers of the Units submitted to the Condominium are those Units consecutively numbered 101 through 114 inclusive, and 201 to 214, inclusive, as shown on the Plat.

2.4 Name of Association. The name of the Unit Owners Association is The Mountain Ridge Condominium Owners Association.

2.5 Conversion Disclosure.

(A) The Property is being converted by the Recording of the Plat and this Declaration from multifamily rental to a condominium. The Improvements situated on or part of the Property were designed and constructed in accordance with design requirements and building codes applicable to rental apartments. The design criteria and building codes applicable to rental apartments may vary significantly from the design criteria and building codes applicable to condominium projects. Declarant makes no representation or warranty that such Improvements comply with the design criteria or building codes applicable to condominium projects, either when the Improvements were constructed or currently. The original construction of the Improvements was completed on April, 1979.

(B) The name and address of the original owner, builder, developer and general contractor as shown on the building permit issued by the City are as follows:

Owner:

G.M. Horton Corporation
2200 North Central Avenue
Phoenix, AZ 85004

General Contractor and Builder:

Brummer Construction Company
1739 East Wells Lane
Phoenix, AZ 85016

(C) The name and address of each subsequent owner of the Property as determined by a search of the records of the County Recorder of Maricopa County, Arizona, are specified on Exhibit A-1 attached hereto and made a part hereof.

(D) Declarant agrees to provide the following information on request: (i) the name and address of any builder, developer, general contractor, subcontractors, architects and

engineers who designed or made Improvements to the Property immediately before the first Unit was sold; and (ii) a specific description of all Improvements made.

(E) Declarant was not the original owner of the Property and did not construct any of the Buildings or other Improvements on the Property. Declarant specifically disclaims, and neither Declarant nor any of Declarant's members, employees, agents or affiliates is making, any representation, warranty or assurance whatsoever to the Unit Owners or the Association, and no warranties or representations of any kind or character, either express or implied, are made by Declarant, or may be relied upon by any Unit Owner or the Association, with respect to the physical condition of the Buildings or other Improvements within the Condominium or the construction, design, marketability or any other matter pertaining to the Unit or the Common Elements. Each Unit Owner, by accepting a deed to a Unit or by otherwise becoming the Owner of a Unit, acknowledges and agrees that such Person is accepting the Unit and the Common Elements in their "AS IS" and "WHERE IS" condition and with all faults and without any warranty, express or implied, from Declarant. Neither Declarant nor any of its members, employees, agents or affiliates shall be liable to any Unit Owner, Occupant or the Association for any claim or liability with respect to or arising out of the condition of the Units or the Common Elements or any alleged defect or deficiency in the planning, design, engineering, grading, construction or development of the of the Common Elements or any Unit including, without limitation, any failure to comply with applicable building codes or federal, state or local laws, ordinances or regulations or any failure to comply with any express or implied warranty or standard of workmanship.

ARTICLE III

DESCRIPTION OF UNITS AND UNIT BOUNDARIES

3.1 Description of Units. The location and identifying numbers of Units are shown and described on the Plat.

3.2 Unit Boundaries. The Unit boundaries are as follows:

(A) The boundaries of each Unit are the interior unfinished surfaces of the exterior perimeter walls, floor, ceilings, doors, and windows of the Unit, all as originally constructed. Except as provided in the foregoing sentence, all lath, furring, wallboard, drywall, plasterboard, plaster, paneling, tiles, wallpaper, interior paint, finished flooring, and any other materials constituting any part of the finished surfaces of the interior walls, floor, and ceiling are part of the Unit, and all other portions of the walls, floor, and ceiling/attic are part of the Common Elements.

(B) If any chute, flue, duct, wire, conduit, bearing wall, bearing column, heating or air conditioning unit or apparatus or other fixture lies partially within and partially outside the boundaries of a Unit, any portion serving only that Unit is a Limited Common Element allocated solely to that Unit and any portion serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

(C) Subject to the provisions of Subsection 3.2(B) of this Declaration, all spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are part of the Unit.

(D) Any shutters, awnings, doorsteps, stoops, entryways, or enclosed courtyards, and all exterior doors and glass windows or other Improvements designed to serve a single Unit, but located outside of the Unit's physical boundaries, are Limited Common Elements allocated exclusively to that Unit.

(E) In the event of an inconsistency or conflict between the provisions of this Section and the Plat, this Section shall control.

(F) The physical boundaries of a Unit shall be considered to be the proper boundaries regardless of the settling, rising or lateral movement of the Buildings and regardless of any variances between the boundaries shown on the Plat and the actual physical boundaries.

(G) Owners shall have the right to relocate the boundaries between adjoining Units owned by the participating Owners and to reallocate each such Unit's Common Element interest, votes in the Association and Common Expense liabilities, subject to and in accordance with A.R.S. § 33-1222.

ARTICLE IV

COMMON ELEMENTS; ALLOCATION OF INTERESTS, LIABILITIES AND VOTING RIGHTS; ALLOCATION OF PARKING SPACES

4.1 Allocation of Common Element Interest. The undivided interests in the Common Elements of the Association shall be allocated equally among the Units. Accordingly, each Unit's initial fractional interest in the Common Elements shall be 1/28th. The fraction of undivided 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 fractions of undivided interest. The ownership of each Unit shall not be conveyed separate from the fraction of undivided interest in the Common Elements allocated to the Unit. The undivided fraction 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 if the legal description in the instrument conveying or encumbering the Unit refers only to the fee title to the Unit. Except as permitted by the Condominium Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void.

4.2 Allocation of Common Expense Liabilities. The Common Expense Liability of the Association shall also be allocated equally among the Units.

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

(A) Each Unit is allocated the Parking Space assigned to that Unit as specified on Exhibit B attached hereto and made a part hereof.

(B) Any electric or water meter that serves only one Unit is allocated to the Unit it serves.

(C) Each Unit is allocated those portions of the Common Elements designated as Limited Common Elements in Subsections 3.2(B) and 3(D) of this Declaration that serve the Unit.

(D) Each Unit is allocated the mailbox which has an identification number corresponding to the identification number of such Unit.

4.4 Reallocation of Limited Common Elements.

(A) A Limited Common Element may be reallocated by an amendment to this Declaration made in accordance with A.R.S. § 33-1218(B) of the Condominium Act. During the Period of Declarant Control, all such proposed reallocations must be submitted to the Declarant, and the Declarant shall have authority to approve or reject any and all reallocations of a Limited Common Element sought to be accomplished by amendment to the Declaration.

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

4.5 Allocation of Certain Parking Spaces. Parking Spaces are Common Elements and shall be maintained by the Association. Except for the Parking Spaces allocated as Limited Common Elements pursuant to Section 4.3(A) above, the Association shall have the right but not the obligation to assign the Parking Spaces to designated Units or for Invitee, Occupant or other parking purposes. The Association may reallocate the use of such Parking Spaces, may allocate additional Parking Spaces to specific Units, and may impose and receive payments, fees or charges for the use of such Parking Spaces. Parking Spaces not assigned to a specific Unit shall be used and shared by all Unit Owners in a fair and equitable manner. The Association may adopt regulations governing such Parking Spaces. Declarant shall have the authority during the Period of Declarant Control to assign and reallocate Parking Spaces.

4.6 Membership and Voting Rights. Each Unit Owner within the Condominium shall automatically be a Member of the Association and shall be entitled to one (1) vote for each Unit owned in all matters concerning the administration of the Association and management of the Condominium. In the event that a Unit is owned of record by more than one Person, the vote attributed to that Unit shall be cast as a single vote as the Owners of that Unit shall among themselves determine, and said vote shall not be apportioned.

4.7 Change in Number of Units. To add or withdraw Units from the Condominium, Declarant shall, if required by law, prepare, execute, and record an amendment to the Declaration which shall comply with the Condominium Act and which reallocates the Common Element Interest equally among all Units.

4.8 Access Gates. Electronically and/or key activated access gate(s) may exist from time to time at the Condominium in order to limit access and provide more privacy for the Unit Owners and Occupants. The access gates shall be part of the Common Elements and shall be maintained, repaired and replaced by the Association. Each Unit Owner and Occupant acknowledges and agrees that the access gates do not guarantee the safety or security of the Unit Owners or Occupants, or their guests or invitees, or guarantee that no unauthorized person will gain access to the Condominium. Each Unit Owner and Occupant, for themselves and on behalf of their families, guests and invitees, acknowledge that the access gates may restrict or delay entry into, or access within, the Condominium by police, fire department, ambulances and other emergency vehicles or personnel and agree to assume the risk that the access gates will restrict or delay entry into, or access within, the Condominium by police, fire department, ambulances or other emergency vehicles or personnel. None of the Declarant, the Association, or any director, officer, manager, agent or employee of the Declarant or the Association shall be liable to any Unit Owner or Occupant, or their families, guests or invitees, for any claims or damages resulting, directly or indirectly, from the existence, operation or maintenance of the access gates. Each Unit Owner acknowledges that any gate that is in use at the time such Unit Owner becomes a Member may be abandoned, terminated and/or modified by a majority vote of the Board of Directors. The commencement of the use of any access gate shall not be deemed to be an assumption of any duty on the part of the Association or the Declarant with respect to the Condominium and neither the Declarant nor the Board of Directors (nor any committee thereof) makes any representation or warranty concerning the efficacy of the gates relating to security or the ease of entry of fire, police or other emergency personnel. Each Unit Owner, for itself and its Occupants, by acceptance of a deed to a Unit, whether or not so stated in the deed, shall be deemed to have agreed to take any and all protective and security measures and precautions which such Unit Owner would have taken if the Condominium had been located within public areas and not gated.

ARTICLE V

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

5.1 Development Rights. Declarant reserves to itself, its successors and assigns, all Development Rights, including without limitation the following:

(A) To annex real estate into the Condominium, including any property previously withdrawn;

(B) To create easements, Units, Common Elements or Limited Common Elements within the Condominium;

(C) To subdivide Units, convert Units into Common Elements or convert Common Elements into Units;

(D) To withdraw real estate, including Units and Common Elements, from the Condominium;

(E) To amend the Condominium Documents during the Period of Declarant Control to comply with applicable law or to correct any error or inconsistency in the Declaration if the amendment does not adversely affect the rights of any Unit Owner in any material respect. An amendment will be deemed not to affect adversely any Unit Owner who purchases with actual or constructive notice of the amendment or who fails to object to the amendment within thirty (30) days after recording thereof;

(F) To 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 Agency;

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

(H) Amend this Declaration and the Plat in the event Declarant exercises its right to delineate or relocate the boundaries of any Unit, as long as Declarant owns any Unit;

(I) Amend this Declaration and the Plat to allocate any covered or other parking spaces that have not been allocated to any Unit; and

(J) Record an amendment to this Declaration, the Plat or any memorandum to this Declaration, as authorized by the provisions of this Declaration, as long as Declarant owns any Unit.

5.2 Special Declarant Rights. Declarant reserves to itself, its successors and assigns, all Special Declarant Rights, including without limitation the following:

(A) To construct Improvements provided for in this Declaration or shown on the Plat;

(B) To exercise any Development Right;

(C) To maintain sales offices, management offices, model Units and signs advertising the Condominium;

(D) To use easements through the Common Elements for the purpose of making Improvements within the Condominium; and

(E) To appoint or remove any officer of the Association or any member of the Board of Directors during the Period of Declarant Control.

If a Unit or Units subject to this Declaration are withdrawn from this Declaration in accordance with a Development Right of Declarant, then Declarant shall reallocate the Common Element interests among all Units on a ratable basis as provided in ARTICLE IV above. Declarant shall, in such event, reserve appropriate Parking Spaces and Common

Elements necessary for the construction and use of the buildings not so withdrawn, and easements for ingress, egress and utilities and any other matter required to be done to serve the purpose of the retained Building or Buildings, in Declarant's sole discretion, so long as zoning and other Applicable Laws are observed.

5.3 Transfer of Special Declarant Rights. A Special Declarant Right created or reserved by this Declaration may be transferred pursuant to the provisions set forth in A.R.S. § 33-1244 of the Condominium Act.

5.4 Legal Description. The legal description of the real estate subject to each of the Development Rights and other Special Declarant Rights reserved in this Declaration to Declarant is shown and depicted on the Plat and consists of all Units and Common Elements subject to the Declaration.

5.5 Time Limits. Exercise of Development Rights and Special Declarant Rights by Declarant are not limited in any manner as to time and extend beyond the Period of Declarant Control unless otherwise limited by the Condominium Act.

ARTICLE VI

EASEMENTS

6.1 Existing Easements. If any Unit or Common Elements are encumbered by access, utility or other easements as may be shown on the Plat, each Owner hereby acknowledges and consents to such easement by accepting a deed to such Unit and an undivided interest in the Common Elements.

6.2 Utility Easements. In addition to those special easements shown on the Plat, there is hereby created an easement upon, across, over and under the Common Elements, including the Limited Common Elements, for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the utility company providing such service to erect and maintain the necessary equipment on the Common Elements, but no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Common Elements except as initially designed and/or as thereafter approved and constructed by the Board of Directors. This easement shall in no way affect any other recorded easements on the Common Elements. In no event shall any portion of the above mentioned easements for utilities be construed to authorize the placing or installing of sewers, electrical lines, water lines or other utilities under any permanent building structure constructed on the Property.

6.3 Easements for Ingress and Egress. There are hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks, walkways and lanes that from time to time may exist upon the Common Elements. There is also created an easement for ingress and egress for pedestrian and vehicular traffic, including, without limitation, emergency access and utility repair vehicles, over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes except that

such easements shall not extend to any Limited Common Elements or assigned parking spaces, if any. Such easements shall run in favor of and be for the benefit of the Unit Owners and Occupants of the Units and their guests, families, tenants and other Invitees.

6.4 Unit Owners' Easements of Enjoyment.

(A) Every Unit Owner shall have a right and easement of enjoyment in and to the Common Elements, except for the Limited Common Elements, which shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

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

(ii) The right of the Association to suspend a Unit Owner's voting rights and the right to use the Common Elements for any period during which any Assessment against such Owner's Unit remains unpaid more than fifteen (15) days after its due date, subject to Applicable Laws concerning notice and hearing; provided, however, such suspension shall not be effective to prevent the Unit Owner from having reasonable access to such Unit Owner's Unit and Limited Common Elements. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for any other infraction or violation of the Condominium Documents, unless such infraction is continuing in which case such suspension may continue until the infraction is cured;

(iii) The right of the Association to convey the Common Elements or subject the Common Elements to a mortgage, deed of trust, or other security interest, in the manner and subject to the limitations set forth in the Condominium Act, subject to the vote or written assent of those Unit Owners representing at least eighty percent (80%) of the votes in the Association, and with the consent of Declarant during the Period of Declarant Control; and, in all events, subject to a Unit Owner's easement for ingress and egress if access to such Owner's Unit is through the Common Elements to be conveyed or mortgaged;

(iv) The right of the Association, in the event of withdrawal of any Units from the Condominium, to convey easements over the Common Elements for ingress, egress, utilities and parking reasonably necessary for use by the owners of the Units withdrawn; and

(v) All rights and easements set forth in this Declaration, including, but not limited to, the rights and easements granted to Declarant by Sections 6.5 and 6.6 of this Declaration.

(B) If a Unit is leased or rented, the Lessee and the members of his 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.

(C) The guests and other Invitees of any Member or other person entitled to use the Common Elements pursuant to Subsection 6.4(A) above or of any Lessee who is entitled to use the Common Elements pursuant to Subsection 6.4(B) above may use the Common Elements, provided they are accompanied by a Member, Lessee or other person entitled to use the Common Elements pursuant to Subsections 6.4(A) or (B) above. The Board of Directors shall have the right to limit the number of guests and other Invitees who may use the Common Elements at any one time and may restrict the use of the Common Elements by guests and Invitees to specific times.

(D) A Unit Owner's right and 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.

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

6.5 Declarant's Use for Sales and Leasing Purposes.

(A) Declarant shall have the right and an easement to maintain sales or leasing offices, management offices and model Units throughout the Condominium (including in any Building designated as a clubhouse or recreational amenity) and to maintain one or more advertising, model and directional signs on the Common Elements while Declarant is selling or preparing to sell Units in the Condominium. Declarant reserves the right to place models, management offices and sales and leasing offices in any Units owned by Declarant and on any portion of the Common Elements in such number, of such size and in such locations as Declarant deems appropriate.

(B) Declarant may from time to time relocate model Units, management offices and sales and leasing offices to different locations within the Condominium. Without limiting the foregoing, during Declarant's pre-sale and sales period, Declarant may relocate any recreational and business facilities including any fitness center, sales center, business office and the like on any portion of the Condominium. Upon the relocation of a model Unit or a management, business, sales or leasing office constituting a Common Element, Declarant may remove all personal property and fixtures therefrom.

(C) So long as Declarant is marketing Units in the Condominium, Declarant shall have the right to reserve Parking Spaces in the Condominium not allocated as Limited Common Elements or otherwise assigned to particular Units owned by a Purchaser for use by any prospective Unit Purchaser, Declarant's employees and others engaged in sales, leasing, maintenance, construction or management activities.

(D) 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 as property of the Association. 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.

6.6 Declarant's Easements.

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

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

(C) Declarant shall have an easement through the Units, including Units owned by Purchasers, at reasonable times and upon reasonable notice for any access necessary to complete any renovations, warranty work or modifications or improvements to be performed or constructed by the Declarant.

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

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

6.8 Common Elements Easement in Favor of the Association. The Common Elements shall be subject to an easement in favor of the Association, its Board and officers and the agents, employees and independent contractors of the Association for the purpose of the inspection, upkeep, maintenance, repair and replacement of the Common Elements.

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

(A) 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;

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

(C) For driving and removing nails, screws, bolts and other attachment devices into the Unit side surface of the stone, block, brick or other masonry walls bounding the Unit and the Unit side surface of the studs which support the dry wall or plaster perimeter walls bounding the Unit, the bottom surface of floor joists above the Unit and the top surface of the floor joists below the Unit to the extent such nails, screws, bolts and other attachment devices may encroach into a part of a Common Element adjacent to such Unit; provided that any such action will not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of any Building or impair or structurally weaken any Building;

(D) For the maintenance of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grilles and similar fixtures which serve only one Unit but which encroach into any part of the Common Elements; and

(E) For the performance of the Unit Owner's obligation to maintain, repair, replace and restore those portions of the Limited Common Elements that the Unit Owner is obligated to maintain under Section 8.2 of this Declaration.

6.10 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:

(A) For inspection of the exterior 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;

(B) For inspection, maintenance, repair and replacement of the Common Elements or the Limited Common Elements situated in or accessible from the exterior of Units or Limited Common Elements;

(C) 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;

(D) For the purpose of enabling the Association, the Board of Directors or any committees appointed by the Board of Directors to exercise and discharge their respective rights, powers and duties under the Condominium Documents; and

(E) For inspection, at reasonable times and upon reasonable notice to the Unit Owner, of the Units and the Limited Common Elements to verify that the provisions of the Condominium Documents are being complied with by the Unit Owners, Lessees, the other Occupants of the Unit and their respective guests and other Invitees.

6.11 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, alteration or restoration authorized by this Declaration, settling or shifting, or any reason other than the intentional encroachment on the Common Elements or any Unit by a Unit Owner, a valid easement for the encroachment, and for the maintenance thereof, exists.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS

The following use restrictions shall apply to the Property:

7.1 Plat Notes. In addition to the use restrictions contained herein, the Property is subject to any restrictions and limitations set forth on the Plat.

7.2 Antennas. Except to the extent that Applicable Laws prohibit the Board of Directors from requiring prior approval thereof, no antenna, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any portion of the Condominium, whether attached to a Building or otherwise, unless such erection, use and maintenance have been previously approved in writing by the Board of Directors. If Applicable Laws prohibit the Board of Directors from requiring prior approval of certain types of antennas, satellite dishes or other devices, any such antenna, satellite dishes or other devices nevertheless must be installed or constructed in accordance with such rules and regulations as the Board of Directors may adopt.

7.3 Single Family Residential Use.

(A) All Units and Limited Common Elements shall be used, improved and devoted exclusively to residential use by a Single Family. In cases of joint ownership, resulting in the ownership and use of a Unit by more than one Single Family, only one Single Family shall reside in the Unit at a time.

(B) No gainful occupation, profession, trade or other nonresidential use shall be conducted on or in any Unit or Limited Common Element, but a Unit Owner or other resident may conduct a business activity within a Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Condominium; (iii) the business activity does not involve Persons coming to the Unit or the door-to-door solicitation of Unit Owners or other residents in the Condominium; (iv) the trade or business conducted by the Unit Owner or resident shall not require more than one (1) employee working in or from such Unit who is not a lawful resident thereof; (v) the volume of vehicular or pedestrian traffic or parking generated by such trade or business does not result in congestion or

(G) The Association shall have the right to stop any work that is not in compliance with the terms contained in this Section or any rules of the Association governing improvements by the 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 its successors and assigns) agrees to indemnify, defend 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 trial and appellate levels), arising out of any review of plans by the Association.

7.5 No Partition and Subdivision. No Unit shall be partitioned or subdivided.

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

7.7 Machinery and Equipment; User Fees. No Unit Owner may place, operate or maintain machinery or equipment of any kind upon the Condominium other than usual and customary machinery and equipment used in connection with the Owner's permitted uses of his Unit and Limited Common Elements. This Section 7.7 shall not apply to any such machinery or equipment which Declarant or the Association may require for the construction, improvement, operation and maintenance of the Common Elements. For the convenience of the Unit Owners, Declarant or the Association may place clothes washers and dryers, vending and other machines within the Common Elements, for which user fees may be required.

7.8 Animals. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house pets, shall be maintained in or on the Condominium and then only if such house pets are kept or raised solely as domestic pets (and not for commercial purposes) within an Owner's Unit and any patio or balcony allocated thereto. No house pet shall exceed twenty (20) pounds in weight unless such pet is used to aid a handicapped resident and in

no event may more than two (2) dogs occupy any Unit regardless of size or weight. No pet or other animal shall be allowed to make an unreasonable amount of noise, cause an odor, or to become a nuisance. All dogs or other house pets permitted hereunder and capable of being walked on a leash shall be kept on a leash not to exceed six (6) feet in length when outside a Unit, and all pets shall be directly under the Unit Owner's or other Occupant's control at all times. No Unit Owner or any other Occupant or guest or invitee thereof shall permit any such pet being kept in the Unit to relieve itself on any portion of the Common Elements, it being understood that it shall be the responsibility of such person to immediately remove any droppings from pets. No structure for the care, housing, confinement, or training of any animal or pet shall be maintained on any portion of the Common Elements (including Limited Common Elements) or in any Unit so as to be visible from the exterior of the Building in which the Unit is located. Upon the written request of any Unit Owner, the Board of Directors shall determine whether, for the purposes of this Section, a particular animal or bird is a generally recognized house pet or a nuisance, or whether the number of pets in any Unit is reasonable. The right of Unit Owners and other occupants of Units to maintain a reasonable number of house pets in or on the Condominium pursuant to this Section is expressly subject to the right of the Board of Directors to restrict such house pets to only certain portions of the Condominium and to prospectively further restrict the size and number of dogs or other pets which may be maintained or kept in the Units.

7.9 Temporary Occupancy. No trailer, tent, shack, garage, barn or other structure, and no temporary Improvement of any kind, shall be used at any time for a Unit either temporarily or permanently. Temporary buildings or structures used during the construction of Buildings or structures approved by the Board shall be permitted but must be removed promptly upon completion of the construction of the Building or structure.

7.10 Clothes Drying Facilities. No clotheslines or other facilities for drying or airing clothes shall be erected, placed or maintained on the exterior of any Unit.

7.11 Mineral Exploration. No portion of the Condominium shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

7.12 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 or animal diseases or noxious insects.

7.13 Machinery and Equipment. No Unit Owner may place, operate or maintain machinery or equipment of any kind upon the Condominium other than usual and customary machinery and equipment used in connection with the Unit Owner's permitted uses of such Unit Owner's Unit and Limited Common Elements. This Section shall not apply to any such machinery or equipment which Declarant or the Association may require for the construction, improvement, operation and maintenance of the Common Elements.

7.14 Environmental Restrictions. All residents of the Condominium shall be responsible for complying with all federal and state environmental and health laws. Without limiting the foregoing, no Unit Owner or other resident may dispose of, transport, or store

Hazardous Substances in his or her Unit or elsewhere in the Condominium other than small amounts of ordinary household non-combustible cleaning agents maintained in the Unit or Limited Common Element storage areas, and in no event may any Unit Owner or resident dispose of any Hazardous Substances, including, without limitation, motor oil, hydrocarbons or other petroleum products, in or down a dry well on or adjacent to the Condominium or in trash receptacles located within the Condominium.

7.15 Motor Vehicles.

(A) As used in this Section, the term "Authorized Vehicles" means motorized land vehicles designed and used primarily for non-commercial passenger transport, such as automobiles, sport utility vehicles, passenger vans designed to accommodate ten (10) or fewer people, two-wheel motorcycles and pickup trucks having a manufacturers rating or payload capacity of one ton or less, all of which shall not exceed seven (7) feet in height. Before Authorized Vehicles of a Unit Owner or Occupant of a Unit shall be parked in an unassigned Parking Space which is a Common Element, the Parking Space allocated to such Unit as a Limited Common Element must be utilized for parking.

(B) No vehicles of any kind other than Authorized Vehicles shall be parked, stored or kept on any part of the Common Elements. No Authorized Vehicles shall be parked upon any part of the Condominium except in the Parking Spaces.

(C) No Authorized Vehicle shall be parked in a Parking Space if such vehicle does not completely and clearly fit within the painted parking lines designated for the Parking Space or otherwise physically fit wholly in the Parking Space. Parking Spaces shall be used solely for the parking of Authorized Vehicles and shall not be used for storage. No maintenance, repair, restoration or construction of any Authorized Vehicle shall be conducted in the Parking Spaces or any other part of the Common Elements. No barbequing or outdoor cooking shall take place in any Parking Space.

(D) The provisions of this Section do not apply to the parking of motor vehicles of the Declarant or its employees, affiliates, and contractors in connection with the making of Improvements on the Property or the marketing of Units within the Condominium or to the vehicles of vendors, business invitees and others in the process of temporarily serving the Condominium.

(E) The Board may, acting in good faith, designate a commercial use vehicle as an Authorized Vehicle if, prior to use, the Unit Owner petitions the Board to classify the same as an Authorized Vehicle if the commercial use vehicle is similar in size and appearance to an Authorized Vehicle and the parking of such vehicle in the Condominium will not adversely affect the Condominium or Unit Owner.

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

7.17 Motor Vehicle Repair and Towing of Vehicles. Other than temporary emergency repairs, no vehicle shall be constructed, reconstructed, serviced or repaired, and no inoperable vehicle may be stored on any portion of the Condominium. The Board of Directors shall have the right to have any vehicle parked, kept, maintained, constructed, reconstructed or repaired in violation of the Condominium Documents towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the owner of the vehicle or equipment. If the vehicle or equipment is owned by a Unit Owner or Occupant or Invitee of such Unit Owner or Occupant, any amounts payable to the Association shall, to the extent permitted by Applicable Law, be secured by the Assessment Lien, and the Association may enforce collection of suit amounts in the same manner provided for in this Declaration for the collection of Assessments.

7.18 Signs. Other than an approved Unit Owner name and address identification sign on the door of a Unit, no emblem, logo, sign or billboard of any kind, including, but not limited to, "For Sale" or "For Rent" signs, shall be displayed so that it is visible from the exterior of any Unit or Building or any other portion of the Condominium without the prior written approval of the Board, except (i) signs used by Declarant to advertise the Units for sale or lease; (ii) signs on the Common Elements as may be placed or approved by Declarant during the Period of Declarant Control or by the Board thereafter; (iii) any signs as may be required by legal proceedings; and (iv) such signs as may be approved by the Board.

The foregoing sign restrictions shall be subject to Applicable Laws, including those pertaining to the placement of political signs and signs of candidates for political office.

7.19 Lawful Use. No offensive or unlawful use shall be made of any part of the Condominium. All Applicable Laws shall be observed. Any violation of Applicable Laws shall be a violation of this Declaration.

7.20 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 or other Occupant. No exterior speakers, horns, whistles, bells or other sound devices, except security or other emergency devices used exclusively for security or emergency purposes, shall be located, used or placed on the Condominium. Each Unit Owner understands and acknowledges that in any multi-family dwelling, sound may be audible between Units. Each Unit Owner hereby agrees to accept sounds from adjacent Units and to accept responsibility for minimizing noise transmission from the Unit. The Association in its discretion may adopt rules and regulations that are designed to minimize noise transmission between Units.

7.21 Window Coverings. No reflective materials, including, without limitation, aluminum foil, reflective screens or glass, films, 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. No enclosures, drapes, blinds, shades, screens or other items affecting the exterior appearance of a Unit or any Limited Common Elements allocated to a Unit shall be constructed or installed in any Unit or Limited Common Element without the prior written approval of the

Board unless the items so installed are substantially identical in color, texture and size as previously approved and installed window coverings being so replaced.

7.22 Limitation on Leasing of Units. No Unit Owner may lease less than such Owner's entire Unit. All leases shall be in writing, shall have a minimum term of six (6) months, and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Condominium Documents and that any failure by the lessee to comply with the terms of the Condominium Documents shall be a default under the lease. Upon leasing its Unit, a Unit Owner shall promptly notify the Association of the commencement date and termination date of the lease and the names of each Lessee or other Person who will be occupying the Unit during the term of the lease. Declarant shall have the right to limit or prohibit leasing activities for the initial one (1) year period after a Unit Owner other than Declarant first purchases a Unit. Nothing contained in this Section shall be construed as limiting or in any way affecting any leasing program operated by Declarant in the Condominium with regard to its Units.

7.23 Utility Service. Except for lines, wires and devices existing on the Condominium on the date the first Unit is conveyed to a Purchaser, and the maintenance and replacement of the same, no lines, wires, or other devices for the communication or transmission of electric current or power, including but not limited to 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 the Buildings or other structures permitted under this Declaration. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of Buildings or other structures approved by the Board.

7.24 Community Privacy Measures. Each Unit Owner understands and agrees that neither the Association (nor its officers, directors, employees, and agents) nor the Declarant (nor its officers, directors, employees and agents) is responsible for the acts and omissions of any third parties or of any other Unit Owner or Unit Owner's family members, guests, tenants and other Invitees resulting in damages or injury to person or property. Any entry/privacy gate features or common privacy measures that may be used in the Condominium (as installed by Declarant, at its option, or by the Board on behalf of the Association) will be maintained by the Association, and each Unit Owner understands that any entry/privacy gate features that are in effect at the time he becomes a Unit Owner may be abandoned, terminated and/or modified by a majority vote of the Board. The commencement of any such devices or controls shall not be deemed to be an assumption of any duty on the part of the Association or the Declarant with respect to the Condominium and neither Declarant or the Board (nor any committee thereof) makes any representation or warranty concerning the efficacy of such devices relating to security or the ease of entry of fire, police or other emergency personnel.

7.25 Savings Clause. The provisions of this Declaration shall be construed to be consistent with Applicable Laws and, should any provision violate Applicable Laws and be unenforceable as a result thereof, then Applicable Laws shall govern. Without limitation, no provision hereof shall prohibit the placement of the American Flag or the parking of public service vehicles as permitted by Applicable Laws, subject to rules and regulations of the Association not in conflict with such Applicable Laws.

7.26 Variations. The Board may, at its sole but reasonable discretion, grant variations from the restrictions set forth in this ARTICLE VII if the Board determines:

(A) Either that (i) a particular restriction would created a substantial hardship or burden on a Unit Owner or Occupant and that such hardship is not attributable to the Unit Owner's or Occupant's acts; (ii) a change of circumstances has rendered the particular restriction obsolete; or (iii) other circumstances warrant a variance in the Board's sole and absolute discretion; and

(B) The activity permitted under the requested variance will not have a substantially adverse effect on other Unit Owners and Occupants.

ARTICLE VIII

MAINTENANCE AND REPAIR OF COMMON ELEMENTS AND UNITS

8.1 Duties of the Association. The Association shall maintain, repair and make necessary improvements to all Common Elements (including without limitation all structural elements of Limited Common Elements) whether located inside or outside the Buildings, except for the specific portions of the Limited Common Elements which the Unit Owners are obligated to maintain pursuant to Section 8.2 of this Declaration. Without limitation, the Association shall be responsible for maintaining residential Building exteriors (including but not limited to doors, roofs, stairways, walkways attached to the Buildings and courtyard exteriors, if any), all Parking Spaces and other portions of the parking areas, mailboxes, fountains, planters, the private streets and drives, sidewalks, walkways, landscaping, irrigation systems, lighting and light fixtures in the Common Elements, swimming pools and recreational areas. The Board shall be the sole and absolute judge as to the appropriate maintenance of the Common Elements and the Condominium.

8.2 Duties of Unit Owners.

(A) Each Unit Owner shall maintain, repair, replace and restore, at such Unit Owner's own expense, all portions of such Owner's Unit, subject to the Condominium Documents.

(B) Except for the Parking Spaces which shall be maintained by the Association pursuant to Section 8.1, each Unit Owner shall be responsible for the maintenance and repair of the Limited Common Elements allocated to such Owner's Unit pursuant to this Declaration as Limited Common Elements, including, without limitation: maintenance, repair and replacement of all doors and windows of the Unit, the air conditioning unit (including compressors and condensers), and heater and hot water heater servicing the Unit. No Unit Owner may paint or change the exterior color scheme or surfacing materials of such Owner's walls or any portion of the Limited Common Elements allocated to such Owner's Unit which are visible from the Common Elements or any other Unit without the prior written consent of the Board of Directors.

(C) Any Unit Owner or Occupant who leaves his or her Unit unoccupied for more than seven (7) consecutive days shall turn off the water to all toilets and any clothes washer

in the Unit. If Declarant or the Board provides a maintenance program for the Units ("Maintenance Program"), each Unit Owner shall obtain from the Board (and provide to any other Occupants) the Maintenance Program applicable to the Unit and utilize the Maintenance Program for the maintenance, upkeep, repair, inspection, and replacement of the Unit and all Limited Common Elements that the Owner is obligated to maintain, repair and replace pursuant to this Section. Each Unit Owner (other than Declarant) shall maintain detailed and complete records of all maintenance, repairs and replacements to the Owner's Unit or the Limited Common Elements made by the Unit Owner. The failure to maintain, repair and replace the Unit and the Limited Common Elements in accordance with the Maintenance Program shall void, to the extent affected thereby, all express and implied warranties by Declarant or by any contractor, subcontractor, supplier or manufacturer, and the maintenance obligation of each Owner under this Section shall be a condition precedent to the assertion of any claim of an alleged defect or any other Claim against Declarant by a Unit Owner under ARTICLE XIV hereof. No Person other than a licensed contractor performing repairs, maintenance or replacement of an HVAC system, or the Association's or Declarant's employees, agents or contractors, shall be permitted on the roof of any Building without the prior written approval of the Board. Each Owner shall be strictly liable to the Association and the other Owners, Lessees and Occupants for any damage to the Common Elements or other Units caused by water intrusion into the Common Elements or other Units from the Owner's Unit.

(D) Each Unit Owner shall take all necessary action to keep the Limited Common Elements such Unit Owner is obligated to maintain under this Section 8.2 clean and free from unsightly accumulations of trash, furniture in weathered or poor condition, and litter. No Unit Owner shall allow a Parking Space to be used for storage or for the accumulation of trash or junk.

8.3 Repair or Restoration Necessitated by Unit Owner. Each Unit Owner shall be liable to the Association, to the extent permitted by Applicable Laws, for any damage to the Common Elements or the Improvements, or equipment thereon, which results from the negligence or willful misconduct, by act or omission, of the Unit Owner or that Unit Owner's family members, Invitees, Lessees and pets and any other Occupants of such Unit Owner's Unit or the pets of any such Occupant. The cost to the Association of any such repair, maintenance or replacement required by such act or omission of a Unit Owner shall be assessed against the Unit Owner pursuant to Subsection 10.4(D) of this Declaration. The Association may enforce collection of any such amounts in the same manner and to the same extent as provided for in this Declaration for the collection of Assessments.

8.4 Unit Owner's Failure to Maintain. If a Unit Owner fails to maintain in good condition and repair such Unit Owner's Unit or any Limited Common Element which the Unit Owner is obligated to maintain under this Declaration and the Maintenance Program, and the required maintenance, repair or replacement is not performed within thirty (30) days after written notice has been given to the Unit Owner by the Association, the Association shall have the right, but not the obligation, to perform the required maintenance, repair or replacement. The Association's cost of any such maintenance, repair or replacement shall be assessed against the nonperforming Unit Owner pursuant to Section 10.4 of this Declaration. To the extent permitted by Applicable Laws, the Association may enforce collection of any such amounts in the same

manner and to the same extent as provided for in this Declaration for the collection of Assessments.

8.5 Right to Reasonable Access. On reasonable notice, each Unit Owner shall afford the Association and other Unit Owners, and to their agents or employees, access through such Owner's Unit reasonably necessary for purposes required under this Article.

ARTICLE IX

THE ASSOCIATION; RIGHTS AND DUTIES; MEMBERSHIP

9.1 Rights, Powers and Duties of the Association. No later than the date on which the first Unit is conveyed to a Purchaser, the Association shall be organized as a nonprofit Arizona corporation. The Association shall be the entity through which the Unit Owners shall act. The Association shall have such rights, powers and duties as are prescribed by Applicable Laws and as are set forth in the Condominium Documents, together with such rights, powers and duties as may be reasonably necessary to effectuate the objectives and purposes of the Association as set forth in this Declaration and the Condominium Act. The Association shall have the right to finance capital Improvements in the Condominium by encumbering future Assessments if such action is approved by the written consent or affirmative vote of Unit Owners representing more than fifty percent (50%) of the votes in the Association and by Declarant during the Period of Declarant Control. Unless the Condominium Documents or the Condominium Act specifically require a vote of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Association has the specific duty to make available to the Declarant, Eligible Mortgage Holders, Unit Owners, and Eligible Insurers or 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.

9.2 Directors and Officers.

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

(B) 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 or the director, officer, partner, member or trustee of a Unit Owner which is an entity. The Board of Directors elected by the Unit Owners shall then elect the officers of the Association.

(C) Declarant may voluntarily surrender its 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, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or of the Board of

Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

9.3 Rules. The Board of Directors, from time to time and subject to the provisions of this Declaration and the Condominium Act, may adopt, amend, and repeal rules and regulations. The Rules may, among other things, restrict and govern the use by any Unit Owner, by the family of such Unit Owner, by any Invitee, licensee or Lessee of such Unit Owner, or by any other Occupant, of any area within the Condominium subject to the Association's jurisdiction and control; 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, the Bylaws or any other Applicable Laws. 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.

9.4 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 the Unit Owners. Membership in the Association shall be mandatory. An Owner shall automatically, upon becoming an Owner, be a Member of the Association and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to each Unit and may not be separately assigned, transferred or conveyed. Upon the acquisition of title to a Unit, each Unit Owner shall provide written notice to the Association of such Unit Owner's address for purposes of furnishing notices in connection with this Declaration. The Association shall maintain a record of the notice addresses furnished by the Unit Owners in accordance with Section 16.6 of this Declaration.

9.5 Utility Service and Refuse Collection. The Association shall acquire and pay for the following: (i) water, sewer, electric, natural gas and other utility service for the Common Elements; (ii) refuse and rubbish collection for the Common Elements and the Units; and (iii) water and sewer service for the Units. Each Unit will be separately metered for electric service, and all charges for electric service to a Unit shall be paid by the Unit Owner of the Unit. In addition, all charges for telephone, cable or internet services and security alarm monitoring to a Unit shall be paid by the Unit Owner. The Rules may contain provisions governing the disposal of refuse and rubbish in the Condominium and may require all refuse and trash to be placed in containers located on the Common Elements.

9.6 Non-Liability of Officials and Indemnification.

(A) To the fullest extent permitted by Applicable Laws, neither Declarant, the Board, nor any committees of the Association nor any member thereof, nor any officers, directors, employees or direct agents of Declarant or of the Association, shall be liable to any Unit Owner or to the Association or any other Person for any damage, loss or prejudice suffered or claimed on account of any decision, course of action, act, inaction, omission, error, negligence or the like made in good faith and which Declarant, the Board, such committees or members thereof or officers reasonably believed to be within the scope of their respective duties or rights.

(B) To the fullest extent permitted by Applicable Laws, Declarant and every director, officer or committee member of the Association and of Declarant (to the extent a Claim may be brought by reason of Declarant's appointment, removal or control over members of the Board or its control over the Association or any committee thereof) shall be indemnified by the Association. Every other Person serving as an employee or direct agent of the Association, or otherwise acting on behalf of, and at the request of, the Association, may, in the discretion of the Board, be indemnified by the Association. Any such indemnification shall be limited to all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon such Person in connection with any proceeding to which that Person may be a party or in which that Person may become involved, by reason of that Person being or having served in such capacity on behalf of the Association (or in the case of Declarant by reason of having appointed, removed, controlled or failed to control members of the Board, or controlled or failed to control the Association), or incurred in any settlement thereof, whether or not that Person is a director, officer or member of a committee or serving in such other specified capacity at the time such expenses are incurred.

ARTICLE X

ASSESSMENTS

10.1 Preparation of Budget.

(A) Except as hereinafter provided, at least sixty (60) days (or as soon thereafter as feasible) before the beginning of each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a Purchaser, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board of Directors believes will be required during the ensuing fiscal year to pay all Common Expenses including, but not limited to: (i) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units, if any, which the Association has the responsibility of maintaining, repairing and replacing; (ii) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Condominium; (iii) the amount required to render to the Unit Owners all services required to be rendered by the Association under the Condominium Documents; and (d) such amounts as may be necessary to provide general operating revenues and reserves for contingencies and replacements; provided, however, the budget for the first fiscal year of the Association need not be adopted until sixty (60) days after the commencement of such fiscal year. The budget shall separately reflect any Common Expenses to be assessed against less than all of the Units pursuant to Subsections 10.2(D) or 10.2(E) or Section 10.4.

(B) At least ten (10) days before the beginning of each fiscal year of the Association (except for the first fiscal year), the Board of Directors shall send to each Unit Owner a summary of the budget and a statement of the amount of the Common Expense Assessment assessed against the Unit of the Unit Owner in accordance with Section 10.2. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expense Assessment against such Unit Owner's Unit as established for the

previous fiscal year until notice of the Common Expense Assessment for the new fiscal year has been given to the Unit Owners by the Board of Directors.

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

10.2 Common Expense Assessment.

(A) 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 10.2(D) or 10.2(E) or Section 10.4) shall be assessed against each Unit in proportion to the Unit's Common Expense Liability as set forth in Section 4.2. The amount of the Common Expense Assessment assessed pursuant to this Subsection 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.

(B) The Common Expense Assessments shall commence as to all Units on the first day of the first 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.

(C) 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 Section 10.2(A).

(D) If any Common Expense is caused by the misconduct of any Unit Owner, the Association shall assess that Common Expense exclusively against that Unit Owner's Unit.

(E) 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.

(F) All Assessments, monetary penalties and other fees and charges levied against a Unit shall be the personal obligation of the Unit Owner of the Unit at the time the Assessments, monetary penalties or other fees and charges became due. The personal obligation of a Unit Owner for Assessments, monetary penalties and other fees and charges levied against his Unit shall not pass to the Unit Owner's successors in title unless expressly assumed by them.

10.3 Special Assessments. In addition to the Common Expense Assessments, the Association may from time to time levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any Special Assessment shall have first been (i) approved by Unit Owners representing at least two-thirds (2/3) of the votes in the Association who are voting in person or, to the extent then permitted by Applicable Law, absentee ballot or proxy, at a meeting duly called for such purpose and (ii) approved by Declarant during the Period of Declarant Control. 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.

10.4 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 amounts payable to the Association by the Unit Owner; (b) any attorney 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, Occupants or Invitees; (c) any monetary penalties or fines levied against the Unit Owner; (d) damages, expenses and costs assessed by the Association against a Unit Owner pursuant to Sections 8.3, 8.4 or 10.5 or Subsection 10.2(D) and interest, late fees, Collection Costs and other costs and charges incurred by the Association relative to such damages, expenses and costs and (e) any amounts (other than Common Expense Assessments and Special Assessments) which become due and payable to the Association by the Unit Owner or the Unit Owner's Lessees, Occupants or Invitees pursuant to the Condominium Documents.

10.5 Fines and Penalties for Certain Violations.

(A) If any Unit Owner or any Occupant, Lessee, licensee or other Invitee of or to such Unit Owner's Unit violates the provisions hereof or other rules of the Association, the Board, after providing the Unit Owner with notice of the violation and an opportunity for a hearing as required by law, may levy a fine upon the Unit Owner, may suspend the violator's right to use the Common Elements and may charge such Unit Owner all costs incurred by the Association in connection with enforcement or other action taken by the Association, including attorneys' fees and costs incurred; provided, however, such suspension shall not be effective to deny a Unit Owner, Lessee or Occupant reasonable access to the Unit Owner's Unit. Such violation shall also be grounds for the Association, should it wish, to suspend the said rights of the Unit Owner and the Lessee, Occupants, licensees and Invitees of such Unit Owner.

(B) The Board may establish a procedure for conducting hearings and imposing penalties. Any fines imposed against the Unit Owner which are not paid within fifteen (15) days of notice of the due date may be charged to the Unit Owner of the Unit in question and may be collected as permitted by Applicable Laws.

(C) In no event shall any fine be imposed for a default or violation, other than a failure to pay Assessments, without first affording the Owner notice and an opportunity for hearing.

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

(A) Any Assessment, or any installment of an Assessment, which is not paid within fifteen (15) days after the Assessment first became due shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of interest established from time to time by the Board of Directors. Until the Board of Directors establishes a rate, the default rate shall be ten percent (10%) per annum. If any Assessment, or any installment thereof, is not paid within fifteen (15) days after the Assessment first became due, the Association may assess against the delinquent Unit Owner a late fee in the amount established from time to time by the Board of Directors. Until the Board establishes a different late fee, the late fee shall be the greater of fifteen dollars (\$15.00) or ten percent (10%) of the delinquent Assessment.

(B) All Common Expense Assessments and Special Assessments, and all interest, late fees, Collection Costs and other fees relative to such Assessments and charges imposed or levied against any Unit or Unit Owner, and any obligations of such Unit or Unit Owner to the Association which may under Applicable Laws be so secured, shall be secured by the Assessment Lien as provided for in the Condominium Act and hereby established by this Declaration. 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, of Recording 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 or otherwise owing to the Association by a Unit Owner.

(C) The Assessment Lien shall have priority over all liens or claims except for: (i) liens and encumbrances Recorded before the Recording of this Declaration; (ii) tax liens for real property taxes and other governmental charges or assessments; and (iii) the lien of any First Mortgage or seller's interest in a first contract for sale Recorded prior to the Assessment Lien. Any First Mortgagee or any other Person acquiring title or coming into possession of a Unit through foreclosure of a First Mortgage, through purchase at a foreclosure sale or trustee's 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 which 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.

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

(E) The enforcement of any Assessment Lien shall be subject to the limitations set forth in this Section 10.6 and in A.R.S. § 33-1256 or any other Applicable Laws then in effect.

(F) The Association shall have a lien for any Enforcement Assessment and Individual Assessment that is not secured by the Assessment Lien, and for interest, late fees, Collections Costs and other fees and charges incurred or imposed by an Enforcement Assessment relative to such Enforcement Assessment, only after the Association obtains a judgment and submits that judgment for Recording; provided that foreclosure and effectiveness of the Association's lien for such Enforcement Assessments, and for interest, late fees, Collection Costs and other fees and charges incurred or imposed by the Association relative to such Enforcement Assessments, shall be subject to such restrictions and limitations as may be from time to time imposed under Applicable Law.

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

10.8 Certificate of Payment. The Association on written request shall furnish to a lienholder, escrow agent, Unit Owner or person designated by a Unit Owner a recordable statement setting forth the amount of unpaid Assessments against the applicable 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.

10.9 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.

10.10 Initial Working Capital Fund. To provide the Association with initial operating funds, each Purchaser of a Unit from the Declarant, except a Purchaser who is succeeding to all or substantially all of the rights of the Declarant, shall pay to the Association, immediately upon becoming the Unit Owner of the Unit, a sum equal to one (1) monthly installment 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.

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

10.12 Transfer Fee. Each Purchaser of a Unit, except a Purchaser who is succeeding to all or substantially all of the rights of the Declarant, shall pay to the Association immediately upon becoming the Unit 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.

10.13 Reserves. During the Period of Declarant Control, each Unit Owner, at the time of purchase of a Unit, except a purchase pursuant to which such Unit Owner will be succeeding to all or substantially all of the rights of the Declarant, shall make an initial contribution (the "Reserve Fund Contribution") to establish a reserve fund of the Association for the future periodic maintenance, repair and replacement of the Common Elements, to meet unforeseen expenditures, to purchase any additional equipment or services by or for the Association, or, on a temporary basis, to pay Association expenses such as insurance as they come due in the ordinary course in the event there are not sufficient funds in the Association's general accounts at the time of the due date for such expenses; provided, however, the Board, in its discretion may reimburse the reserve fund for such expenses from Common Expense Assessments or Special Assessments as they are paid by Members. A Reserve Fund Contribution shall continue to be payable upon each subsequent sale of a Unit. The Reserve Fund Contribution shall be in an amount as determined by the Board of Directors from time to time. The monthly Assessments made prior to the expiration of the first three (3) years following the sale of the first Unit to a Purchaser who is not succeeding to all or substantially all of the rights of the Declarant shall not include any amounts to be allocated to such reserves. All Unit Owners agree that neither the Board of Directors nor the Declarant shall be liable in any manner whatsoever for failing to provide any additional funding for such reserves during the Period of Declarant Control. From and after the date that is three (3) years after the date of the sale of the first Unit to a Purchaser who is not succeeding to all or substantially all of the rights of the Declarant, the budget adopted by the Board of Directors shall include reasonable amounts to be allocated as such reserves as determined by the Board of Directors. All amounts collected as reserves shall be deposited by the Board of Directors 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. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. The Board of Directors shall not expend funds designated as reserve funds for any purpose other than those purposes for which they were collected. Withdrawal of funds from the Association's reserve account shall require the signatures of either (i) two (2) members of the Board of Directors; or (ii) one (1) member of the Board of Directors and an officer of the Association who is not also member of the Board of Directors.

10.14 Billing and Collection Procedures. The Board shall have the right to adopt procedures for the purpose of making, billing and collecting the Assessments. The failure of the Association to send a bill to a Unit Owner shall not relieve such Unit Owner of the Unit Owner's liability for an Assessment. It shall be the responsibility of the Unit Owner to inform the Association in writing of a change of address. The Association shall be under no duty to refund any payments received by the Association even if the ownership of a Unit changes during an Assessment Period. Any successor Unit Owner shall be given credit for any non-refunded prepayments made by a prior Unit Owner.

10.15 Purposes for which Association's Funds May be Used. The Association may use the funds and property collected and received by the Association (including, but not limited to, all Assessments, fees, loan proceeds, surplus funds and all funds and property received from any other source) for the purpose of: (i) discharging and performing the Association's duties and obligations under the Condominium Documents or Applicable Law; (ii) exercising the rights and powers granted to the Association by the Condominium Documents or Applicable Law; (iii) providing or promoting activities and services the Board of Directors deems appropriate, necessary or desirable to foster or promote the common good and general welfare of the Condominium and the Owners, Lessees and Occupants; (iv) contracting for services to be provided to Owners, Lessees and Occupants; and (v) taking such other action as the Board of Directors deems necessary, appropriate or desirable for the management and administration of the Association or the benefit of the Association or the Condominium.

ARTICLE XI

INSURANCE

11.1 Scope of Coverage.

(A) 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, all insurance coverage required by the Condominium Act, with provisions required by the Condominium Act, and also, even if not so required, the following insurance coverage:

(i) Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against, in an amount determined by the Board of Directors; provided, however, that the total amount of insurance shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a master or blanket hazard and multi-peril property insurance policy; and provide further, to the extent available, the property insurance to be maintained under this clause (i), if determined by the Board, includes the Units or portions thereof but need not include improvements installed by Unit Owners or the personal property of Unit Owners;

(ii) Comprehensive General Liability insurance in amounts to be determined by the Board, but not less than One Million Dollars (\$1,000,000.00) for any single occurrence and Two Million Dollars (\$2,000,000.00) general aggregate. Such insurance shall cover all occurrences commonly insured against for personal injury, death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements;

(iii) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

(iv) Directors' and officers' liability insurance covering all the directors and officers of the Association in such amounts as the Board of Directors may determine from time to time;

(v) Blanket fidelity bonds for all officers, directors and employees of the Association and all other persons handling, or responsible for, funds of or administered by the Association; and

(vi) 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 or committees thereof and/or the Unit Owners.

(B) 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 such Unit Owner's ownership of an undivided interest in the Common Elements or membership in the Association.

(ii) There shall be no subrogation with respect to the Association, its agents, servants, Board of Directors, officers and/or employees against Unit Owners, members of their household and other Occupants.

(iii) No act or omission by any Unit Owner, unless acting within the scope of such Unit Owner's 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 hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the Association and each First Mortgagee named in the policy at least thirty (30) days in advance of the effective date of any substantial change in coverage or cancellation of the policy.

(viii) Any insurance trust agreement will be recognized by the insurer.

(ix) Such coverage shall not be contingent upon action by the insurer's board of directors, policyholders or members or permit claims for contribution or assessments to be made against Unit Owners or their mortgagees or beneficiaries of deeds of trust or insurers or guarantors.

(x) If the Condominium is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a

“blanket policy” of flood insurance on the Condominium in the lesser of one hundred percent (100%) of the current replacement cost of the Buildings and any other property covered on the required form of policy or the maximum limit of coverage available under the National Insurance Act of 1968, as amended.

(xi) “Agreed Amount,” and “Building Ordinance or Law” endorsements, except where expressly not applicable or not available.

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

11.3 Insurance Obtained by Unit Owners/Non-Liability of Association. The issuance of insurance policies to the Association pursuant to this Article shall not prevent a Unit Owner from obtaining insurance, for such Unit Owner’s own benefit and at such Unit Owner’s own expense, covering such Unit Owner’s Unit and such Unit Owner’s personal property and providing personal liability coverage. 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 Person 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.

11.4 Payment of Insurance Proceeds; Repair and Restoration. 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 lienholders as their interests may appear, and the proceeds shall be disbursed and applied as provided for in A.R.S. § 33-1253 of the Condominium Act. Any portion of the Condominium for which insurance is required under the Condominium Act which is damaged or destroyed shall be repaired or replaced as provided in the Condominium Act except to the extent otherwise provided in the Condominium Act.

11.5 Certificate of Insurance. An insurer that has issued an insurance policy pursuant to this ARTICLE XI shall issue certificates or memoranda of insurance to the Association and, on written request, to any Unit Owner, mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy shall not cancel nor 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 address.

ARTICLE XII

EMINENT DOMAIN

12.1 Taking. If a Unit, Units, the Common Elements, or any portion thereof is taken or acquired by eminent domain, the provisions of the Condominium Act shall govern and control. To the extent not inconsistent therewith, if proceedings are initiated by any government or agency thereof, seeking to take by eminent domain the Common Elements, any part thereof or any interest therein, any Improvement thereon, or any interest therein, with a value (including loss of value to the balance of the Common Elements and Improvements thereof), as reasonably determined by the Association in excess of Ten Thousand Dollars (\$10,000), the Association shall give prompt notice thereof, including a description of the part of or interest in the Common Elements or improvement thereon sought to be so condemned, to all First Mortgagees of Units, all Members, and to Declarant. The Association shall have full power and authority to defend in such proceedings, and to represent the Owners in any negotiations, settlements, and agreements with a condemning authority for acquisition of the Common Elements or part thereof, but the Association shall not enter into any such proceedings, settlement, or agreements pursuant to which the Common Elements or any part thereof or any interest therein, or any Improvement thereon or any part thereof or interest therein, is relinquished, without giving all First Mortgagees of Units, all Members, and Declarant at least fifteen (15) days' prior written notice thereof.

12.2 Award. If, following such condemnation or eminent domain proceedings, there is such a taking in condemnation or by eminent domain of a part or all of the Common Elements, the award made for such taking shall be applied by the Association to repair and restoration of the remaining Common Elements. If the full amount of such award is not expended to repair and restore the Common Elements, the Association shall disburse the net proceeds of such award to the Owners, the Owner of each Unit to receive one (1) equal share, except that any portion of the award attributable to the acquisition of a Limited Common Element shall be equally divided among the Owners to which the Limited Common Element was allocated at the time of the acquisition, and provided that the Association shall first pay out of the share of each Unit Owner the amount of any unpaid liens or encumbrances on such Unit Owner's Unit in the order of the priority of such liens or encumbrances. No provision of this Declaration or of any other document relating to the Condominium shall be deemed to give a Unit Owner or any other party priority over the rights of a First Mortgagee pursuant to a First Mortgage in the case of a distribution to an owner of insurance proceeds or condemnation award for losses to or taking of Units or Common Elements or any combination thereof.

ARTICLE XIII

RIGHTS OF FIRST MORTGAGEES

13.1 Notices of Eligible Mortgage Holders. An Eligible Mortgage Holder shall not be entitled to receive any notice which this Declaration requires the Association to deliver to Eligible Mortgage Holders unless and until such Eligible Mortgage Holder has delivered to the Board of Directors a written notice stating that such Eligible Mortgage Holder is the holder of a Mortgage encumbering a Unit within the Property. Notwithstanding the foregoing, if any right of an Eligible Mortgage Holder under this Declaration is conditioned on a specific written

request to the Association, in addition to having delivered the notice provided in this Section 13.1 an Eligible Mortgage Holder must also make such request in writing delivered to the Association. Except as provided in this Section 13.1, an Eligible Mortgage Holder's rights pursuant to this Declaration, including, without limitation, the priority of any Mortgage lien over the lien of Assessments levied by the Association hereunder shall not be affected by the failure to deliver a notice or request to the Board of Directors.

13.2 Priority of Eligible Mortgage Holders. No breach of the restrictions herein contained, nor the enforcement of any lien provision herein, shall affect, impair, defeat or render invalid the lien or charge of any Eligible Mortgage Holder made in good faith and for value encumbering any Unit, but all of said restrictions shall be binding upon and effective against any Owner whose title to a Unit is derived through foreclosure or trustee's sale, or otherwise.

13.3 Relationship with Assessment Liens.

(A) The Assessment Lien shall be subordinate to the lien of any Eligible Mortgage Holder which was recorded prior to the date any such Assessment Lien becomes due;

(B) If any Unit which is subject to an Assessment Lien is also subject to the lien of an Eligible Mortgage Holder, then: (1) the foreclosure of any Assessment Lien created by this Declaration shall not operate to affect or impair the lien of such Eligible Mortgage Holder; and (2) the foreclosure of the lien of an Eligible Mortgage Holder or the sale under a power of sale included in a Mortgage or deed of trust shall not operate to affect or impair the Assessment Lien hereof, except that any Person who obtains an interest thereafter shall take title free of any Assessment Lien or any personal obligation for said charges as shall have accrued up to the time of any foreclosure, but subject to the Assessment Lien hereof for all said charges that shall accrue subsequent to such foreclosure;

(C) Without limiting the provisions of Section 13.(B) above, any Eligible Mortgage Holder who obtains title to a Unit by reason of any foreclosure, or deed or assignment in lieu of foreclosure, or any Person who obtains title at a private or judicial foreclosure sale, shall take title to such Unit free of any lien or claim for unpaid Assessments against such Unit which accrued prior to the time such Eligible Mortgage Holder or purchaser takes title to such Unit, except for liens or claim for a share of such Assessments resulting from a pro rata reallocation of such Assessments to all Units within the Condominium; and

(D) Nothing in this Section 13.3 shall be construed as releasing any Person from the personal obligation to pay for any Assessments levied pursuant to this Declaration during the period such Person is an Owner.

13.4 Required Eligible Mortgage Holder Approval.

(A) The approval of Eligible Mortgage Holders holding First 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 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:

- (i) Voting rights;
- (ii) Increases in Assessments that raise the previously assessed amount by more than twenty-five percent (25%);
- (iii) Assessment liens or the priority of Assessment liens;
- (iv) Reductions in reserves for maintenance, repair and replacement of the Common Elements;
- (v) Hazard or fidelity insurance requirements;
- (vi) Responsibility for maintenance and repairs;
- (vii) Expansion or contraction of the Condominium, or the addition or annexation or withdrawal of property to or from the Condominium;
- (viii) Redefinition of any boundaries of Units;
- (ix) Reallocation of interests in the Common Elements or Limited Common Elements or rights to their use;
- (x) Convertibility of Units into Common Elements or of Common Elements into Units;
- (xi) Imposition of any restrictions on the leasing of Units;
- (xii) Imposition of any restrictions on a Unit Owner's right to sell or transfer such Owner's Unit;
- (xiii) A decision by the Association to establish self management when professional management had been required previously by an Eligible Mortgage Holder or by the Declaration, Articles or Bylaws;
- (xiv) Restoration or repair of the Condominium (after a damage or partial condemnation) in a manner other than that specified in the Declaration, Articles or Bylaws; and
- (xv) Any provisions which expressly benefit Eligible Mortgage Holders or Eligible Insurers or Guarantors.

(B) Any action to terminate the legal status 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.

(C) Any Eligible Mortgage Holder who receives a written request to approve additions or amendments to the Declaration, Articles or Bylaws, which additions or amendments are not material, who does not deliver or mail to the requesting party a negative response within

thirty (30) days shall be deemed to have approved such request. 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.

(D) The approvals required by this Section 13.4 shall not apply to amendments at may be executed by Declarant in the exercise of its Development Rights.

(E) It is Declarant's intention that the Condominium qualify for the possible sale of mortgages encumbering Units to the Federal National Mortgage Association, and/or the Federal Home Loan Mortgage Corporation. The requirements contained In this Section 13.4 are to effectuate that purpose. Should any of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, subsequently delete any of their respective requirements which necessitate the provisions of this Section 13.4 or make any such requirements less stringent, or should Declarant choose not to qualify the Condominium under any of said programs, this Section 13.4 shall automatically be amended to reflect such changes or to delete those provisions required by the program for which Declarant has not sought qualification. Nothing contained herein, however, shall obligate Declarant to qualify the Condominium with the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

13.5 Other Rights of Eligible Mortgage Holders. Any Eligible Mortgage Holder shall, upon written request to the Association, be entitled:

(A) To inspect current copies of this Declaration (and any amendments), the Association's Articles, Bylaws, and other books and records of the Association during normal business hours;

(B) To receive an annual financial statement of the Association within ninety (90) days following the end of the Association's fiscal year; and

(C) To 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 a 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 financial statement, if one has been prepared.

13.6 Notices of Action. Upon written request to the Association identifying the name and address of the Eligible Mortgage Holder and the Unit number or address, any such Eligible Mortgage Holder will be entitled to timely written notice of:

(A) Any condemnation or casualty loss which affects a material portion of the Condominium or any Unit on which there is a first lien held by such Eligible Mortgage Holder;

(B) Any delinquency in the payment of Assessments or charges owed by an Owner of a Unit subject to the lien of an Eligible Mortgage Holder, which remains uncured for a period of sixty (60) days;

(C) Any lapse, cancellation, or material modification of any insurance policy or fidelity-bond maintained by the Association; and

(D) Any proposed action by the Owners or the Association which would amount to a material change in this Declaration as identified in Section 13.4 hereof.

13.7 Prior Written Approval of First Mortgagees. Except as provided by the Condominium Act, in case of condemnation or substantial loss to the Units or the Common Elements, unless at least sixty-seven percent (67%) 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: (1) levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (2) determining the pro rata share of ownership of each Unit in the Common Elements;

(C) Partition or subdivide any Unit;

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

(E) 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 13.7 or any other provision of this Declaration shall be deemed to grant the Association the right to partition any Unit without the consent of the 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 may be provided under Arizona law.

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

13.9 Right of First Refusal. The right of an Owner to sell, transfer or otherwise convey such Owner's Unit shall not be subject to any right of first refusal or similar restriction.

13.10 Condemnation or Insurance Proceeds. No Unit Owner, or any other party, shall have priority over any rights of any First Mortgagee of the Unit pursuant to its mortgage on deed of trust in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

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

13.12 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 or Eligible Insurers or Guarantors that must consent to (A) an amendment of this Declaration, the Articles or the Bylaws, (B) a termination of the Condominium, or (C) certain actions of the Association as specified in Sections 13.4 and 13.7, the provision requiring the consent of the greatest number or percentage of Unit Owners, First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors shall prevail; provided, however, that the Declarant shall have the right to unilaterally amend this Declaration, the Articles or the Bylaws during the Period of Declarant Control in order to (1) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner, (2) 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, or (3) 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, the Department of Veterans Affairs.

13.13 Restoration of 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 XIV

DISPUTE RESOLUTION

14.1 Agreement to Resolve Certain Claims Without Litigation. Attached as Exhibit C hereto and made a part hereof are alternative dispute resolution provisions and procedures for certain "Claims" as defined therein. The Declarant, the Association, all Unit Owners, and any Person who agrees to submit to the procedures (collectively, the "Bound Parties") agree that the provisions and procedures set forth therein are commercially reasonable and shall apply to all such Claims.

14.2 Amendment of Article. Any amendment to this Article XIV or Exhibit C shall require the unanimous approval of the Unit Owners.

ARTICLE XV

ANNEXATION AND WITHDRAWAL OF PROPERTY

15.1 Annexation. Declarant may, at its sole discretion and without the approval, assent or vote of the Association or other Owners, from time to time, annex to the Condominium additional property ("Annexation Land") during the Period of Declarant Control unless and until Declarant earlier relinquishes in writing its power to annex additional property. To effect such annexation, a plat reflecting the Annexation Land shall be Recorded in accordance with A.R.S. § 33-1219, unless such Annexation Land is already platted, and a Declaration of Annexation shall be executed by Declarant and the owner of the Annexation Land, if other than Declarant. The Recording of such Declaration of Annexation and Plat shall constitute and effectuate the annexation of the Annexation Land described therein, making such Annexation Land and the Owners thereof subject to this Declaration and the jurisdiction of the Association.

15.2 Withdrawal. Declarant may, at its sole discretion and without the approval, assent or vote of the Association or other Owners, from time to time, withdraw property from the Condominium during the Period of Declarant Control, unless Declarant earlier relinquishes in writing its power to withdraw property from the Condominium. To affect such withdrawal, Declarant shall execute a Notice of Withdrawal which shall be Recorded, reference this Declaration and specifically describe the withdrawn property. The property so described shall be deemed completely excluded from this Declaration and shall no longer be a part of the Condominium nor subject to any of the provisions herein, including provisions regarding Assessments. It is specifically understood that this right of withdrawal may be exercised in Declarant's sole and absolute discretion, and that once withdrawn, none of the provisions hereof shall apply to or encumber the withdrawn property. Further, Declarant may cause the Association to grant and convey such easements as may be necessary to benefit such withdrawn property, including easements for ingress, egress and utilities, all on terms deemed by Declarant in its sole and absolute discretion to be proper. Any property withdrawn pursuant to this Section 15.2 may be later annexed with the consent of the owner thereof and Declarant, in accordance with the provisions of Section 15.1.

ARTICLE XVI

GENERAL PROVISIONS

16.1 Enforcement. Subject to the dispute resolution provisions of ARTICLE XIV above, 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 and fines as provided in Section 10.5 above 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 against any Invitee of the Unit Owner or of any Lessee or Occupant of the Unit Owner;

(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 to limit ingress and egress to or from a Unit by a Unit Owner or Occupant thereof or use of or access by such Unit Owner or Occupants to any Parking Spaces allocated to a Unit Owner's 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 or 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 in such Unit Owner's Unit which is 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 to be 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 on 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 possible defenses, 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 fees, including reasonable attorney fees incurred by the prevailing party in the action.

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

16.3 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 16.4.

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

16.5 Amendment.

(A) Except in cases of amendments that may be executed by a Declarant in the exercise of its Development Rights under the Condominium Act or by the Association or certain Unit Owners under the Condominium Act, or which may be effected under other provisions of this Declaration or the Condominium Act only with the consent of Declarant and/or a greater percentage of votes in the Association, this Declaration, including the Plat, may be amended only by the affirmative vote of the Unit Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(B) Except to the extent expressly permitted or required by the Condominium Act or this Declaration, an amendment to this Declaration shall not (a) create or increase Special Declarant Rights, (b) increase the number of Units or change the boundaries of any Unit, the allocated Interest of a Unit, or the use as to which any Unit is restricted, or (c) amend Article XIV or this Subsection 16.5(B), in the absence of the unanimous consent of the Unit Owners. In addition, no amendment to any provision of Article XIV, the Declarant provisions of Section 1.21 or this Subsection 16.5(B) shall be effective unless the amendment is approved in writing by the Declarant and each prior Declarant under this Declaration, even if the Declarant or prior Declarant no longer owns any Unit at the time of the amendment, if such amendment would

increase the obligations or liabilities of such Declarant or prior Declarant in any manner, delete rights to which such Declarant or prior Declarant is entitled or restrict in any manner the exercise by such Declarant or prior Declarant of any rights under this Declaration.

(C) An amendment to this 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.

(D) In addition to the Development Rights, during the Period of Declarant Control, the Declarant shall have the right to amend this 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 this 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.

(E) Any amendment adopted by the Unit Owners pursuant to Subsection 12.5(A) 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 12.5(D) or the Condominium Act shall be executed by the Declarant and shall be Recorded.

16.6 Notices. All notices, demands, statements or other communications required to be given to or served on a Unit Owner under this Declaration shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed as follows: (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Association pursuant to Section 9.4 above or, if no such address is designated, at the address of the Unit of such Unit Owner; or (ii) if to the Association or Declarant, at 1100 Menomonee Avenue, South Milwaukee, WI 53173, or such other address as shall be designated by notice to the Unit Owners pursuant to this Section. A Unit Owner may change his or 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 any one of the Unit Owners shall constitute notice to all Unit Owners of the same Unit. Each Unit Owner shall file his or her correct mailing address with the Association and shall promptly notify the Association in writing of any subsequent change of address.

16.7 Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any portion of the Condominium, each Person, for himself or herself and his or her heirs, personal representatives, successors, transferees and assigns, binds himself, his or her heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions,

covenants, conditions, easements, rules, and regulations now or hereafter imposed by the Condominium Documents and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that the Condominium Documents set forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his or her interest that all the restrictions, conditions, covenants, easements, rules, and regulations contained in the Condominium Documents shall run with the land and be binding on all subsequent and future Unit Owners, Occupants grantees, purchasers, assignees, and transferees thereof. Furthermore, each such Person fully understands and acknowledges that the Condominium Documents shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Unit Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the Units, the membership in the Association, the Common Elements, any Limited Common Elements, and the other rights created by the Condominium Documents shall not be separated or separately conveyed and each shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit.

16.8 Number and 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, entities or individuals, or men or women, shall in all cases be assumed as though in each case fully expressed.

16.9 Topic Headings. The marginal or topical headings of the Sections and Articles contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Sections and Articles of his Declaration. Unless otherwise specified, all references in this Declaration to Articles or Sections refer to Articles and Sections of this Declaration.

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

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

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

16.13 Guests and Lessees. Each Unit Owner shall be responsible for compliance by his or her agents, Lessees, Invitees, guests, licensees and Occupants of his or her Unit and their respective servants, agents, and employees with the provisions of the Condominium Documents. A Unit Owner's failure to insure compliance by such Persons shall result in the Association or

any other Unit Owner having the same action against the failing Unit Owner as the Association or any other Unit Owner would have by reason of such Unit Owner's own noncompliance.

16.14 Attorneys' Fees. In the event the Declarant, the Association or any Unit Owner employs an attorney or attorneys to enforce a lien or to collect any amounts due from a Unit Owner or other Person 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 or her reasonable attorneys' fees incurred in this action.

16.15 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 final day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.


16.16 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.

16.17 Declarant's Disclaimer of Representations. While Declarant has no reason to believe that any of the provisions contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any provisions of this Declaration. Any Unit Owner acquiring a Unit in reliance on one or more of the provisions in this Declaration shall assume all risks of the validity and enforceability thereof and by acquiring the Unit agrees to release, indemnify and hold Declarant harmless therefrom.

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

DECLARANT:

WOW CORP, INC., an Arizona corporation

By: 
Name: Mike Messner
Title: President

2006165909

STATE OF Arizona)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me this 18th day of December 2006, by Michael Messmer, the President of Waw Corp. Inc., a AZ Corporation, on behalf of the

[Signature]
Notary Public

My commission expires:
March 28, 2010



SUBORDINATION AGREEMENT

Imperial Capital Bank (the "**Beneficiary**"), as beneficiary and assignee, respectively, under that certain Deed of Trust, Fixture Filing, Assignment of Rents and Security Agreement dated June 28, 2006 and recorded on June 30, 2006 at Recording No. 20060883408, Records of **Maricopa County, Arizona**, and that certain Assignment of Leases dated June 28, 2006 and recorded on June 30, 2006 at Recording No. 20060883409, Records of **Maricopa County, Arizona** (collectively, the "**Deed of Trust**"), which Deed of Trust encumbers all or a portion of the real property covered by the foregoing **Declaration of Condominium and Covenants, Conditions, and Restrictions for Mountain Ridge Condominium** (the "**Declaration**") executed by **WOW Corp., Inc., an Arizona corporation** ("**Declarant**"), hereby subordinates the lien of the Deed of Trust to the Declaration to which this Subordination Agreement (the "**Subordination Agreement**") is attached, and Beneficiary agrees that the Deed of Trust shall be subject and subordinate to the Declaration. Nothing contained in this Subordination Agreement (a) constitutes or shall be construed as an agreement by Beneficiary to consent to any future modification or amendment to the Declaration that requires Beneficiary's consent or approval under the express terms of the Declaration or any amendment to the Declaration that may be executed solely by Declarant under the Declaration; (b) shall be deemed to in any way affect the validity or priority of the Deed of Trust, except only the priority between the Deed of Trust and the Declaration as expressly set forth in this Subordination Agreement; (c) shall be deemed to constitute Beneficiary's subordination of the Deed of Trust to any existing or future assessment liens under the Declaration. This Subordination Agreement constitutes request for notice by Beneficiary to the "Association" (as such term is defined in the Declaration) for all matters with respect to which any "Eligible Mortgage Holder" (as such term is defined in the Declaration) is entitled to receive notice from the Association under the Declaration, which notices shall be given to Beneficiary at its address as shown in the Deed of Trust.

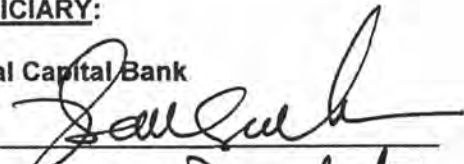
Dated: Dec. 18, 2006.

BENEFICIARY:

Imperial Capital Bank

By: _____

Title: _____


Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles } ss.

Public

On December 18, 2006 before me, Lousia Alexan, Notary
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Bach Yeung
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Subordination Agreement

Document Date: December 18, 2006 Number of Pages: 1

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
SUBMITTED TO CONDOMINIUM

LOT 6, 7 AND 8, OF MARK MANOR, ACCORDING TO THE PLAT OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA RECORDED IN BOOK 95 OF MAPS, PAGE 16.

EXHIBIT A-1
SCHEDULE OF OWNERS

20061655099

Deed Date	Grantor	Grantee	Grantee Address
August 7, 1979	GM Horton Corporation	Morris H. Shuff and H. Joan Shuff, husband and wife, as to an undivided one half interest	5082 Atherton Street Long Beach, CA 90815
August 7, 1979	GM Horton Corporation	Michael B. Gormley and Catherine E. Gormley, husband and wife, as to an undivided one half interest	c/o Morris H. Shuff 5082 Atherton Street Long Beach, CA 90815
July 9, 1987	Morris H. Shuff and H. Joan Shuff	Morris Henry Shuff and Harriet Joan Shuff, Trustee under the Shuff Family Trust dated May 15, 2981, as to an undivided one-half interest	5082 Atherton Street Long Beach, CA 90815
April 11, 1989	Morris Henry Shuff and Harriet Joan Shuff, Trustee under the Shuff Family Trust dated May 15, 2981, as to an undivided one-half interest and Michael B. Gormley and Catherine E. Gormley, husband and wife, as to an undivided one half interest	Michael A. Malley and Jacque M. Malley, Husband and Wife	2043 North 56 Avenue Phoenix, AZ 85035
October 5, 1993	Michael A. Malley and Jacque M. Malley, Husband and Wife	Morris Henry Shuff and Harriet Joan Shuff, Trustee under the Shuff Family Trust dated May 15, 2981, as to an undivided one-half interest; and Michael B. Gormley and Catherine E. Gormley, husband and wife, as to an undivided one half interest	5082 Atherton Street Long Beach, CA 90815 c/o Morris H. Shuff 5082 Atherton Street Long Beach, CA 90815

Deed Date	Grantor	Grantee	Grantee Address
February 21, 1994	Morris Henry Shuff and Harriet Joan Shuff, Trustee under the Shuff Family Trust dated May 15, 2981, as to an undivided one-half interest and Michael B. Gormley and Catherine E. Gormley, husband and wife, as to an undivided one half interest	Thunder Road Partners	Attn: Richard Baxter 301 East Bethany Road, Suite 187C Phoenix, AZ 85012
June 28, 1995	Thunder Road Partners	PCA Partners, an Arizona general partnership	3619 East Monterosa Phoenix, AZ 85018
September 29, 2004	PCA Partners	Rich Baxter, a married man as his sole and separate property	301 East Bethany Road, Suite 187C Phoenix, AZ 85012
		Peter Harris, a married man as his sole and separate property	c/o PCA Partners 3619 East Monterosa Phoenix, AZ 85018
		Eric Thies, a married man as his sole and separate property	c/o PCA Partners 3619 East Monterosa Phoenix, AZ 85018
September 29, 2004	Rich Baxter, a married man as his sole and separate property; Peter Harris, a married man as his sole and separate property; and Eric Thies, a married man as his sole and separate property	Robert Nuccio	Box 1232 Arlington Heights, IL 60006
March 21, 2006	Robert Nuccio	Wow Corp., Inc.	1100 Menomonee Avenue South Milwaukee, WI 53172

EXHIBIT B

ALLOCATION OF PARKING SPACES

PARKING SPACES FOR RESIDENTS IN NORTH BUILDING

Unit #	Parking Space
101	S02
102	W01
103	W03
104	W04
105	W05
106	W06
107	W07
201	S01
202	W02
203	W08
204	W09
205	W10
206	W11
207	W12

PARKING SPACES FOR RESIDENTS IN SOUTH BUILDING

Unit #	Parking Space
108	S15
109	S13
110	S11
111	S09
112	S07
113	S05
114	S03
208	S16
209	S14
210	S12
211	S10
212	S08
213	S06
214	S04

EXHIBIT C

AGREEMENT TO RESOLVE CERTAIN CLAIMS WITHOUT LITIGATION

1.0 SCOPE OF AGREEMENT.

1.1 PURSUANT TO A.R.S. § 12-1366, THESE ALTERNATIVE DISPUTE RESOLUTION PROCEDURES SHALL APPLY IN LIEU OF THOSE SET FORTH IN A.R.S. §§ 12-1361 THROUGH 12-1364. THE DECLARANT, THE ASSOCIATION, ALL UNIT OWNERS, AND ANY PERSON OR ENTITY WHO AGREES TO SUBMIT TO THESE PROCEDURES (COLLECTIVELY, THE "BOUND PARTIES") AGREE THAT THE PROCEDURES SET FORTH HEREIN ARE COMMERCIALY REASONABLE AND SHALL APPLY TO ALL CLAIMS AS DEFINED HEREIN.

1.2 FOR PURPOSES OF THIS ADDENDUM OR EXHIBIT, THE TERM "CLAIM" OR "CLAIMS" SHALL MEAN: (A) ANY DEMAND, CLAIM OR CAUSE OF ACTION, BROUGHT BY THE ASSOCIATION OR BY ONE OR MORE UNIT OWNERS, AGAINST ONE OR MORE BOUND PARTIES, ARISING OUT OF OR RELATING IN ANY WAY TO THE PLANNING, DEVELOPMENT, DESIGN, OR CONSTRUCTION OF THE CONDOMINIUM OR ANY PART THEREOF ("DEFECT CLAIM"); OR (B) ANY DEMAND, CLAIM OR CAUSE OF ACTION, BROUGHT BY THE ASSOCIATION OR BY ONE OR MORE UNIT OWNERS, AGAINST THE DECLARANT OR ANY EMPLOYEE, AGENT, DIRECTOR, MEMBER OR OFFICER OF DECLARANT ARISING OUT OF OR RELATING IN ANY WAY TO THE DEVELOPMENT OF THE CONDOMINIUM, NOT A DEFECT CLAIM, AND/OR THE MANAGEMENT AND/OR OPERATION OF THE ASSOCIATION, INCLUDING, WITHOUT LIMITATION, ANY CLAIM FOR NEGLIGENCE, FRAUD, INTENTIONAL MISCONDUCT OR BREACH OF FIDUCIARY DUTY.

2.0 PROCEDURES FOR CLAIMS BY ONE OR MORE UNIT OWNERS.

2.0.1 A UNIT OWNER SHALL NOT HAVE STANDING TO ASSERT A DEFECT CLAIM INVOLVING AN ALLEGED DEFECT IN THE COMMON ELEMENTS OR LIMITED COMMON ELEMENTS; SUCH DEFECT CLAIM SHALL BE ASSERTED SOLELY BY THE ASSOCIATION AND NO OTHER PERSON.

2.1 NOTICE OF CLAIM.

2.1.1 THE PARTY ASSERTING THE CLAIM (THE "CLAIMANT") SHALL, AS A CONDITION PRECEDENT TO MEDIATION AND ARBITRATION DESCRIBED IN THIS EXHIBIT, SUBMIT A WRITTEN CLAIM NOTICE ("CLAIM NOTICE") TO THE BOUND PARTY AGAINST WHOM THE CLAIM IS ASSERTED (THE "RESPONDENT"). THE CLAIM NOTICE SHALL CONTAIN FACTS SUFFICIENT

FOR THE RESPONDENT TO UNDERSTAND THE BASIS UPON WHICH LIABILITY IS CLAIMED. THE CLAIM NOTICE SHALL ALSO CONTAIN A SPECIFIC AMOUNT FOR WHICH THE CLAIM CAN BE SETTLED AND THE FACTS SUPPORTING THAT AMOUNT.

2.1.2 IF THE CLAIM IS A DEFECT CLAIM, THE CLAIM NOTICE SHALL ALSO CONTAIN THE FOLLOWING ADDITIONAL INFORMATION: (1) THE SPECIFIC ALLEGED DEFECT; (2) THE DATE THE CLAIMANT DISCOVERED THE ALLEGED DEFECT; (3) THE REPAIR OR REPLACEMENT REQUESTED, IF ANY, OF THE ALLEGED DEFECT; (4) ANY AND ALL OTHER ALLEGED DEFECT(S) OF WHICH THE CLAIMANT IS AWARE AT THE TIME OF THE CLAIM NOTICE; (5) THE DATE(S) THE CLAIMANT DISCOVERED THE OTHER ALLEGED DEFECT(S); AND (6) THE REPAIR OR REPLACEMENT REQUESTED, IF ANY, FOR SUCH OTHER ALLEGED DEFECT(S).

2.2 RESPONDENT'S ACTION FOLLOWING NOTICE OF CLAIM.

2.2.1 THE RESPONDENT SHALL RESPOND TO THE CLAIMANT IN WRITING (THE "CLAIM RESPONSE") WITHIN THIRTY (30) DAYS OF RECEIPT OF THE CLAIM NOTICE.

2.2.2 IF THE CLAIM IS A DEFECT CLAIM, THE RESPONDENT SHALL HAVE THE RIGHT AND OPPORTUNITY TO INSPECT THE ALLEGED DEFECT(S) UPON REASONABLE NOTICE TO THE CLAIMANT.

2.2.3 IF THE CLAIM IS A DEFECT CLAIM AND THE CLAIM RESPONSE CONTAINS AN OFFER TO REPAIR OR REPLACE, THE RESPONDENT SHALL HAVE THE RIGHT AND OPPORTUNITY TO MAKE REPAIRS OR REPLACEMENTS TO THE ALLEGED DEFECT(S), AND SHALL HAVE SIXTY (60) DAYS FOLLOWING THE DATE OF THE CLAIM RESPONSE TO EFFECT SUCH REPAIRS OR REPLACEMENTS, OR SUCH ADDITIONAL TIME AS IS NECESSARY UNDER THE CIRCUMSTANCES. FOR EACH ALLEGED DEFECT, UPON COMPLETION OF THE REPAIR OR REPLACEMENT REQUESTED BY THE CLAIMANT, CLAIMANT RELEASES THE RESPONDENT FOR ANY LIABILITY ARISING OUT OF OR RELATING TO THE ALLEGED DEFECT. FOR PURPOSES OF THIS SECTION, EACH ALLEGED DEFECT SHALL BE TREATED SEPARATELY FOR RESPONSE, REPAIR, REPLACEMENT AND RELEASE OF LIABILITY.

2.2.4 IF THE CLAIM IS A DEFECT CLAIM AND RESPONDENT IS THE DECLARANT, THE DECLARANT SHALL HAVE THE RIGHT AND OPPORTUNITY TO PURCHASE THE UNIT FROM THE UNIT OWNER IN LIEU OF ANY REPAIR AND/OR REPLACEMENT. DECLARANT MAY EXERCISE THIS RIGHT AT THE TIME OF THE DEFECT CLAIM RESPONSE. THE PURCHASE PRICE SHALL BE THE TOTAL PURCHASE PRICE SET FORTH IN THE CONTRACT BETWEEN DECLARANT AS SELLER AND UNIT OWNER AS BUYER, OR, IF THE UNIT OWNER IS NOT AN ORIGINAL PURCHASER, THE TOTAL PURCHASE PRICE SET

FORTH IN THE UNIT OWNER'S PURCHASE CONTRACT, AND, IN EITHER SITUATION, SHALL NOT BE ADJUSTED BY APPRECIATION OR DEPRECIATION IN THE FAIR MARKET VALUE OF THE UNIT. DECLARANT SHALL BE ENTITLED TO SPECIFIC PERFORMANCE OF THIS RIGHT AND OPPORTUNITY TO PURCHASE.

2.3 MEDIATION.

2.3.1 ANY CLAIM NOT RESOLVED FOLLOWING THIRTY (30) DAYS AFTER RESPONDENT'S RECEIPT OF THE CLAIM NOTICE OR, IN THE EVENT OF A DEFECT CLAIM AND RESPONDENT'S REPAIR OR REPLACEMENT OF THE DEFECT(S) IN THE TIME SET FORTH IN SECTION 2.2.3, MAY PROCEED TO MEDIATION. THE CLAIMANT SHALL SUBMIT A DEMAND FOR MEDIATION ("MEDIATION DEMAND") TO RESPONDENT AND THE AMERICAN ARBITRATION ASSOCIATION ("AAA") PHOENIX, ARIZONA OFFICE IN ACCORDANCE WITH THE AAA CONSTRUCTION INDUSTRY ARBITRATION RULES AND MEDIATION PROCEDURES.

2.3.2 THE MEDIATION SHALL OCCUR IN PHOENIX, ARIZONA. THE MEDIATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE AAA CONSTRUCTION INDUSTRY ARBITRATION RULES AND MEDIATION PROCEDURES EXCEPT AS SET FORTH IN THIS EXHIBIT. RESPONDENT MAY JOIN OTHER BOUND PARTIES IN THE MEDIATION, AND JOINED BOUND PARTIES MAY JOIN ADDITIONAL BOUND PARTIES IN THE MEDIATION. BOUND PARTIES AGREE TO BE SO JOINED.

2.3.3 THE MEDIATION SHALL CONCLUDE UPON WRITTEN NOTICE FROM THE MEDIATOR THAT ALL CLAIMS IN THE MEDIATION HAVE BEEN RESOLVED OR THAT THOSE CLAIMS THAT HAVE NOT BEEN RESOLVED IN THE MEDIATION CANNOT BE RESOLVED DESPITE THE BEST EFFORTS OF THE CLAIMANT, RESPONDENT AND MEDIATOR (THE "MEDIATOR'S CONCLUSION NOTICE").

2.4 ARBITRATION.

2.4.1 ANY CLAIM NOT RESOLVED BY MEDIATION MAY PROCEED TO ARBITRATION. THE CLAIMANT SHALL SUBMIT A DEMAND FOR ARBITRATION ("ARBITRATION DEMAND") TO RESPONDENT AND THE AMERICAN ARBITRATION ASSOCIATION ("AAA") PHOENIX, ARIZONA OFFICE IN ACCORDANCE WITH THE AAA CONSTRUCTION INDUSTRY ARBITRATION RULES AND MEDIATION PROCEDURES. THE ISSUANCE OF THE MEDIATOR'S CONCLUSION NOTICE IS A CONDITION PRECEDENT TO ARBITRATION.

2.4.2 EACH CLAIMANT SHALL SUBMIT ITS OWN DEMAND FOR ARBITRATION. THERE SHALL BE NO JOINDER OF CLAIMANTS OR CLASS ARBITRATION.

2.4.3 IF THE CLAIM IS A DEFECT CLAIM, THE ARBITRATION DEMAND MUST ALSO CONTAIN THE FOLLOWING INFORMATION: (1) THE IDENTITY OF A PERSON OR PERSONS WHO IS OR ARE QUALIFIED BY KNOWLEDGE, SKILL, EXPERIENCE, TRAINING OR EDUCATION TO EXPRESS AN OPINION REGARDING THE RESPONDENT'S LIABILITY FOR THE CLAIM (THE "EXPERT"); (2) THE EXPERT'S QUALIFICATIONS TO EXPRESS AN OPINION ON THE RESPONDENT'S LIABILITY FOR THE CLAIM; (3) THE RESPONDENT'S ALLEGED ACTS, ERRORS OR OMISSIONS THAT THE EXPERT CONSIDERS TO BE A VIOLATION OF THE APPLICABLE STANDARD RESULTING IN LIABILITY; AND (4) THE MANNER IN WHICH THE RESPONDENT'S ACTS, ERRORS OR OMISSIONS CAUSED OR CONTRIBUTED TO THE DAMAGES OR OTHER RELIEF SOUGHT BY THE CLAIMANT.

2.4.4 THE ARBITRATION SHALL OCCUR IN PHOENIX, ARIZONA. THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE AAA CONSTRUCTION INDUSTRY ARBITRATION RULES AND MEDIATION PROCEDURES, EXCEPT AS SET FORTH IN THIS EXHIBIT. RESPONDENT MAY JOIN OTHER BOUND PARTIES IN THE ARBITRATION, AND JOINED BOUND PARTIES MAY JOIN ADDITIONAL BOUND PARTIES IN THE ARBITRATION. BOUND PARTIES AGREE TO BE SO JOINED.

2.4.5 THE DECISION AND AWARD OF THE ARBITRATOR MAY BE CONFIRMED AS A JUDGMENT BY ANY COURT OF COMPETENT JURISDICTION. THE PARTY SEEKING CONFIRMATION OF THE DECISION AND AWARD MAY SEEK TO RECOVER ONLY THOSE COSTS AND ATTORNEYS' FEES INCURRED IN THE CONFIRMATION ACTION.

2.5 WAIVERS OF BOUND PARTIES AND LIMITATIONS ON CLAIMS.

2.5.1 EACH BOUND PARTY WAIVES THE RIGHT TO RECOVER INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY AND/OR PUNITIVE DAMAGES AGAINST ANY OTHER BOUND PARTY.

2.5.2 EACH BOUND PARTY WAIVES THE RIGHT TO TRIAL BY A JUDGE AND/OR JURY, AND EACH PARTY WAIVES THE RIGHT TO APPEAL THE DECISIONS OF THE ARBITRATOR.

2.5.3 EACH BOUND PARTY SHALL PAY ITS OWN ATTORNEYS' FEES, EXPERTS' FEES, AND OTHER COSTS OF DISPUTE RESOLUTION, EXCEPT AS SET FORTH IN SECTION 2.4.5.

2.5.4 WITH RESPECT TO DEFECT CLAIMS, THE CLAIMANT SHALL NOT BE ENTITLED TO RECOVER ANY DAMAGES CAUSED BY THE CLAIMANT'S FAILURE TO MITIGATE ITS DAMAGES. THE CLAIMANT'S DAMAGES, IF ANY, SHALL BE LIMITED TO THE COST OF REPAIR OF THE DEFECT(S), UNLESS

REPAIR WOULD CONSTITUTE ECONOMIC WASTE, IN WHICH CASE THE CLAIMANT'S DAMAGES SHALL BE LIMITED TO THE DIMINUTION IN VALUE OF THE CONDOMINIUM OR APPLICABLE PART THEREOF RESULTING FROM THE DEFECT(S).

2.5.5 AS TO ACTS OR FAILURES TO ACT OCCURRING PRIOR TO THE DATE OF SUBSTANTIAL COMPLETION OF THE CONDOMINIUM OR APPLICABLE PART THEREOF, ANY APPLICABLE STATUTE OF LIMITATIONS SHALL COMMENCE TO RUN AND ANY ALLEGED CAUSE OF ACTION SHALL BE DEEMED TO HAVE ACCRUED IN ANY AND ALL EVENTS NOT LATER THAN SUCH DATE OF SUBSTANTIAL COMPLETION REGARDLESS OF THE DATE ON WHICH THE CLAIMANT DISCOVERS OR REASONABLY SHOULD HAVE DISCOVERED THE ACT OR FAILURE TO ACT AND REGARDLESS OF THE THEORY ON WHICH THE CLAIM IS ASSERTED.

2.5.6 AS TO ACTS OR FAILURES TO ACT OCCURRING AFTER THE DATE OF SUBSTANTIAL COMPLETION OF THE CONDOMINIUM OR APPLICABLE PART THEREOF, ANY APPLICABLE STATUTE OF LIMITATIONS SHALL COMMENCE TO RUN AND ANY ALLEGED CAUSE OF ACTION SHALL BE DEEMED TO HAVE ACCRUED IN ANY AND ALL EVENTS NOT LATER THAN THE ACTUAL COMMISSION OF THE ACT OR FAILURE TO ACT REGARDLESS OF THE DATE ON WHICH THE CLAIMANT DISCOVERS OR REASONABLY SHOULD HAVE DISCOVERED THE ACT OR FAILURE TO ACT AND REGARDLESS OF THE THEORY ON WHICH THE CLAIM IS ASSERTED.

2.5.7 NO ARBITRATION OF A DEFECT CLAIM ARISING OUT OF CONTRACT MAY BE COMMENCED MORE THAN FOUR YEARS FOLLOWING SUBSTANTIAL COMPLETION OF THE CONDOMINIUM OR APPLICABLE PART THEREOF, PROVIDED, HOWEVER, THAT THIS PERIOD SHALL BE TOLLED FROM THE DATE THE CLAIM NOTICE DESCRIBED IN SECTION 2.1 IS SUBMITTED THROUGH THE DATE OF THE MEDIATOR'S CONCLUSION NOTICE DESCRIBED IN SECTION 2.3.3 FOR PURPOSES OF THIS SECTION 2.5.7, DEFECT CLAIMS ARISING OUT OF CONTRACT INCLUDE ANY DEFECT CLAIM BASED ON IMPLIED WARRANTY ARISING OUT OF CONTRACT OR CONSTRUCTION, INCLUDING IMPLIED WARRANTIES OF HABITABILITY, FITNESS OR WORKMANSHIP. NOTHING IN THIS SECTION 2.5.7 APPLIES TO ACTIONS FOR PERSONAL INJURY OR DEATH NOR SHALL THIS SECTION 2.5.7 OPERATE TO SHORTEN THE PERIOD OF WARRANTY PROVIDED IN AN EXPRESS WRITTEN WARRANTY. THIS SECTION 2.5.7 SHALL NOT BE CONSTRUED TO EXTEND THE PERIOD PRESCRIBED BY THE LAWS OF ARIZONA FOR BRINGING ANY ACTION, WHICH, FOR PURPOSES OF THIS EXHIBIT, MEANS ANY ARBITRATION. IF A SHORTER PERIOD OF LIMITATION IS PRESCRIBED FOR A SPECIFIC CLAIM, THE SHORTER PERIOD GOVERNS.

3.0 PROCEDURES FOR CLAIMS BY THE ASSOCIATION.

3.0.1 THE ASSOCIATION SHALL NOT HAVE STANDING TO ASSERT A DEFECT CLAIM INVOLVING AN ALLEGED DEFECT WITHIN A UNIT OR DWELLING; SUCH DEFECT CLAIM SHALL BE ASSERTED SOLELY BY THE UNIT OWNER AND NO OTHER PERSON.

3.1 NOTICE OF CLAIM.

3.1.1 THE ASSOCIATION SHALL COMPLY WITH THE REQUIREMENTS OF SECTION 2.1.1 AND, IF THE CLAIM IS A DEFECT CLAIM, SECTION 2.1.2.

3.1.2 IN ADDITION, IF THE CLAIM IS A DEFECT CLAIM AND THE CLAIMANT IS THE ASSOCIATION, THE FOLLOWING EVENTS MUST OCCUR AS A CONDITION PRECEDENT TO THE ASSOCIATION'S SUBMISSION OF A CLAIM NOTICE: (1) THE BOARD OF DIRECTORS HAS PROVIDED A COPY OF THE PROPOSED CLAIM NOTICE TO EACH OF THE MEMBERS PRIOR TO THE MEETING OF THE MEMBERS DESCRIBED IN (2) BELOW; (2) THE ASSOCIATION HAS HELD A MEETING OF ITS MEMBERS AND BOARD OF DIRECTORS FOR WHICH REASONABLE AND ADEQUATE NOTICE WAS PROVIDED TO ALL MEMBERS IN THE MANNER PRESCRIBED IN A.R.S. § 33-1248; (3) THE BOARD OF DIRECTORS AUTHORIZES THE SUBMISSION OF THE CLAIM NOTICE; AND (4) THE BOARD OF DIRECTORS' ACTION IS SUPPORTED BY AN AFFIRMATIVE VOTE OF AT LEAST FIFTY PERCENT (50%) OF THE MEMBERS.

3.1.3 THE ASSOCIATION SHALL SUBMIT TO THE RESPONDENT, WITH THE CLAIM NOTICE, DOCUMENTATION EVIDENCING THE ASSOCIATION'S COMPLIANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 3.1.2.

3.2 RESPONDENT'S ACTION FOLLOWING NOTICE OF CLAIM.

3.2.1 THE PROVISIONS OF SECTIONS 2.2.1, 2.2.2, AND 2.2.3 SHALL APPLY ALSO TO CLAIMS BY THE ASSOCIATION.

3.3 MEDIATION.

3.3.1 THE PROVISIONS OF SECTION 2.3 SHALL APPLY ALSO TO CLAIMS BY THE ASSOCIATION.

3.3.2 IF THE CLAIM IS A DEFECT CLAIM, THE FOLLOWING EVENTS MUST OCCUR AS A CONDITION PRECEDENT TO THE ASSOCIATION'S SUBMISSION OF A MEDIATION DEMAND: (1) THE BOARD OF DIRECTORS HAS PROVIDED A COPY OF THE CLAIM RESPONSE AND THE PROPOSED MEDIATION DEMAND TO EACH OF THE MEMBERS, PRIOR TO THE MEETING OF THE MEMBERS DESCRIBED IN (2) BELOW; (2) THE ASSOCIATION HAS HELD A MEETING OF ITS MEMBERS AND BOARD OF DIRECTORS FOR WHICH

REASONABLE AND ADEQUATE NOTICE WAS PROVIDED TO ALL MEMBERS IN THE MANNER PRESCRIBED IN A.R.S. § 33-1248; (3) THE BOARD OF DIRECTORS AUTHORIZES THE SUBMISSION OF THE MEDIATION DEMAND; AND (4) THE BOARD OF DIRECTORS ACTION IS SUPPORTED BY AN AFFIRMATIVE VOTE OF AT LEAST SEVENTY FIVE PERCENT (75%) OF THE MEMBERS.

3.3.3 THE ASSOCIATION SHALL SUBMIT TO THE RESPONDENT, WITH THE MEDIATION DEMAND, DOCUMENTATION EVIDENCING THE ASSOCIATION'S COMPLIANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 3.3.2.

3.4 ARBITRATION.

3.4.1 THE PROVISIONS OF SECTIONS 2.4 AND 2.5 SHALL APPLY ALSO TO CLAIMS BY THE ASSOCIATION, PROVIDED, HOWEVER, THAT FOR PURPOSES OF APPLYING SECTION 2.5.7 TO THE ASSOCIATION, PURSUANT TO A.R.S. § 33-1251(B) A STATUTE OF LIMITATION AFFECTING ANY RIGHT OF ACTION OF THE ASSOCIATION AGAINST THE DECLARANT IS TOLLED UNTIL THE PERIOD OF DECLARANT CONTROL TERMINATES.

3.4.2 IF THE CLAIM IS A DEFECT CLAIM, THE FOLLOWING EVENTS MUST OCCUR AS A CONDITION PRECEDENT TO THE ASSOCIATION'S SUBMISSION OF A ARBITRATION DEMAND: (1) THE BOARD OF DIRECTORS HAS PROVIDED A COPY OF THE MEDIATOR'S CONCLUSION NOTICE AND THE PROPOSED MEDIATION DEMAND TO EACH OF THE MEMBERS, PRIOR TO THE MEETING OF THE MEMBERS DESCRIBED IN (2) BELOW; (2) THE ASSOCIATION HAS HELD A MEETING OF ITS MEMBERS AND BOARD OF DIRECTORS FOR WHICH REASONABLE AND ADEQUATE NOTICE WAS PROVIDED TO ALL MEMBERS IN THE MANNER PRESCRIBED IN A.R.S. § 33-1248; (3) THE BOARD OF DIRECTORS AUTHORIZES THE SUBMISSION OF THE ARBITRATION DEMAND; AND (4) THE BOARD OF DIRECTORS' ACTION IS SUPPORTED BY AN AFFIRMATIVE VOTE OF AT LEAST NINETY PERCENT (90%) OF THE MEMBERS.

3.4.3 THE ASSOCIATION SHALL SUBMIT TO THE RESPONDENT, WITH THE ARBITRATION DEMAND, DOCUMENTATION EVIDENCING THE ASSOCIATION'S COMPLIANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 3.4.2.

3.5 USE OF RESERVES FOR AND RECOVERY OF CLAIMS.

3.5.1 THE ASSOCIATION MAY NOT USE RESERVES TO FUND THE PROCEDURES SET FORTH IN SECTIONS 3.3 OR 3.4. THE ASSOCIATION MUST PAY FOR MEDIATION AND/OR ARBITRATION WITH MONIES THAT ARE SPECIFICALLY COLLECTED FOR THAT PURPOSE.

3.5.2 THE ASSOCIATION SHALL USE MONIES RECOVERED PURSUANT TO THIS SECTION 3 FIRST FOR THE REPAIR OF DEFECTS, AND SECOND TO PAY INTO RESERVES.

-END-

The Talon Group

When recorded mail to:

The Talon Group
3200 E. Camelback Rd., #200
Phoenix, Arizona 85018
Attn: Angela Wellman

AMENDMENT OF DECLARATION OF CONDOMINIUM AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN RIDGE CONDOMINIUM

**AMENDMENT
OF
DECLARATION OF CONDOMINIUM AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN RIDGE CONDOMINIUM**

THIS AMENDMENT OF DECLARATION OF CONDOMINIUM AND OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MOUNTAIN RIDGE CONDOMINIUM ("Amendment") is made as of this 23 day of December, 2006, by WOW CORP, INC., an Arizona corporation ("Declarant").

That certain Declaration of Condominium and of covenants, conditions and Restrictions for Mountain Ridge Condominium, dated December 18, 2006, and recorded on December 20, 2006 as Instrument No. 2006-1659099, Official Records of Maricopa County, Arizona (the "Declaration") is hereby amended as follows:

1. The name "The Mountain Ridge Condominium Owners Association" as it appears in Recital C, in Section 1.5, and elsewhere in the Declaration is hereby amended to read "The Mountain Ridge Condominium Association".

2. Except as expressly and specifically amended hereby, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this Amendment as of the date and year first above written.

DECLARANT:

WOW CORP, INC., an Arizona corporation

By: 

Mike Messmer, President

STATE OF Wisconsin)
County of Milwaukee) ss.

The foregoing instrument was acknowledged before me this 23 day of December, 2006, by Michael Messmer, the President of WOW Corp., Inc., an Arizona corporation, on behalf of the corporation.

Reginald F. Rush II
Notary Public

My Commission Expires:

3/29/09



Reginald F. Rush II
Notary Public Milwaukee County, WI
My Commission Expires March 29, 2009