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When Recorded Return To:
James A.Kendall
Minnesota Title
2600 North Central
Phoenix, Arizona 85004

TITLE INSURANCE COMPANY OF MINNESOTA

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OF MARICOPA COUNTY, ARIZONA
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BILL HENRY, COUNTY RECORDER
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BT

DECLARATION OF COVENANTS, CONDITIONS, AND (FOR TOWNHOUSES) FOR THE VINTAGE

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THIS DECLARATION, made on the date hereinafter set forth by THE GREG HANCOCK CO., INC., an Arizona corporation, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Phoenix, County of Maricopa, State of Arizona, which is more particularly described as:

See Exhibit "A" attached hereto and incorporated herein by this reference.

WHEREAS, Declarant desires to provide for the phased construction of a Planned Unit Development consisting of townhouses, common areas and recreational and other facilities; and

WHEREAS, Declarant at this time includes in this Declaration and imposes these covenants, conditions and restrictions upon only the lots and those tracts described above, but may, subsequent to the date of this Declaration, desire to include in this Declaration additional phases of **THE VINTAGE**, that is to say, to incorporate additional tracts and lots in **THE VINTAGE**, as provided in Section 14.5 below;

NOW, THEREFORE, Declarant hereby declares that the lots and tracts described above, together with any other tracts and lots in **THE VINTAGE** hereafter included in this Declaration as provided herein, shall be held, sold and conveyed subject to the following reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges and liens (hereinafter sometimes collectively termed "covenants and restrictions"), which are for the purpose of protecting the value and desirability of, and which shall benefit, burden, and run with the title to the real property described above and be binding on all parties having any right, title or interest in the real property described above, any part thereof, and their heirs, successors and assigns, and which covenants and restrictions shall inure to the benefit of each Owner thereof.

SECTION 1

DEFINITIONS

1.1 "Association" shall mean **THE VINTAGE HOMEOWNERS' ASSOCIATION, INC.**, which will hereafter be incorporated by Declarant and others as a non-profit Arizona corporation, and that Association's successors and assigns.

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1.2 "Common Area" shall mean all that real property contained on the Plat, except for the real property identified as Lots thereon, which shall be owned by the Association when the first lot is conveyed to a Class A Member, and all other real property hereafter owned by the Association for the common use and enjoyment of the Owners.

1.3 "Declarant" shall mean THE GREG HANCOCK CO., INC., an Arizona corporation, and its successor(s) and assign(s), if such successor(s) or assign(s) should acquire more than one undeveloped lot from the Declarant for the purpose of resale and shall execute and record a supplemental declaration declaring itself as a succeeding Declarant hereunder.

1.4 "Lot" shall mean any one of the lots described above and as shown on the Plat of THE VINTAGE and any other lot of THE VINTAGE hereafter included in this Declaration as provided herein.

1.5 "Member" shall mean an Owner of a lot in THE VINTAGE which is or has become by supplemental declaration under Section 14.5 subject to this Declaration (that is to say, which is or has become a Lot as defined herein).

1.6 "Mortgage" shall mean the conveyance or assignment of any lot to secure the performance of an obligation, and the instrument thereof, and may include a deed of trust, mortgage, assignment or any other agreement for the purpose of creating a lien to secure an obligation or duty.

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1.7 "Mortgagee" shall mean a person or entity to whom a mortgage is made.

1.8 "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage.

1.9 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple legal title to any lot, including without limitation, one who is buying a lot under

a recorded contract, but excluding others having an interest merely as security for the performance of an obligation. In the case of lots wherein the fee simple title is vested of record in a Trustee pursuant to Arizona Revised Statutes, SS 33-801, et seq., legal title shall be deemed to be in the Trustor. In the case of a lot covered by an Agreement for Sale of Real Property as described in A.R.S., SS 33-741, et seq., the Buyer shall be described as the "Owner."

1.10 "Plat" refers to the subdivision plat for **THE VINTAGE** recorded in Book 260 of Maps, Page 238, Records of Maricopa County, as it may be amended from time to time.

SECTION 2

PROPERTY RIGHTS IN COMMON AREAS

2.1 Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and pass with the title to every lot, subject to the following:

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(a) Charges. The right of the Association to charge reasonable admission and other fees to the use of any facility situated upon the Common Areas;

(b) Suspension of Voting and Usage Rights. The right of the Association to suspend the voting rights and to suspend the right to the use of the recreational facilities and Common Areas by an Owner for any period during which any assessment against his lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

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(c) Dedication/Transfer. The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. Except as provided in Section 6.1(d), no such dedications or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by Members owning two-thirds (2/3) of the lots, and has been recorded. Further, the Common Areas and facilities may not be alienated, released, transferred, hypothecated, or otherwise encumbered without the written consent of the holders of seventy-five percent (75%) of the first mortgage liens on any of the lots subject to this Declaration.

2.2 Delegation of Use. Any Owner may delegate, subject to and in accordance with the By-laws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

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SECTION 3

MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Every Owner of a lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

3.2 The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members but for all voting purposes and quorum purposes they shall together be considered to be one Member. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot. Any attempt to cast multiple votes for a given lot shall result in the invalidity of all such votes.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

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(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on December 31, 1989.

For the purposes of Subsection (a), the number of votes shall be based upon the lots initially covered by this Declaration, plus all lots thereafter included in or covered by this Declaration as provided in Section 14.5.

SECTION 4

COVENANT FOR MAINTENANCE ASSESSMENTS

4.1 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any lot by acceptance of a deed therfore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(a) Annual assessments or charges;

(b) Special assessments for capital improvements, as provided in Section 4.4;

(c) An amount sufficient to indemnify and hold the Association harmless from all obligations undertaken or incurred by the Association at or on account of that individual Owner's special request and to repay the Association for all expenditures on account thereof; and

(d) An amount sufficient to reimburse the Association for the cost of performing any obligation of an Owner hereunder which he has failed to timely pay or perform.

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The aforesaid obligations, together with interest, taxable court costs, reasonable attorneys' fees and all other collection expenses, shall be a charge and a continuing lien upon the lot against which each such assessment is made, or with reference to which each such charge is incurred. Each assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such lot at the time when the assessment fell due or charge was incurred. The personal

obligation for delinquent assessments or charges shall not pass to his successors in title unless expressly assumed by them.

4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively

(a) to promote the recreation, health, safety and welfare of the residents in the lots,

(b) for operation of the Common Areas,

(c) for insurance upon and for the maintenance, repair, painting, and replacement of improvements in the Common Areas and the perimeter walls of THE VINTAGE,

(d) for the maintenance, repair and painting of certain exterior wall and roof surfaces of the buildings (as provided in Section 5.1) upon the lots, and

(e) for the maintenance and care of all landscaping on those lots except for areas enclosed or semi-enclosed within walls. Each monthly assessment shall include a reasonable amount as a reserve for such maintenance, repairs, painting and replacements.

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4.3 Initial and Annual Assessments. Until January 1, 1984, the maximum annual assessments shall be Nine Hundred Dollars ($900.00) per lot which is equivalent to Seventy-Five Dollars ($75.00) per month or such lesser amount as the Board of Directors may determine. From and after the "base year" ending December 31, 1983, the maximum annual assessment shall be as determined by the Board of Directors, PROVIDED that the

assessment in any given year shall not be increased over the assessment in the base year by more than the increase of the Consumer Price Index in Maricopa County as determined by First Interstate Bank of Arizona, N.A. (or its successor) for the October next preceding that given year over the Consumer Price Index for October of the base year, unless any further additional increase is approved by a vote of two-thirds (2/3) of the votes cast in person or by proxy by each class of Members at a meeting duly called for that purpose. If First Interstate Bank of Arizona, N.A. (or its successor) ceases to determine and promulgate said Consumer Price Index, the Consumer Price Index published by the U.S. Department of Labor, or its equivalent, for October of the base year and for the October next preceding the given year shall govern.

4.4 Special Assessments for Capital Improvements. The Association may, in any assessment year, in addition to the annual assessments authorized above, levy a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast in person or by proxy by each class of Members at a meeting duly called for that purpose.

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4.5 Notice and Quorum for Any Action Authorized Under Sections 4.3 or 4.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or 4.4 shall be sent to all Members not less than thirty (30) days

nor more than sixty (60) days in advance of the meeting. At the first such meeting called regarding any given proposal, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be two-thirds (2/3) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

4.6 Uniform Rate of Assessment. Both annual and special assessment must be fixed at a uniform rate for all assessable lots. The rate for incomplete and unoccupied lots owned by Declarant shall be twenty-five percent (25%) of the rate for completed and occupied lots. Assessments may be collected on a monthly bases. This provision shall not preclude the Association from making a separate or additional charge to an Owner for or on account of special services or benefits rendered to, conferred upon, or obtained by, or for that Owner or his lot.

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4.7 Date of Commencement of Assessments - Due Date. The annual assessments provided for herein regarding any given lot subject to this Declaration shall commence on the first day of the month following the conveyance of the Common Areas to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance

of each annual assessment period; however, the assessment shall be binding notwithstanding any delay. Written notice of the annual assessment of any special charges shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association acting through the Board shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments and charges on a specified lot have been paid.

4.8 Effect of Nonpayment of Assessments - Remedies of the Association. Any assessment or charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or at such other legal interest rate as may be determined from time to time by the Board; provided, however, that the assent of two-thirds (2/3) of the votes cast in person or by proxy at a meeting duly called for this purpose shall be required if the Interest Rate is increased above the maximum Unofficial Document f 12%. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against his lot in the same manner as mortgages are foreclosed in the State of Arizona. No Owner may waive or otherwise escape liability for the assessments or charges provided for herein by non-use of the Common Areas or abandonment of his lot.

4.9 Subordination of the Lien to Mortgages. The lien for the assessments and charges provided for herein shall be automatically subordinate to the lien of any institutional first mortgage. Sale or transfer of any lot shall not affect the lien

for assessments or charges. However, the sale or transfer of any lot pursuant to foreclosure of an institutional first mortgage or any proceeding deed in lieu thereof, shall extinguish the lien of such assessment or charges as to payment which became due prior to such sale or transfer but shall not release the delinquent owner from liability for those assessments and charges. No sale or transfer shall relieve such lot from liability for any assessments or charges thereafter becoming due or from the lien thereof.

SECTION 5

EXTERIOR MAINTENANCE

5.1 By Association. In addition to maintenance upon the Common Areas, the Association shall provide maintenance

(a) for the non-glass exterior surface of all townhouse units; and

(b) for the exterior roof surfaces and roofing materials; and

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(c) for the grass and other landscaping in front (street side) of all townhouse units (except yard areas enclosed or semi-enclosed within fences or walls),

upon each lot which is subject to assessment hereunder. Such exterior maintenance shall not include repairs or replacements caused by any of the perils covered by a standard form fire insurance policy with extended coverage endorsement thereon, or caused by flood, earthquake or other Acts of God. The standard of maintenance to be provided under this Section 5.1 and, without limitation, the need to repair an exterior surface of a

townhouse, and the need to replace any tree, shrubbery, plantings, or other landscaping shall be determined by the Board in its sole discretion. There is hereby declared, granted and conveyed unto the Association such perpetual and non-exclusive easement over, upon, through, across, and under each lot which is subject to assessment hereunder as is reasonably necessary for the maintenance contemplated in this Section 5.1.

5.2 Necessitated by Owner. In the event that the need for maintenance and/or repair work described in Section 5.1 of this Article on any given lot is caused through the willful or negligent act of the Owner of that lot, his family, or guests, or invitees, the cost of such maintenance and/or repairs shall be added to and become a part of the assessment against that given lot owned by that Owner, less insurance proceeds, if any, available to the Association, to pay the cost of such maintenance and/or repairs. In addition to the foregoing, if the Owner of a given lot is held liable to the Association by a court of competent jurisdiction for maintenance and/or repair work described in Section 5.1 regarding any other lot (not owned by that Owner) the amount of that judgment shall be added to and become a part of the assessment against the lot owned by that Owner.

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5.3 By Owner. Except as provided in Section 5.1, each lot, and the exterior and interior of the building and structures thereon shall be maintained in good condition and repair by the Owner of that lot; provided, however that if a Owner shall fail to do so, then upon vote of a majority of the Board, and after not less than thirty (30) days notice to that

Owner, the Association shall have the right (but not the obligation) to enter upon or into that lot and provide such maintenance or make such repairs or replacements, and the cost thereof shall be added to the assessments charged to such Owner and shall be paid to the Association by that Owner.

5.4 Access at Reasonable Hours. For the purpose of performing the maintenance authorized by Section 5.3, the Association's agents or employees shall have the right after reasonable notice to an Owner to enter upon his lot and/or to do so without notice at any time in the event of an emergency. For the purposes of performing the maintenance authorized by Section 5.1 or upon any portion of the Common Areas, they may enter without notice at reasonable hours.

SECTION 6

DUTIES AND POWERS OF THE OWNER'S ASSOCIATION

6.1 Duties and Powers. In addition to the duties and powers enumerated in its Articles of Incorporation and By-laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

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(a) Common Areas. Maintain and otherwise manage the Common Areas and all facilities, improvements, fixtures and landscaping thereon, and all other real and personal property that may be acquired by the Association.

(b) Exterior Maintenance. Maintain those exterior surfaces of the structures described and the landscaping described in Section 5.1 in the manner and subject to the limitations set forth therein.

(c) Legal and Accounting Services. Have authority to obtain legal, accounting and other services deemed by the Board to be necessary or proper in the operation of the Association and the Common Areas or in the enforcement of these Restrictions.

(d) Easements. Grant easements where necessary for utilities and sewer facilities under, over and/or across the Common Areas to serve the Common Areas and/or any lot.

(e) Employment of Managers. Have authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.

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(f) Purchase Insurance. Have authority to purchase insurance for the Common Areas for such risks, and with such companies, and in such amounts as the Board shall determine necessary or beneficial and subject to the provisions of Section 6.2 below.

(g) Other. Have authority to perform other acts authorized expressly or by implication hereunder and/or under the Articles and/or the By-laws of the Association.

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The standard of maintenance to be provided under this Section 5.1 and the need to replace any three or other landscaping shall be determined by the Board in its sole discretion.

6.2 Insurance.

(a) Liability Insurance. Public liability property damage insurance covering the Common Areas shall be purchased by the Board, or acquired by assignment from Declarant promptly following the Board's election, and shall be maintained in force at all times. The premium thereon shall be paid out of the Association's funds. The insurance shall be carried in reputable companies authorized to do business in Arizona. The minimum amounts of coverage shall be $500,000 for personal injury to any one person, $1,000,000 for personal injury to any number of persons sustained in any one accident or mishap, and $50,000 property damage. The policy shall name the Association, its directors, officers, employees, and agents in the scope of their employment as insureds. This policy shall include but need not be limited to insurance against injury or damage occurring in the Common Areas.

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(b) Fire Insurance - Master Policy for Common Areas. A master or blanket fire insurance policy shall be purchased or acquired by the Board promptly following the construction of any building on the Common Areas, and shall thereafter be maintained in force at all times. The premium thereon shall be paid out of the Association's funds. Said insurance shall

be carried with reputable companies rated by Best's Insurance Reports as Class VI or better and qualified to do business in the State of Arizona, and shall insure against loss from fire and other hazards therein covered, for the full insurable value of all of the permanent improvements upon the Common Areas. Said policy shall contain extended coverage and replacement cost endorsements, if available, as well as vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause, and a determinable cash adjustment clause, or a similar clause or clause to permit cash settlement covering full value of the improvements in the event of partial destruction. The policy shall be in such amounts as shall be determined from time to time by the Board. The policy shall name the Association and any first mortgagee of the insured improvements as insureds, as their respective interests may appear and shall contain a loss payable endorsement in favor of the Trustee described in Section 6.2(d).

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1. Any "no other insurance" clause shall exclude insurance purchased by any Owners or first mortgagees.

2. The coverage afforded by such policy(ies) shall not be brought into contribution or proration with any insurance which may be purchased by the unit owners or first mortgagees.

3. The conduct or negligence of any unit owner shall not constitute grounds for avoiding liability on any such policy(ies).

4. A "severability of interest: endorsement shall be obtained which shall preclude the insurer from denying the claim based upon negligent acts of the Association or other owners.

(c) Fire Insurance - Individual Townhouses. Fire insurance coverage for the townhouses on the individual lots (but not insurance on the contents or on individual liability) may be written as part of or in connection with said master policy. If such insurance on individual lots is obtained by the Association, each Owner and that Owner's lot will be assessed for that portion of the insurance premium attributable to that Owner's lot. If such coverage is not obtained, each Owner shall be required to purchase, at his expense, and maintain such fire and hazard insurance coverage as may be required by his individual lender. Any such insurance shall contain a replacement cost endorsement and to the extent available, such other endorsements as may be a part of the master policy. Such insurance shall likewise name as insured, all Owners and Declarant so long as Declarant is the Owner of any of the lots, and all mortgagees of record as their respective interests may appear, and shall contain a loss payable endorsement in favor of the Trustee as

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described in Section 6.2(d). The Association, its directors, officers, employees and agents in the scope of their employment shall be additional insureds. A copy of each policy, or a non-cancellable certificate reflecting compliance with the foregoing requirement shall remain on file with the Board at all times and such policy or certificate must be maintained in a current condition by each Owner or by the Board if it is a master policy as described above.

(d) Trustee for Insurance Proceeds. Subject to the rights of mortgagees under Subsection 6.2(f), all insurance proceeds payable under Subsections 6.2 (b) and (c) shall be paid to a Trustee, to be held and expended for the benefit of the owners, mortgagees and others as their respective interests shall appear. Said Trustee shall be a commercial bank or branch thereof, or other trust company or escrow company licensed to do business in the State of Arizona, which has agreed in writing to accept such Trust.

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(e) Other Insurance. The Board may purchase additional insurance as the Board may determine to be advisable including, but not limited to, workmen's compensation insurance, demolition insurance to remove improvements that are not rebuilt, flood insurance, fidelity bonds and insurance on Association owned personal property. All premiums for such insurance and bonds shall be paid out of the Association's funds except that insurance premiums on individual dwelling

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units (if fire insurance for individual units is obtained by the Association under a master policy as allowed under (c) above) shall be assessed to and be promptly paid by the Owners respectively of those units. The Association may assess such Owners monthly in advance for the estimated cost of such insurance.

(f) Mortgagee's Rights. With respect to insurance coverage under Subsections 6.2 (b) and (c) above, any mortgagee of record may have the option to apply insurance proceeds payable to it in reduction of the obligation secured by its mortgage.

6.3 Damage and Destruction - Reconstruction. In the event of damage or destruction of any improvements upon the Common Areas, the Board shall obtain bids and contract for repair or reconstruction of such improvements and if the proceeds of any insurance policies payable as a result of such loss are insufficient for such repair or reconstruction, the deficiency shall be the subject of a special assessment approved by a vote of the Owners as provided in Section 4 hereof. Insurance proceeds shall be paid to the contractor or contractors designated by the Board at such times and upon such conditions as may be designated by the Board. All repair or reconstruction on the Common Areas or to structures on any lot shall be made in accordance with original plans and specifications therefor, or according to such revised plans and specifications as may be approved by the Board.

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In the event that the cost of rebuilding the improvements in and upon the Common Areas exceeds the available insurance proceeds, and the Members fail to approve a special assessment to cover the deficiency, the Board shall then cause any remaining portion of such improvement not usable (as determined by the Board) to be removed and the area cleared and landscaped in an aesthetically pleasing manner consistent with the appearance of the remainder of the Project. In the event that a structure on any lot shall be substantially destroyed by fire or other casualty, and if replacement or demolition and landscaping is not commenced and prosecuted without unreasonable delay by the Owner thereof, the Board may elect to demolish and remove the damaged structure and clear and landscape the lot until the Owner elects to replace the structure. The cost of such demolition and such other work shall be added to the assessments charged to the Owner of that lot and shall be paid to the Association by that Owner.

In the event that the Board fails to proceed in good faith to repair or rebuild damaged or destroyed improvements upon the Common Areas, any individual Owner may call a meeting of the Association upon thirty (30) days notice in writing to all Owners and such Association may, if a quorum of Members is present, upon a simple majority vote of the Members present, enter into contracts for the repair and reconstruction of any damaged improvements.

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6.4 Other Duties and Powers. The Association acting through the Board shall obtain, provide, and pay for any other materials, supplies, furniture, labor, services, maintenance,

repairs, structural alterations, insurance, or pay any taxes or assessments which the Board is required to secure or pay for pursuant to the terms of these restrictions or by law or which in its opinion shall be necessary or proper for the operation of the Project or for the enforcement of this Declaration; provided that if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are specifically provided for particular lots, the cost thereof shall be specially assessed to the Owners of such lots. The Association may likewise pay any amount necessary to discharge any lien or encumbrance levied against all the lots or any part thereof which may, in the opinion of the Board constitute a lien against the Common Areas, rather than merely against the interests therein of a particular Owner, provided that where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs incurred by the Association by reason of said lien or liens, shall be specially assessed to said Owners.

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SECTION 7

UTILITIES

7.1 Rights and Duties of Owners. The rights and duties of the Owners with respect to sanitary sewer, water, electricity, gas, telephone, and other utility lines and facilities shall be governed by the following:

(a) Easements. Wherever sanitary sewer or water connections or electricity, gas, telephone or other

similar lines or pipes are installed within any lot, which connections, lines or pipes, or any portion thereof, lie in or upon lots owned by other than the Owner of a lot served by said connections, lines or pipes, the Owners of any lot served by said connections, lines or pipes, shall have the right, and are hereby granted an easement to the full extent necessary therefor, at reasonable hours and after reasonable notice, to enter upon the lot within or upon which said connections, lines or pipes, or any portion thereof, lie, to repair, replace and generally maintain said connections, lines and pipes, as and when the same may be necessary, but any such Owner entering another's lot shall immediately restore the other lot and improvements thereon disturbed by such work. Each Owner shall be responsible for payment for utility services to his lot and his prorata share of utility services provided to the Common Areas (the latter charged as a portion of the regular assessments).

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(b) Common Connections, Lines or Pipes. Wherever sanitary sewer or water connections, or electricity, gas or telephone lines or pipes, or similar lines or pipes are installed within any lot, which connections serve more than one lot, the Owner of each lot served by said connections, lines and pipes, shall be entitled to the full use and enjoyment of such portions of said connections, lines and pipes, as service his lot.

(c) Resolution of Disputes. In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, lines or pipes, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners, addressed to the Association, the matter shall be submitted to the Board which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

SECTION 8

USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the lots is subject to the following:

8.1 Restricted Use. Except as otherwise provided herein, none of the lots shall be used except for residential purposes. No lot shall have more than one living unit thereon.

8.2 Business and Related Uses. No lot shall ever be used or caused, allowed or authorized in any way, directly or indirectly, to be used for any business, commercial, manufacturing, industrial, mercantile, storing, vending, or other such purposes, provided, however, that Declarant, its successors or assigns may use the lots for such facilities as in its or their sole opinion may be reasonably required, convenient or incidental to the construction and sale of living units, including, without limitation, a business office, storage area, construction yards, signs, a model site or sites, and display and sales office during the construction and sales period.

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(a) This Section shall not prohibit an Owner from maintaining his own personal business library, files,

and records or from conducting his own personal business correspondence (whether written, telephonic, or otherwise) in his own townhouse unit.

8.3 Signs. No emblem, logo, sign, or billboard of any kind shall be displayed to the public view on any of the lots or Common Areas, except for:

(a) reasonable signs used by Declarant to advertise the lots or living units thereon for sale or lease; and,

(b) such other reasonable signs on the Common Areas as may be placed and approved by the Board; and

(c) one sign not more than eighteen (18) inches by twenty-four (24) inches in size, advertising a lot for sale or rent placed in a location designated by the Board for such signs.

8.4 Noxious or Offensive Activities. No noxious or offensive activity shall be carried on upon any part of the lots nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners, of his respective lot and improvements thereon, or which shall in any way increase insurance rates on policies maintained by the Association or any Owner.

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8.5 Restricted Residences. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be temporarily or permanently placed, maintained, or used on any lot at any time as a residence.

8.6 Vehicles and Recreational Equipment. No trailer, camper, boat or similar equipment shall be placed upon or permitted to remain upon any lot, except as may be specifically approved in writing by the Association.

8.7 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on or within any lot or structure thereon except that up to two (2) dogs, cats, or other household pets may be kept on or within rear yard portion of the Lots, provided they are not kept, bred, or maintained for any commercial purpose. Notwithstanding the foregoing, no animals or fowl may be kept on any lot which result in an annoyance to or are obnoxious to other Owners. The size of such pets may be limited and regulated in the By-laws. Each Owner shall be responsible for the immediate removal and disposal of the wast of his pet(s).

8.8 Drilling and Mining. No oil or well drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or in any lot nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any lot. No derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, maintained or permitted upon any lot.

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8.9 Trash. All rubbish, trash and garbage shall be regularly removed from the lots, and shall not be allowed to accumulate thereon. The Association may arrange and contract for trash removal services, which shall become part of the common expenses.

8.10 Screening and Fencing. All refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any lot, unless located in the rear yard and unless obscured and screened from view of the adjoining lot and Common Areas by a fence or appropriate screen approved by the Architectural Committee.

8.11 Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on the CONDOMINIUM.

8.12 Antennas. No alteration to or modification of any radio and television antenna system, as developed by Declarant, shall be permitted and no Owner may be permitted to construct or use and operate his own external radio or television antenna, without the written approval of the Architectural Committee.

8.13 Temporary Window Covering. Temporary coverings of windows in the front or side wall of any building may be installed only if the color and material of the covering has been approved by the Architectural Committee and may be used only for the time period approved by the Architectural Committee.

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SECTION 9

PARKING

9.1 Parking Spaces. The Owner of each lot shall have a right to the exclusive use of two parking spaces for his Unit, which right shall be appurtenant to and automatically conveyed with the title to each lot (without necessity for specific reference to such rights in any conveyancing document). The right to use of the parking spaces shall not be severed from the ownership of the lot and may not be assigned, conveyed, leased or

encumbered separately from the correlate lot. No person shall park in the spaces allocated to an Owner without such Owner's express approval.

(a) Each lot shall have a two-car garage, which garage shall be used by the Owner of the lot for parking purposes only. No garage may be used for storage or any other use which restricts or prevents the garage from being used for parking two automobiles.

(b) No driveway or other off-street areas shall be used for parking any vehicle in such a manner as to hinder, obstruct, or prevent the vehicular ingress or egress of any owner from his garage or the driveway serving his garage.

9.2 Guest Parking. Parking spaces shall be maintained and designated for the use of guests and invitees of the Owners. All guests or invitees shall park in the designated guest parking spaces, or, on a temporary basis only, in a parking space allocated to the Owner/host of the guest or invitee.

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9.3 Street Parking Prohibited. Except for emergency and service vehicles temporarily on the Project premises, no vehicle of any kind shall be parked or maintained on any street or roadway in the Project. Any vehicle in violation of this Section 9 shall be immediately removed from the Project without prior notice to and at the sole expense of the owner and/or operator of such vehicle.

SECTION 10

PARTY WALLS

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10.1 General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the lots and placed on the dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto, except as specifically modified herein.

10.2 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall in proporation to such use.

10.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to require a large contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

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10.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

10.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

10.6 Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Section, then, upon written request of one of such Owners, addressed to the Association, the matter shall be submitted to the Board which shall decide the dispute, and the decison of the Board shall be final and conclusive on the parties.

SECTION 11

ARCHITECTURAL CONTROL

11.1 Architectural Approval. No building, fence, wall, solar collector, awning, or other improvement or structure shall be commenced, erected, constructed, or maintained upon any lot, nor shall any exterior addition to or change or alteration therein be made, until plans and specifications showing the nature, kind, color, shape, height, materials, location and other material attributes of the same shall have been submitted to the Architectural Committee and approved in writing as to harmony and compatability of external design and location in relation to surrounding structures and topography. In the event the Architectural Committee fails to approve or disapprove such design and location within thrity (30) days after said plans and specifications have been submitted to it, approval will not be required and this Section will be deemed to have been fully complied with.

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11.2 Appointment of Architectural Committee. Declarant shall initially appoint te Architectural Committee, consisting of not less than three (3) persons, who shall hold office whenever there is a Class B member. When there is no Class B member, the Architectural Committee shall be composed of the Board or by three (3) or more representatives appointed by the Board. Such representatives need not be Members of the Association. In the event of the inability or failure to serve or the resignation of any member of the Committee prior to the time when the Board is vested with authority, Declarant shall have the right to appoint such member's successor. When the Board becomes vested with authority over the Architectural Committee, it shall have the right to appoint such member's successor.

11.3 Reflective Materials. No reflective materials, including, but without limitation, aluminum foil, reflective screens or glass, mirrors or similar type items, shall be installed or placed upon the outside or inside of any windows of a Unit without the prior written approval of the Architectural Committee. No enclosures, shades, screens or other items affecting the exterior appearance of a Unit or any Common Area reserved for the for the use of such Unit shall be constructed or installed in any Unit or Common Area without the prior written consent of the Architectural Committee. Nothing contained in this Section shall be construed to prohibit the installation or use of a solar energy device as defined in Arizona Revised Statutes §43-1074.

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SECTION 12

RESERVATION OF EASEMENTS

12.1 Declarant's Easements. Easements over the lots for the installation and maintenance of electric, telephone, water, gas and sanitary sewer or similar utility lines, pipes, and facilities, and for drainage facilities, as shown on the recorded Plat of THE VINTAGE, and as may be hereafter required or needed to service the Common Areas are hereby reserved by Declarant, together with the right to grant and transfer the same while Declarant holds a Class B membership.

SECTION 13

CONDEMNATION

13.1 If a lot and/or townhouse unit is acquired by eminent domain, or if part of a lot and/or townhouse unit is acquired by eminent domain leaving the Owner with a remnant which may not practically be used for the purposes permitted by this Declaration, the award shall compensate the Owner for his unit and its appurtenant interest Unofficial Document Common Area, whether or not any Common Area interest is acquired by the condemning party. Upon acquisition of the lot or townhouse unit or portion thereof, unless the condemnation decree provides otherwise, the affected unit's entire Common Area interest, votes and membership in the Association, and common expense liabilities are automatically reallocated to the remaining lots in the Project in proportion to the respective interests, votes, and liabilities of those lots prior to the taking, and the Association shall promptly prepare, execute and record an amendment to the Declaration reflecting these reallocations. For purposes of this Section, by acceptance

of a lot, or any interest therein, the Owners shall be deemed to have appointed the Association as their attorney-in-fact for the purposes of amending, executing, and recording the Declaration as provided herein. Any remnant of a unit remaining after the taking under this Subsection shall be deemed thereafter a part of the Common Areas.

13.2 Except as provided in Subsection 13.1, if a part of a lot or townhouse unit is acquired by eminent domain, the award shall compensation the Owner for the reduction in value thereof and its appurtenant interest in the Common Areas. Upon such taking, (1) the lot's interest in the Common Areas, votes and membership in the Association, and common expense liabilities shall remain the same as that which existed before the taking, and (2) the condemning party shall have no interest in the Common Areas, votes or membership in the Association, or liability for the common expenses.

13.3 If a portion of the Common Areas is acquired by eminent domain, the award shall be paid to the Association. The Association shall cause the award to be utilized for the purpose of repairing and restoring the Property, including, if the Board deems it necessary or desireable, the replacement of any improvements. Any portion of the award not used for any restoration or repair of the Property shall be divided among the Owners and First Mortgagees in proportion to their respective interests in the Common Areas prior to the taking, as their respective interests may appear.

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SECTION 14

GENERAL PROVISIONS

14.1 Enforcement. The Association, in the first instance, or any Owner, should the Association fail to act within a reasonable time, shall have the right to enforce, by any proceeding at law or in equity, all limitations, restrictions, liens, and charges now or hereafter imposed by the provisions of this Declaration, or any amendment hereto or by the Assciation's Articles of Incorporation or By-laws. Failure by the Association or by any Owner to enforce any limitation, condition, reservation, lien, charge, covenant, or restriction herein contained, or in those Articles and By-laws shall in no event be deemed a waiver of the right to do so thereafter. Deeds of conveyance of said property, or any part thereof, may contain the above restrictive covenants by reference to this document, but whether or not such reference is made in such deeds, or any part thereof, each and all such restrictive covenants shall be valid and binding upon the respective Unofficial Document s. Violators of any one or more of such covenants may be restrained by any court of competent jurisdiction and damages awarded against such violators, provided, however, that a violation of these restrictive covenants or any one or more of them shall not affect the lien of any mortgage or deed of trust now of record or which hereafter may be placed of record upon said lots or any part thereof. The remedies established in this Declaration may be exercised jointly, severally, cumulatively, successively, and in any order.

14.2 Severability. Invalidation of any one of these covenants and restrictions, or any portion thereof, by judgment

or court order shall not affect the validity of any other provisions hereof, which shall remain in full force and effect.

14.3 Term. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years for so long as the lots shall continue to be used for residential uses, or unless terminated at the end of such term, or any extension thereof, by a vote of the Owners of ninety percent (90%) of the lots.

14.4 Amendment. This Declaration may be amended as herein provided but no amendment may change the ratio of assessments without prior written approval of the then holders of all first mortgages on seventy-five percent (75%) of the lots. During the first twenty (20) year period, amendment shall be made by an instrument signed by the Declarant and/or other Owners who own in the aggregate (Declarant and other Owners) not less then ninety percent (90%) of the lots, and thereafter by an instrument signed by the Owners of not less than seventy-five percent (75%) of the lots. Any amendment must be recorded. Declarant may unilaterally amend this document prior to recordation of the first deed of any lot to an Owner and/or the recordation of a contract to sell a lot to an Owner other than Declarant, provided that any such amendment shall either contain the approval of the Veterans Administration or an affidavit that its approval has

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been requested in writing and that the Veterans Administration has not either approved or disapproved such request within thirty (30) days after its delivery to the Veterans Administration.

14.5 Inclusion of Additional Phase. Prior to December 31, 1989, additional phases of lots and Common Area tracts in THE VINTAGE, may be annexed to and included under and be made subject to this Declaration by Declarant or its successors without the consent of Members by recording a Supplemental Declaration signed by the owners thereof describing the lots and tracts to be thus included and expressly referring to this Declaration and reciting that those lots and tracts are thereby added or annexed, provided that any such supplement shall either contain the approval of the Veterans Administration or an affidavit that its approval has been requested in writing and that it has not either approved or disapproved within thirty (30) days after delivery of that request. When a phase has been included (annexed) under this Declaration the Owners of the lots in such additional included phase shall have the same rights and duties under this Declaration as the Owners of lots in the first phase (i.e., the lots initially covered by this Declaration) and vice versa. Any tracts thus added as Common Areas shall be added for the benefit of the lot Owners in Phase One and in any previously added phases as well as the lot Owners added in the same phase as that Tract. Further, upon such addition of a tract, it shall be conveyed unencumbered by any mortgage lien to the Association. The Association shall maintain any such added Common Area tracts and

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all lot Owners shall be assessed for the maintenance and subsequent development of any such tract as though all lots and all Common Area tracts then covered by this Declaration had been initially included with Phase One.

14.6 Construction. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan and scheme for the development of a planned unit development consisting of townhouses and common areas with maintenance as herein provided. The provisions hereof shall be construed in a manner which will effectuate the inclusion of additional lots pursuant to Section 14.5. Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Declaration or any Section hereof may require, with the same effect as if such number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended, if consistent with the context, that this Declaration be interpreted and the sentence, phrase or other part be construed in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of words and symbol "and/or."

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14.7 Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally

or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each person at the address given by such person to the Association for the purpose of service of such notice. Such address may be changed from time to time by notice in writing received by the Association. If an Owner fails to provide the Association with an address for purposes of receiving notices, the address of any Unit owned by such Owner may be used in giving notice as provided herein.

14.8 Easements for Encroachments. The Common Areas shall be subject to an easement for overhangs and encroachments by walls, fences or other structures upon adjacent lots as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications or as a result of repair, shifting, settlement or movement of any structure or improvement.

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14.9 Leases of Lots. Any lease of a lot must be in writing and must provide that the lease is subject in all respects to the provisions of the Declaration, the Articles of Incorporation, and By-laws of the Association and that any failure by the lessee to comply with those instruments shall be a default under the lease, which default shall be enforceable by the Association.

14.10 Management Agreements. Any management agreement made by the Association will be terminable by the Association for cause upon thirty (30) days written notice thereof, and the term

of any such agreement may not exceed one year, renewable by agreement of the parties for successive one year periods.

14.11 No Partition. There shall be no partition of any lot; nor shall Declarant or any Owner or other person acquiring any interest in any lot, or any part thereof, seek any such partition.

DATED this 20th day of Dec., 1983.

THE GREG HANCOCK CO., INC.,
an Arizona corporation

By: Greg Hancock
Its: President

STATE OF ARIZONA)
)ss.
County of Maricopa)

This instrument was acknowledged before me this 20th day of Dec., 1983, by Greg Hancock as President of THE GREG HANCOCK CO., INC., an Arizona corporation.

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Cindy Huffman
Notary Public

My Commission Expires:
12/17/84

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EXHIBIT "A"

Lots 1 through 86, Tracts A, B and C of THE VINTAGE, according to Book 260 of Maps, page 38, records of Maricopa County, Arizona.

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PLAT OF DEDICATION FOR THE VINTAGE
A PLANNED RESIDENTIAL DEVELOPMENT

OF A PORTION OF THE S.W. 1/4, SEC. 7, T3N., R4E., G.&S.R.B.&M., MARICOPA COUNTY, ARIZONA

260-38
1-4-84

DEDICATION

ACKNOWLEDGMENT

LEGEND

NOTES

APPROVALS

CERTIFICATION

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FINAL PLAT - THE VINTAGE SHEET 1 OF 2

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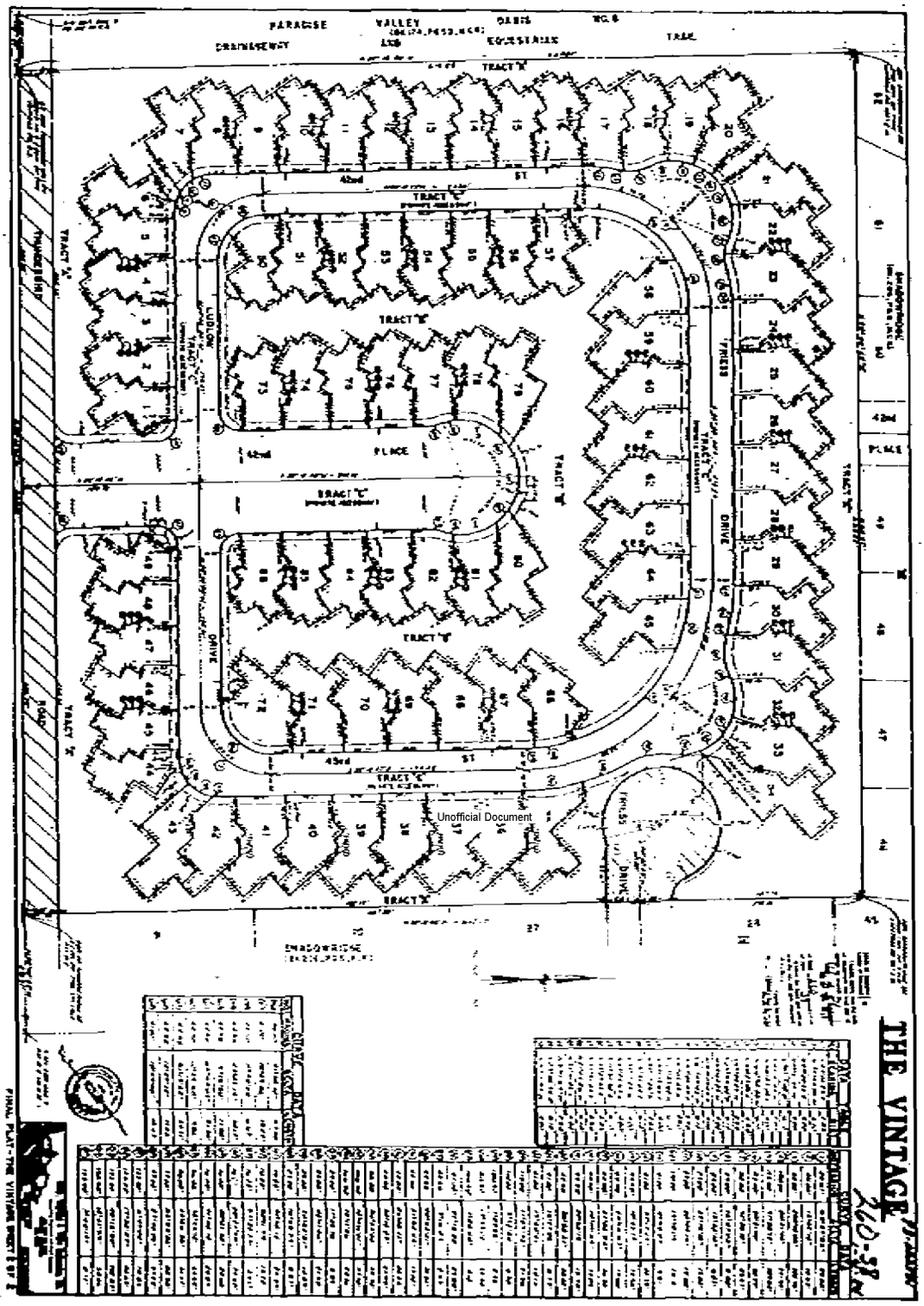
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THE VINTAGE
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