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Martori, Meyer, Hendricks & Victor
35th Floor Valley Center
Phoenix, Arizona 85073

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Courtesy of
PIONEER NATIONAL TITLE INSURANCE COMPANY
NON-INSURED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
TIFFANY PLACE

Courtesy of
PIONEER NATIONAL TITLE INSURANCE COMPANY
NON-INSURED

STATE OF ARIZONA }
County of Maricopa } ss
I hereby certify that the within instrument was filed and recorded at request of
PIONEER NATIONAL TITLE INS. CO.
MAR 10 1981 -8 00
In Doc. # 150721
on page 202 - 238
Witness my hand and official seal this 10th day of March 1981.
Bill Stealy
County Recorder
By: [Signature] Deputy Recorder
1900

Courtesy of
PROFESSIONAL TITLE INSURANCE COMPANY
NON-INSURED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR TIFFANY PLACE

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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
TIFFANY PLACE

Tiffany Place, an Arizona partnership and the sole legal owner of the real property described on Exhibit A attached hereto and incorporated herein by this reference, hereby publishes and declares that said real property together with all the improvements constructed and to be constructed thereon and all additions and accessions thereto (hereinafter referred to as the "Property"), known as TIFFANY PLACE, is and will be held, used, sold and conveyed subject to the following easements, liens, charges, covenants, conditions and restrictions, which are hereby declared to be for the benefit of all of said Property and the owners and future owners thereof and of interests therein (including owners of the townhome estates hereinafter mentioned), their heirs, successors, grantees and assigns. This Declaration of Covenants, Conditions and Restrictions ("Declaration") establishes a plan for the individual ownership of real property townhome estates, each to consist of an individual Townhome Lot, any Townhome Dwelling and appurtenant Garage located thereon and an undivided interest in the Common Elements as set forth on Exhibit B attached hereto and incorporated herein, all as hereinafter defined. This Declaration establishes and imposes certain easements, liens, charges, covenants, conditions and restrictions upon said Property, and upon the use, occupancy and enjoyment thereof. Any conveyance of said Property, real property or improvements or any portion thereof or interest therein (including any of the townhome estates hereinbefore mentioned) shall be and is subject to said easements, liens, charges, covenants, conditions and restrictions (which shall be deemed to run with the land) whether or not so specified in any deed or other instrument with respect to the same.

In interpreting deeds, plats, maps, declarations and plans, the existing physical boundaries of a Townhome Dwelling, Garage or other improvement or a Townhome Dwelling, Garage or other improvement reconstructed in accordance with the terms of this Declaration shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, plat, map, declaration or plan regardless of settling or lateral movement of the Townhome Dwelling, Garage or other improvement, and regardless of variances between the boundaries as shown in the deed, plat, map, declaration or plan and those of the Townhome Dwelling, Garage or other improvement, and an easement for such shifting, settling or encroachment shall be deemed to exist for so long as such encroachment continues.

The easements, liens, charges, covenants, conditions and restrictions imposed hereby are as follows:

ARTICLE I

DEFINITIONS

Section 1.1. "Association" shall mean and refer to the Owners' homeowners association, to be incorporated as an Arizona non-profit corporation following recordation of this Declaration under the name Tiffany Place Homeowners' Association, or such other name as the Declarant deems appropriate, and such Association's successors and assigns.

Section 1.2. "Common Elements," of which each Townhome Unit shall include the related undivided interest shown on Exhibit B hereto, shall mean and refer to the Property and all improvements thereon which are not shown as or defined on the

Map as a Townhome Lot, improvements located on such Townhome Lot or other areas subject to individual ownership and exclusive control.

Section 1.3. "Common Expenses" shall be (1) all expenses of administration of the Association, and of the maintenance, operation, management, improvement, repair or replacement of any portions of the Property required to be maintained, improved, repaired or replaced by the Association (including without limitation the obligations of the Association under Article III hereof); (2) all expenses declared or contemplated to be Common Expenses by provisions of this Declaration, the Articles of Incorporation, Bylaws or rules and regulations of the Association (as the same may be duly adopted and amended from time to time) or applicable statutes or regulations; and (3) subject to Section 4.1 hereof, any valid charge or assessment against the Property as a whole.

Section 1.4. "Declarant" shall be the undersigned legal owner; any trustee or escrowee which may be designated by the undersigned legal owner, and any successors in interest or assigns of the undersigned legal owner who acquire as stock in trade for resale and not for investment, Declarant's entire interest in all of the then remaining unsold Townhome Units, so long as more than one (1).

Section 1.5. "Garage" shall mean and refer to the individual garages attached to the Townhome Dwellings.

Section 1.6. "Map" shall mean the maps or plats recorded with the Maricopa County, Arizona, Recorder, and which show in detail a description of the Townhome Lots with reference to their location on the Property, including the subdivision map recorded in Book 229 of Maps, page 45, Maricopa County, Arizona, Recorder.

Section 1.7. "Member of the Association" shall mean and refer to the members of the Association as defined in Section 5.2 hereof.

Section 1.8. "Mortgagee" shall mean the holders of a first mortgage or first beneficiaries under a first deed of trust upon a Townhome Unit.

Section 1.9. "Owner" shall mean and refer to any person or entity, including Declarant, who owns of record a Townhome Unit, regardless of whether such Owner actually resides on any part of the premises; provided, however, that the purchaser under a recorded agreement for sale shall be deemed an Owner; and provided further that the trustee under a deed of trust securing indebtedness or other persons or entities holding an interest in a Townhome Unit merely as security for performance of an obligation shall not be deemed the Owner of the Townhome Unit(s) subject thereto, but rather the beneficial owner of such Townhome Unit(s) shall for all purposes be deemed the Owner thereof.

Section 1.10. "Patio" shall mean and refer to the individual patio area (if any) extending from certain Townhome Dwellings, and available for exclusive use in connection with such Townhome Dwellings.

Section 1.11. "Townhome Dwelling" shall mean and refer to the improvements for use as a dwelling which are from time to time constructed and located on a Townhome Lot including:

(a) As the lower vertical boundary, the exterior finished surface of the floors or slab of such improvements.

(b) As the upper vertical boundary, the exterior finished surface of the roof of such improvements.

(c) As the lateral boundaries, the exterior finished surfaces of the perimeter walls, windows and doors of the improvements.

(d) Each such Townhome Dwelling includes the surfaces so described, and the portions of the improvements lying within said boundaries.

Section 1.12. "Townhome Lot" shall mean and refer to the individual lots shown on the Map.

Section 1.13. "Townhome Unit" shall mean and refer to each ownership unit in the project consisting of a Townhome Lot, any improvements located thereon (including any Townhome Dwelling, Garage or Patio constructed within the boundary of said Townhome Lot) and the Townhome Lot's related undivided interest in the Common Elements shown on Exhibit B hereto. Each Townhome Unit may be referred to by the number of the included Townhome Lot as shown on the Map.

Section 1.14. "Votes eligible to be cast" shall mean and refer to the aggregate number of votes which are eligible to be cast by all Members of the Association at a meeting thereof (whether or not present and irrespective of class of membership unless otherwise specifically stated herein or required by law), in accordance with this Declaration and the Association's Articles of Incorporation, Bylaws, rules and regulations, as the same may be adopted and from time to time amended.

ARTICLE II

USE RESTRICTIONS

Section 2.1. Townhome Units. Each Townhome Unit shall be occupied only as a residence and for no other purpose, except as hereinafter in this Declaration reserved to the Declarant.

Each Townhome Unit shall, for all purposes, be deemed to include the Townhome Lot shown on the Map, any Townhome Dwelling, Garage and Patio located thereon and the related undivided interest in the Common Elements. Such Townhome Lot, Townhome Dwelling, Garage and Patio located thereon, and the undivided interest in the Common Elements are hereby declared to be appurtenant to such Townhome Unit, and may not be severed therefrom and shall be deemed to be conveyed with title to such Townhome Unit, whether or not so specified in any deed or other instrument with respect to the same. Except where the context otherwise requires, references in this Declaration to "Townhome Unit" (including those relating to restrictions on use) shall be deemed to extend to any included Townhome Lot, Townhome Dwelling, Garage, Patio or interest in the Common Elements.

Section 2.2. Common Elements. The Common Elements shall be used only for the purposes for which they are designed and intended in the furnishing of services and facilities related to the enjoyment of the Townhome Units. Nothing shall be constructed, removed or altered in or on the Common Elements except in accordance with the terms hereof.

Section 2.3. Nuisances. No nuisance, unsightly object, obstruction or obnoxious or offensive activity or condition, nor any activity or condition which is the source of annoyance to, or which interferes or threatens to interfere with, the peaceful possession and enjoyment of any Townhome Unit or the Common Elements or any portion thereof shall be allowed upon or in any Townhome Unit or the Common Elements, or any portion thereof. All parts of each Townhome Unit and the Common Elements shall be kept in a clean and sanitary condition, and

no rubbish, refuse or garbage shall be allowed to accumulate nor shall any fire or other hazard be allowed to exist. No Townhome Unit or any portion of the Common Elements shall be used in a manner which will result in a cancellation or increase of the rate of insurance upon or with respect to any Townhome Unit or the Common Elements. No waste shall be committed of the Townhome Units or the Common Elements.

Section 2.4. Lawful Use. No immoral, improper or unlawful use shall be made of any Townhome Unit or the Common Elements, or any portion thereof, and all applicable laws, ordinances and regulations (including without limitation those concerning zoning) of all governmental bodies having jurisdiction thereof shall be observed.

Section 2.5. Leasing. A Townhome Unit may be leased and subleased, but only if said Townhome Unit is to be occupied as a whole by the lessee (or sublessee) and his family, their servants and guests. Except for a lender in possession after a foreclosure proceeding, trustee's sale, or any procedure in lieu thereof, no Owner may lease his Townhome Unit to transient tenants (i.e., persons leasing or subleasing a Townhome Unit for an original term contemplated to be less than one (1) month). In no event shall a lease or sublease of a Townhome Unit exempt or relieve the Owner from his obligations as such, and in all cases any lessee or occupant under such a lease or sublease shall be deemed fully bound by this Declaration and the Association's Articles, Bylaws, and rules and regulations, and the lease or sublease shall specifically so state and shall provide that any failure to abide by the terms of such documents shall be a default under the lease or sublease. Any Lessor who leases or subleases a Townhome Unit shall deliver to his or her lessee or sublessee a copy of all such documents and shall be jointly and severally bound with such lessee or sublessee for any breach by such lessee or sublessee of the same. All leases shall be in writing. No lease or sublease shall be for less than an entire Townhome Unit.

Section 2.6. Rules and Regulations. Reasonable rules and regulations concerning the use of Townhome Units and the Common Elements (including, but not limited to, those establishing reasonable fees or charges, hours and terms for the use of any property and facilities subject to the Association's control and administration, and policies for enforcement of this Declaration and such rules and regulations including schedules of costs and charges incurred by the Association and payable by the violator in the event of a breach of the same) may be adopted, amended and revoked from time to time by the Board of Directors of the Association or a committee thereof or of Owners duly appointed by said Board; provided, however, that no such adoption, amendment or revocation shall be effective until thirty (30) days after copies of the same shall have been sent or made available to all Owners; provided, further, that no such adoption, amendment or revocation shall be effective after the Members of the Association holding a majority of the votes eligible to be cast shall have specified to the Board of Directors of the Association their disapproval thereof in writing. Copies of applicable rules and regulations and amendments thereto shall be furnished by the Association to all Owners and residents of Townhome Units and Mortgagees upon written request.

Section 2.7. Clotheslines, Antennas, Animals. The following shall not be maintained or kept in or on any Townhome Unit or any portion of the Common Elements:

- (a) Outside clotheslines;
- (b) Outside visible radio, television or other antennas of any type except as may be

approved from time to time by the Board of Directors of the Association; or

(c) Animals, livestock or poultry of any kind, except that dogs and cats and other household pets may be kept in a reasonable manner and in reasonable numbers and in accordance with any applicable rules or regulations. The Board of Directors of the Association shall, pursuant to the provisions of Section 2.6 hereof, have the power to promulgate rules totally prohibiting or limiting in number or kind animals and pets of any nature. Under no circumstances shall animals, livestock or poultry be kept, bred or maintained for any commercial purpose or in any manner which unreasonably interferes with the use and enjoyment of any Townhome Unit or the Common Elements, or any portion thereof.

Section 2.8. Signs and Business Activities. No sign (except one sign of reasonable size indicating names of the residents of a Townhome Unit), billboard or other advertisement of any kind shall be erected, placed or permitted to remain in or on any Townhome Unit or the Common Elements, or any portion thereof, nor shall any commercial business activity of any kind whatever be conducted therein or thereon; provided, however, one "For Rent," "For Sale" or equivalent sign for each Townhome Unit, each not more than four (4) square feet in size, may be placed in an area on the Common Elements from time to time specifically designated for such purpose by the Association's Board of Directors; and provided further that the foregoing restrictions shall not apply to the business activities, signs, flags, billboards and advertisements of the Declarant (and its agents and representatives) for the period during which Declarant has Townhome Units remaining for sale or resale, or of persons engaged in the construction of improvements upon the Property, or in the maintenance, repair, replacement or alteration of the same pursuant to the terms of this Declaration.

Section 2.9. Boats, Campers and Other Vehicles. Except with prior written approval of the Board of Directors of the Association or a committee established by the Board for this purpose, no mobile home, trailer, camper truck, boat, tent or similar vehicle or structure shall be parked, stored, maintained, constructed, reconstructed, serviced or repaired, nor shall any vehicle of any kind be constructed, reconstructed, serviced or repaired, upon the streets, driveways, Garages, other parking areas or any other portions of the Property. All disabled vehicles shall be promptly removed by their owners. No vehicle of any kind shall be parked or stored on any street, driveway or any part of the Property other than a Garage or other designated parking areas except with the prior written approval of the Association's Board of Directors or a committee established by the Board for this purpose. The provisions of this Section shall not apply to emergency vehicle repairs or vehicles, construction shelters or facilities temporarily maintained during, and used exclusively in connection with, the construction, maintenance or repair of any improvement pursuant to the terms of this Declaration.

Section 2.10. Storage; Trash. Subject to any applicable rules and regulations, all equipment of any kind, woodpiles, storage piles, trunks, boxes, cabinets or any other items of a similar nature shall be kept inside the Townhome Dwellings or in assigned storage areas (if any) and shall not be permitted elsewhere on the Property. No rubbish, trash or garbage, nor containers for the same, shall be permitted to be kept outside of any Townhome Dwelling, except in such areas as may from time to time be specifically designated for the same by the Association's Board of Directors.

Section 2.11. Land and Airspace Use. Except for the right of ingress and egress which each Owner shall have with respect to his Townhome Unit, other easements or rights of use expressly provided for herein and the intended use of the Common Elements by Owners, residents, servants and guests of a Townhome Unit, no land, improvement or airspace outside and including the exterior finished surfaces of the walls or roofs of any Townhome Dwelling and Garage contained in a Townhome Unit, notwithstanding that such land or airspace constitutes a portion of a Townhome Unit, shall be used or altered by any Owner except as may be approved in writing by the Association's Board of Directors. It is expressly acknowledged and agreed by all parties concerned that this Section is for the mutual benefit of all Owners of Townhome Units and is necessary for the protection of said Owners and the enjoyment of the several Townhome Units and the Common Elements.

Section 2.12. Walls, Fences and Exterior Portions of Townhome Units. No wall, fence, ceiling or floor which separates any portion of a Townhome Dwelling, Garage, Patio or the Common Elements from any portion of another Townhome Dwelling, Garage, Patio or portion of the Common Elements, shall be used for the purpose of attaching thereto anything which produces vibration, noise or sound in any way whatsoever, nor shall any such wall, fence, ceiling or floor be penetrated in excess of two (2) inches beyond the surface thereof. No Owner shall paint or decorate any portion of the exterior of any Townhome Unit (including any related Townhome Dwelling or Garage), any Patio or any part of the Common Elements, without first obtaining the written consent of the Association's Board of Directors.

Section 2.13. Parking. The Association's Board of Directors or a committee established by the Board for that purpose shall have full authority to regulate and administer the use of the parking areas in the project (including such vehicle identification and removal systems as they deem appropriate); provided, however, each Townhome Unit shall always include any Garage located on the associated Townhome Lot.

Section 2.14. Waivers. Upon the written request of an Owner, the Association's Board of Directors may in its sole discretion determine to waive any use restriction contained in this Article II upon a demonstration by such Owner that said waiver will not materially interfere with the use or enjoyment of any Townhome Unit or the Common Elements, or any portion thereof; provided, however, that no such waiver shall continue in effect for more than one (1) year unless either renewed by the Association's Board of Directors or the Board of Directors determines that said waiver shall continue for such other period of time as is specifically stated in the resolution of the Board of Directors granting said waiver. The Board of Directors shall mail or deliver to each Owner a copy of such waiver within ten (10) days after granting or renewing such waiver. If within thirty (30) days of the effective date of the notice of the granting or renewal of such waiver, ten (10) or more Owners shall so petition in writing, any such waiver shall be submitted to a vote of the Members of the Association as soon as practicable, and if disapproved by the Members holding a majority of the votes eligible to be cast, shall be of no further force and effect.

ARTICLE III

MAINTENANCE, ALTERATIONS AND IMPROVEMENTS

Section 3.1. Responsibility for Maintenance. Responsibility for the maintenance of the Townhome Units and the Common Elements shall be as follows:

(a) The Association shall perform, maintain, repair and, in the event of destruction, replace at the Association's expense:

(i) The Common Elements, including all water heating, heating or air conditioning units serving the Common Elements; the interior roadways and common parking areas; swimming pool(s) and related equipment; any common rooms; common landscaping, common lighting and common perimeter walks, ramps and railings.

(ii) All conduits, ducts, plumbing, wiring, meters and other facilities for the furnishing of utility services which are contained in the Common Elements; provided, however, that all such conduits, ducts, plumbing, wiring, meters and other facilities or outlets which provide service solely to one Townhome Unit shall be the responsibility of the Owner thereof at his sole expense.

(iii) The Association shall, as a Common Expense, have the sole responsibility for and shall perform all original landscaping of the Common Elements. Such landscaping shall be planned and performed consistent with a plan adopted by the original Board of Directors of the Association as said Board shall deem appropriate in its sole and absolute discretion. Thereafter, the Association shall maintain and replace, as a Common Expense, said landscaping. The Association is hereby granted a blanket easement in, over, under, through and across each Townhome Unit for the purposes contained herein.

(b) Each Owner shall perform, maintain, repair and replace at his expense:

(i) All portions of his Townhome Unit, including all exterior, interior and structural portions of his Townhome Dwelling, Garage and Patio, all conduits, ducts, plumbing, wiring, meters and utility outlets and facilities serving his Townhome Unit and the driveway and walkways on his Townhome Lot or serving his Townhome Unit (including those walkways leading from perimeter walkways, driveways or otherwise to any Townhome Dwelling or Garage thereon and driveways leading to any Garage thereon), but excluding those portions expressly required to be maintained, repaired and replaced either by the Association under 3.1(a) above or as Common Walls and Roofs under Section 3.2 hereof; and

(ii) Each Owner shall perform, maintain, and replace all landscaping

for all portions of his Townhome Lot. Within thirty (30) days after becoming an Owner, and prior to performing any landscaping, each Owner shall prepare and submit a landscaping plan for his Townhome Lot (which shall include a detailed plan for all original landscaping of a previously unlandscaped Townhome Lot, consistent with the overall landscaping plan adopted for the Common Elements) to the Association's Board of Directors for its prior discretionary written approval. All original landscaping of a Townhome Lot shall be performed by the Owner thereof within thirty (30) days following approval of the plan by the Association's Board of Directors. Any deviations from, or amendments to, a previously approved plan for a Townhome Lot shall first be submitted to the Association's Board of Directors for its written discretionary approval.

Section 3.2. Common Walls and Roofs; Doors and Windows.
 The rights and duties of Owners with respect to Common Walls and Roofs and doors and windows shall be as follows:

(a) The Owners of physically connected groupings of Townhome Units which share Common Walls (including all exterior and interior perimeter walls, fences or other barriers) or Roofs (including the roof on the Townhome Dwellings in such groupings) shall equally have the right to use such walls or roofs provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(b) In the event that any Common Wall or Roof or any conduits, ducts, plumbing, wiring or other utility facilities contained therein is damaged or destroyed through the act of an Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Common Wall or Roof or utility facilities without cost to the other Owners.

(c) Subject to (b) above, in the event any such Common Wall or Roof is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests, or family, it shall be the obligation of all the Owners of the Townhome Units sharing the affected Common Wall or Roof (whether or not the Owner's Townhome Unit is affected) at their cost and expense to rebuild and repair (including such regular repainting of exterior Common Walls and reroofing of Common Roofs and other maintenance as shall be required to maintain said Common Walls and Roofs in good repair and attractive in appearance consistent with the overall design of the project) such Common Wall or Roof, together with all conduits, ducts, plumbing, wiring and other facilities or outlets providing service to more than one Townhome Unit, provided, however,

the interior finished surfaces of the Common, Walls and Roofs and facilities or outlets located therein or thereon and serving only one Townhome Unit shall be the responsibility of the Owner of the Townhome Unit served by them at his sole cost and expense.

(d) An interior Common Wall shall be deemed shared by the two Townhome Units containing said interior wall. An exterior Common Wall and a Common Roof shall be deemed shared by the entire grouping of four physically connected Townhome Dwellings, of which the affected Common Wall or Roof forms a part.

(e) The day-to-day maintenance and repairs of doors and windows incorporated in the walls (Common, exterior or interior) of a Townhome Dwelling shall be the responsibility of the Owner of the Townhome Dwelling actually containing them at his sole expense.

Section 3.3. Destruction or Damage to the Property; Repairs. Notwithstanding anything contained in Section 3.1 or 3.2 to the contrary, in the event that any Townhome Dwelling, Garage or other improvement on the Property is destroyed or damaged by fire or other casualty or disaster, such Townhome Dwelling, Garage or other improvement shall be promptly repaired, restored or reconstructed according to the original plans and specifications for said improvements to the extent required to restore it to substantially the same condition in which it existed prior to the occurrence of the damage or destruction, including, without limitation, all interior partitions and walls of any Townhome Dwelling, Garage, all windows and doors and all conduits, ducts, plumbing, wiring and other such facilities and related fixtures located therein (including those located in any Common Walls or Roofs), regardless of whether such facilities serve one or more Townhome Units, with each Townhome Dwelling, Garage or other improvement and the Common Elements having as closely as practicable the same vertical and horizontal boundaries as prior to such damage or destruction; provided, however that should the Association's Board of Directors determine adherence to the original plans and specifications is impracticable or not in conformance with applicable statutes, ordinances, building codes or governmental rules and regulations then in effect, then such repairs, restoration or reconstruction shall be of quality and kind substantially equivalent to the original construction in harmony with the remaining portions of the project. Such repairs, restoration or reconstruction shall be paid for out of any net insurance proceeds (after payment of costs and expenses) received on account of the damage or destruction; provided, however, that subject to Section 3.6(e) hereof, if the insurance proceeds are not sufficient for such purpose, the deficiency (including any insurance deductibles) shall be assessed as a special assessment pursuant to Section 4.4 hereof. The Association through its Board of Directors shall have full power and discretion subject to the terms hereof to negotiate and enter into all contracts for the repair, restoration or reconstruction hereunder and shall otherwise arrange for and generally control such repair, restoration or reconstruction. Each Owner, by becoming such shall be deemed to have irrevocably appointed the Association as his attorney-in-fact for all purposes referred to in this Section.

Notwithstanding the foregoing, each Owner, by becoming such, agrees that in the event that fifty percent (50%) or more of the Townhome Dwellings are destroyed or damaged and the Owners by an affirmative vote of at least two-thirds (2/3rds)

of the votes of each class present at a meeting noticed for the consideration thereof file notice with the Association's Board of Directors within ninety (90) days after such destruction that they do not desire that the Townhome Dwellings be reconstructed or restored, the Board of Directors of the Association shall execute and record, with the County Recorder of Maricopa County, Arizona, a notice setting forth such facts, and upon the recording of such notice:

(a) The Property shall be deemed to be owned in common by the Owners;

(b) The undivided interest in the Property owned in common which shall appertain to each Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Elements;

(c) Any liens or encumbrances affecting any of the Townhome Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of undivided interest of the Owner in the Property; and

(d) The Property shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale together with the net proceeds of the insurance received on the Property, if any, shall be considered as one fund and shall be divided among all the Owners in proportion to their respective percentages of undivided interest in the Property after first paying out of the respective shares of the Owners, to the extent sufficient for the purpose, all liens or encumbrances on the undivided interest in the Property owned by each Owner.

Section 3.4. Alteration and Improvement of the Common Elements. Except as provided in Sections 2.14 and 14.1 hereof, there shall be no material alteration or further substantial improvement of the Common Elements without prior approval in writing by Members of the Association holding at least three-fourths (3/4) of the votes eligible to be cast; and if such approval is obtained, the costs of said alterations or improvements shall be borne by the Association and specially assessed against all the Owners in the manner specified in Section 4.4. However, in the event any such alteration or improvement of the Common Elements is approved in writing by Members of the Association holding a majority of the votes eligible to be cast and does not materially interfere with the use and enjoyment by other Owners of their Townhome Units, such improvement or alteration may be effected if the non-approving Owners are relieved from the capital costs thereof--namely, the capital costs of building or otherwise effecting such alteration or improvement, but not the expense thereafter of maintaining, repairing and replacing the same (which expense shall be payable by the Association from regular assessments like other Common Expenses). The amount of any capital costs from which such nonapproving Owners shall be so relieved shall be assessed to the each approving Owner in the percentage amount that each approving Owner's interest in the Common Elements bears to the aggregate interest in the Common Elements held by all the approving Owners. Such assessments shall otherwise be assessed in substantially the same manner, and with like effect, as is specified in Section 4.4 of this Declaration. Each and every Owner shall own his full percentage interest in the Common Elements which are so altered or improved, whether or not such Owner shall have been relieved from the capital costs thereof.

Section 3.5. Design Review. The Board of Directors of the Association may elect to create and appoint a Design Review Board. Any such Design Review Board shall consist of an odd number of members, such number being no less than three (3) and no greater than nine (9). The Design Review Board shall exist and its members shall serve at the pleasure of the Association's Board of Directors. The Design Review Board shall review all proposed improvements, repairs, maintenance or alterations to the Property (including those under Sections 3.1(b)(ii), 3.2(c), 3.4 and 3.6(b), non-Declarant improvements under Section 14.1 and those for which waivers are sought under Section 2.14). Based on plans and specifications submitted to the Review Board, the Review Board shall recommend to the Association's Board of Directors or the Members, as appropriate, approval or denial of any improvement or alteration based on the Review Board's reasonably exercised opinion concerning the effect and impact (including aesthetic harmony and conformity with existing improvements to the project) of the proposed improvement or alteration.

Section 3.6. General. The following provisions shall apply generally to questions of repair, restoration, reconstruction, maintenance, management, alteration and improvement:

(a) The respective responsibilities of the Association and the several Owners for maintaining, repairing and replacing portions of the Property, as set forth herein, shall include the obligation at all times to keep the same well-maintained and in good repair, and in compliance with all applicable governmental regulations and laws, so as not to interfere with the use and enjoyment of any Townhome Unit or the Common Elements, or any portion thereof, as by permitting any portion of the Property to become unsightly or to fall into a state of disrepair.

(b) Any and all maintenance, improvements, alterations, repairs and replacements shall be accomplished in a workmanlike manner, with all deliberate speed and in such manner as is reasonably necessary to minimize any undue interference with the use and enjoyment of other portions of the Property. Such maintenance, improvements, alterations, repairs and replacements shall be carried out in accordance with all applicable building codes and other regulations and laws, and, except with the prior written approval of the Board of Directors of the Association, insofar as practical in accordance with the original plans and specifications for the project; provided, however, that subject to Sections 2.14 and 3.4, which shall have control over the provisions hereof, any substantial departure from said original plans and specifications not required by applicable law shall additionally require prior written approval of Members of the Association holding three-fourths (3/4) of the votes eligible to be cast.

(c) Neither an Owner nor anyone else shall make any structural alteration or change in any Townhome Unit or the Common Elements, or any portion thereof, which materially impairs the structural integrity, safety or soundness of any Townhome Unit or any portion of the Common Elements.

(d) If any Owner shall fail to perform any of his obligations under this Article III within five (5) days following written notice from the Association's Board of Directors (or in emergency situations without notice), the Association, through its Board of Directors, shall have the right, but not the obligation, to perform such obligations for the Owner's account and at such Owner's sole cost and expense. All costs incurred by the Association in so performing shall be payable by such Owner to the Association on demand and shall be enforceable and secured as charges covered by Section 4.6.

(e) Each Owner shall bear and pay the cost (to the extent not covered by insurance) of any and all maintenance, repairs and replacements necessitated, directly or indirectly, either by such Owner's failure (after notice) to perform his obligations hereunder, or by his or his family agents or guests negligent or willful acts or omissions, as well as other damages attributable or incidental to such failure, acts or omissions. The obligations under this Subsection shall be enforceable and secured as charges covered by Section 4.6.

(f) Each Owner shall promptly report to the Association any defect or condition, apparent from within or without his Townhome Unit, as to which the Association has the responsibility for maintenance, repair and replacement as herein provided.

(g) Any repairs, further improvements or other construction or similar work carried out by an Owner or by the Association, as contemplated hereby, shall be performed by a licensed contractor, who shall furnish a full performance and payment bond for the work so to be performed; provided, however, that such work may be performed without such bond and/or by a qualified person or entity, even though not a licensed contractor, upon prior approval by the Association's Board of Directors.

Section 3.7. Personal Property. The Association, through its Board of Directors, may acquire and hold, for the benefit of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in such personal property shall be held by the Owners in the same proportion as their respective undivided interests in the Common Elements, which interest shall not be transferable except with a transfer of a Townhome Unit. The transfer of a Townhome Unit shall vest in the transferee ownership of the transferor's beneficial interest in such personal property.

ARTICLE IV

PROPERTY TAXES; ASSESSMENTS

Section 4.1. Property Taxes. State, county, and local (including special assessment districts) taxes, assessments and charges imposed upon the several Townhome Units and the Common Elements shall not be an expense to be borne by the Association, except as hereinafter set forth. Such taxes, assessments and charges shall be borne and paid by the several Owners as

their interests in the Property shall appear--namely, the Owner of a Townhome Unit shall pay (i) all such levies on or with respect to such Townhome Unit (or his proportionate share, if such Unit is not taxed individually, but rather as part of a group of more than one Townhome Unit), and (ii) his respective share as set forth on Exhibit B of all such levies on or with respect to the Common Elements. The Association's Board of Directors shall furnish to the County Assessor and other responsible officials of any taxing or assessing authority, all necessary information with respect to the apportionment of such taxes and assessments and shall request each Townhome Unit be carried on the tax and assessment records as a separate and distinct parcel of property.

The Association may assist in the collection and payment of such taxes, assessments and charges, as by acting as collection and disbursement agent for the several Owners. In the event any Owner is delinquent in the payment of any such levy, and if the Board of Directors of the Association determines that such delinquency jeopardizes the interests of the Association or any other Owner, said Board of Directors may, but need not, cause the Association to cure such delinquency; provided, however, that upon any such cure, the delinquent Owner shall reimburse the Association on demand for its payments and expenses in effecting such cure, and said obligation of reimbursement shall be to the same effect and enforceable in the same manner as an obligation of such Owner to pay other assessments duly made against him hereunder.

Section 4.2. Assessments. Each Owner, by becoming such, shall be deemed to covenant and agree to pay to the Association with respect to his Townhome Unit assessments as set forth herein, all such assessments to be fixed, established and collected from time to time as hereinafter provided. Any assessment made with respect to a Townhome Unit, together with interest thereon and any costs of collection thereof (including reasonable attorneys' fees) as hereinafter provided, shall be the personal joint and several obligations of the persons who were the Owners of such Townhome Unit at the time when the assessment fell due and, in addition, shall (subject to Section 13.1(b) hereof) be a charge on such Townhome Unit and a continuing lien thereon. The assessments provided for herein shall be used for the purpose of promoting the use and enjoyment of the several Townhome Units and the Common Elements, and the health, safety and welfare of the Owners, the residents of Townhome Units and their guests and, in particular, for the payment of the Common Expenses of the Association. Amounts of assessments and each Owner's share of such assessments for a Townhome Unit, unless expressly stated otherwise, shall be determined in accordance with this Article. The Board of Directors of the Association may adopt a schedule of "late charges" payable, in addition to all other remedies on assessments and other charges not paid when due. No amendment hereto which shall disproportionately alter any assessment obligation of an Owner as set forth in this Article will be effective without the consent of such Owner and any Mortgagee of said Owner and the affirmative vote of two-thirds (2/3) of the Owners of each class.

Section 4.3. Regular Assessments. In advance of each fiscal year of the Association, the Board of Directors shall estimate the costs and expenses to be incurred by the Association for such fiscal year and the other proper cash requirements of the Association for such year, including but not limited to:

- (a) The costs of maintenance, improvements, repairs and replacements to be effected by the

Association as contemplated by Article III hereof, and generally the costs and expenses specified or contemplated hereby as Common Expenses to be borne and paid by the Association rather than by individual Owners;

(b) Such sums as shall be fair and prudent for the establishment and maintenance of an adequate reserve fund for costs and expenses of the Association (including, but not limited to, maintenance, repair and replacement of those Common Elements that must be replaced on a periodic basis, and such reserves shall be funded by monthly assessments); and

(c) Such additional sums as shall be necessary or appropriate to meet and accomplish the proper purposes of the Association.

The aggregate estimated amount of such cash requirements for the ensuing fiscal year of the Association shall then be allocated by the Board of Directors among the Owners so that each Owner's share of such aggregate amount with respect to each Townhome Unit owned shall be as set forth on Exhibit C; which share(s) shall be assessed against such Owner as his regular assessment.

For purposes of making such estimates and allocations, the Association's Board of Directors may elect to utilize the services of accountants and/or other advisors, but shall not be required to do so. Estimates made in good faith by the Association's Board of Directors shall be conclusive and binding upon all Owners and others concerned. The Board of Directors may at any time revise its estimates and thereby increase or decrease the regular assessments payable by Owners, if it determines that its initial estimates are inaccurate. The Board of Directors or their designated representative shall from time to time give each Owner reasonable notice, at his last recorded address on the books of the Association, as to the amount of the regular assessment made against him computed as above, any revisions thereof, the time or times at which such assessment is payable (which shall be at least thirty (30) days after transmission of such notice and may at the Board's discretion be payable as frequently as monthly) and the address to which remittances shall be made.

Section 4.4. Special Assessments. In the event the Board of Directors of the Association determines that, because of unanticipated casualty or other extraordinary occurrence or the approval of any improvements pursuant to Section 3.4, funds available to the Association from regular assessments, insurance proceeds and other sources will not be sufficient to meet the Association's obligations, the Board of Directors may thereupon levy special assessments against the Owners as hereinafter provided. The aggregate amount so to be specially assessed against the Owners shall be determined by the Association's Board of Directors and allocated among all Owners so that each Owner's share of such aggregate amount with respect to each Townhome Unit owned shall be as set forth on Exhibit C; which share(s) shall thereupon be assessed against such Owner as his special assessment. The Association's Board of Directors or their designated representative shall give each Owner reasonable notice, at his last recorded address on the books of the Association, as to the amount of the special assessment made against him as set forth above, the time or times at which such special assessment is payable (which shall be at least sixty (60) days after transmission of such notice) and the address to which remittances shall be made.

Any charge, cost or expense incurred by the Association as the direct or indirect result of the actions or failure to act of an Owner or others for whom such Owner is responsible may be specially assessed against such Owner as a special assessment and shall be fully enforceable to the same extent as any other assessment hereunder.

Section 4.5. Utility Costs and Assessments. The Association shall pay as a Common Expense the cost of all hot and cold water, all gas and/or electricity and other utilities used in conjunction with the Common Elements (including, but not limited to, any common hot water heaters, heaters or air conditioners, the common lighting, any common rooms and the swimming pool).

To the extent gas, water, electricity or other utilities are not separately metered to each Townhome Unit, the Owner of each Townhome Unit shall pay his pro rata share of such master metered utilities based on the ratio of the interest in the Common Elements associated with his Townhome Unit to the total interest in the Common Elements associated with all Townhome Units served through the master meter serving the Owner's Townhome Unit. The Association shall serve as collection and disbursement agent for such master metered utilities which shall be assessed against the affected Owners with the same force and effect as any other assessment hereunder. The Association's Board of Directors or their designated representative shall give each Owner reasonable notice, at his last recorded address on the books of the Association, as to the amount of the utility assessment made against him as set forth above, the time or times at which such utility assessment is payable (which shall be at least five (5) days after transmission of such notice) and the address to which remittances shall be made. The individual Owners shall pay the costs of all other utilities as separately billed to their respective Townhome Units.

Section 4.6. Enforcement and Lien of Assessments and Charges, Etc. Each Owner, for himself, his heirs, successors and assigns, covenants that with respect to all assessments or charges of any kind (including without limitation regular, special or utility assessments, late charges, charges adopted pursuant to Section 2.6 of this Declaration or otherwise) coming due during the period that he is an Owner, he will remit the same directly to the party or parties designated by the Association's Board of Directors, at the time and place and in the amounts specified, all as herein provided. Any assessments or charges which are not paid when due shall be delinquent.

Each Owner further agrees that such assessments or charges, if not paid within fourteen (14) days after the due date, and any costs (including reasonable attorneys' fees) incurred by or on behalf of the Association in collecting the same (which shall be paid by such Owner to the Association), shall bear interest from the date due or incurred, as the case may be, at the lower of eighteen percent (18%) per annum or the highest rate permitted by law and, together with such interest, shall become a lien prior to all other liens upon said Owner's Townhome Unit and shall continue to be such lien until fully paid, regardless of any offset or counterclaim; provided, however, that the lien shall be subordinate to the lien of Mortgagees as provided in Section 13.1(b) hereof. The lien provided for herein shall be in favor of the Association or its assignee. The Board of Directors of the Association may file or cause to be filed in the public records of Maricopa County, Arizona, a public notice of such lien.

Each Owner does hereby waive, to the extent of any lien created pursuant hereto, the benefit of any homestead or exemption laws of the State of Arizona in effect at the time any such lien is created. No Owner may exempt himself from liability for assessments or charges of any kind by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Townhome Unit. The sale or conveyance of the Townhome Unit out of which the assessment or charge arose shall not relieve the selling or conveying Owner of his personal liability for such assessment or charge.

Each Owner expressly vests in the Association, or its agent, the right and power to bring all actions against such Owner personally for the collection of such assessments and charges as a debt under any remedy available at law or equity and/or to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage of real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The Association may elect to make payments on any prior lien, and such payments shall thereupon become the obligations of the Owner to the Association, bearing interest as aforesaid and secured by the lien herein created. The Association or its agent shall have the power to bid on an interest so foreclosed and to acquire and hold, lease, mortgage, sell or convey the same.

ARTICLE V

THE ASSOCIATION

Section 5.1. The Association. The Association shall be incorporated as an Arizona non-profit corporation and shall have such powers as are set forth herein and in its Articles of Incorporation and Bylaws, as the same may be duly adopted and amended from time to time, provided, however, that no provision of the Association's Articles of Incorporation or Bylaws shall be inconsistent with the express provisions hereof.

Section 5.2. Membership. Membership in the Association shall be limited to Owners. An Owner shall automatically, upon becoming such, be a Member of the Association and shall remain a Member of the Association until he ceases to be an Owner for any reason, at which time his membership in the Association shall automatically cease. Ownership of a Townhome Unit shall be the sole qualification and criterion for membership.

A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of a Townhome Unit, and then only to the purchaser thereof, or by intestate succession, testamentary disposition, foreclosure of a mortgage of record or other legal process whereby ownership of such Townhome Unit is transferred. Any attempt to make a prohibited transfer of membership is void and will not be reflected upon the books or records of the Association. In the event the Owner of any Townhome Unit should fail or refuse to transfer the membership registered in his name to the subsequent Owner of such Townhome Unit, the Association shall have the right to record said transfer upon the books and records of the Association reflecting a new membership in such subsequent Owner, and thereupon the old membership outstanding in the name of the prior Owner shall be null and void.

There shall be no more than one (1) membership with respect to each Townhome Unit, which membership shall be subject to all of the provisions of this Declaration, the Association's Articles of Incorporation and Bylaws, as the same may be duly

adopted and amended from time to time, and any rules and regulations duly adopted on behalf of the Association, but only to the extent not inconsistent with the express provisions of this Declaration. In the event ownership of a Townhome Unit is held by two or more persons, whether by joint tenancy, tenancy in common, community property, or otherwise, the membership with respect thereto shall be joint, and a single membership shall be issued in the joint names of such two or more persons, and they shall designate to the Association in writing one of their number who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the Secretary of the Association shall make such designation.

Section 5.3. Classes of Voting Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners other than Declarant. A Class A member shall be entitled to one (1) vote for each Townhome Unit owned by said member.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Townhome Unit owned by it; provided, however, that the Class B membership shall cease and be converted to Class A membership as follows:

- (a) When the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or
- (b) Three (3) years from the date of execution hereof; or
- (c) Such earlier time as the Declarant shall designate in writing.

Voting and other rights of membership in the Association may be delegated by an Owner; but only to a person holding an interest (whether as lessee, beneficial owner, purchaser pursuant to an agreement of sale, or otherwise) in the Townhome Unit with respect to which such voting and other rights exist. In addition to the foregoing, a revocable proxy for any meeting of Members may be granted to a person holding an interest in any other Townhome Unit or to an employee, agent or representative of Declarant. Any such proxy shall be subject to such reasonable requirements as may from time to time be promulgated in the Bylaws or otherwise by the Association's Board of Directors.

Section 5.4. Annual Reports; Mortgagee Rights. Within ninety (90) days after the close of each fiscal year of the Association, the Board of Directors shall cause to be prepared and distributed to all Owners, and, if requested in writing, to Mortgagees, an annual report of the Association setting forth in reasonable detail the results of operations of the Association for, and its financial position at the end of, such fiscal year and such other information as the Board of Directors shall deem appropriate. The financial information may, in the Board's discretion, but need not, be audited by a public accountant or accounting firm. In addition, a Mortgagee shall, upon request, be entitled to inspect the books and records of the Association during normal business hours, and to receive written notice of all meetings of the Board of Directors and of the Members of the Association and may designate a representative to attend such meetings.

Section 5.5. Limitation Upon Liability of Association. Notwithstanding anything herein to the contrary contained or implied, the Association's liability to Owners and others shall be limited to its obligations herein expressly set forth, and shall not include liability for any consequential or other injuries or damages arising from any act or omission by the Association, its officers, directors, employees, agents or others acting on its behalf, or the acts or omissions of any Owner.

ARTICLE VI.

INSURANCE

Section 6.1. Purchase of Insurance. The Association shall purchase insurance policies upon certain of the Property, all as hereinafter more particularly set forth, which policies shall be for the benefit of the Association, the Owners and their Mortgagees, all as their respective interests may appear. Owners and others holding interests in Townhome Units, at their own expense and subject to the terms of this Article, may obtain insurance coverage upon their own personal property, portions of Townhome Units and other portions of the Property in which they have an interest (whether or not constituting portions of the Common Elements) and may obtain such liability, living expense and other insurance coverage as they consider appropriate under the circumstances.

Section 6.2. Coverage. The Association shall purchase insurance policies with the Association as the named insured as trustee for the several Owners sufficient to provide the following coverage:

(a) All buildings and improvements constituting portions of the Property (including such interior walls as were originally constructed) and all personal property owned by the Association and/or included in the Common Elements shall be insured by the Association in an amount equal to the maximum insurable replacement value, as determined annually by the Board of Directors of the Association, or if such amount is impracticable, such lesser amount as is deemed appropriate by said Board of Directors in order to fully fund its obligations pursuant to Article III of this Declaration. Such coverage shall afford protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to like or similar property.

(b) The Association shall procure insurance against public liability in a minimum amount of Five Hundred Thousand Dollars (\$500,000.00) per person, One Million Dollars (\$1,000,000.00) per occurrence and One Hundred Thousand Dollars (\$100,000.00) for property damage or in such higher amounts and with such additional coverage as shall be deemed appropriate by the Board of Directors of the Association.

(c) The Association shall procure a workmen's compensation policy if appropriate or necessary to meet the requirements of law.

(d) Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and/or fidelity bond meeting the insurance and fidelity bond requirements for townhome projects established by Federal National Mortgage Association, Government National Mortgage Association and Federal Home Loan Mortgage Corp., so long as any of them is a mortgagee or owner of a Townhome Unit within the project, except to the extent such coverage is not available or has been waived in writing.

(e) The Association may procure such other insurance and on such terms (including a fidelity bond naming the manager(s) and such other persons as may handle funds of the Association as principals and the Owners as obligees) as the Board of Directors of the Association shall determine from time to time to be desirable or appropriate.

Section 6.3. Policy Provisions. The insurance policy or policies obtained by the Association shall, to the extent practicable, contain the following provisions:

(a) That the coverage afforded by said policy or policies shall not be brought into contribution or proration with any insurance which may be purchased by Owners, their Mortgagees or others having an interest in any Townhome Unit;

(b) That the conduct of any one or more Owner(s), his tenants or guests, or any other person having an interest in a Townhome Unit, or any act or omission not within the control of the Association shall not constitute grounds for avoiding liability on said policy or policies;

(c) That any "no other insurance" clause shall not prohibit insurance purchased by Owners, their Mortgagees or others having interests in Townhome Units;

(d) That certificates of mortgagee endorsement or the equivalent shall be issued to Mortgagees;

(e) That there shall be no subrogation with respect to the Association or its employees, agents, officers or directors, Owners, lessees, their respective guests, servants or members of their households or others having interests in Townhome Units or said policy or policies shall name said persons as additional insureds;

(f) That the policy cannot be cancelled (including cancellation for nonpayment of premiums), invalidated, suspended or substantially modified without at least thirty (30) days' prior written notice to any and all insureds named thereon;

(g) That, notwithstanding any provisions which give the insurer the right to restore damage in lieu of making a cash payment, such option shall not be exercisable without the prior written consent of the Association; and

(h) Such other terms as the Association's Board of Directors deem necessary or appropriate to the best interests of the Association.

Section 6.4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

Section 6.5. Owner's Obligations. Each Owner or others holding interests in Townhome Units may obtain additional insurance at their own expense; provided, however, that no such person shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all of the Owners, may realize under any insurance policy which the Association may have in force on the Property at any particular time and that an Owner's insurance policies shall contain an effective waiver by the insurer of all rights of subrogation against all other Owners, lessees, their respective guests, servants or members of their households, the Association, its officers, directors, agents and employees or others having interests in Townhome Units. Any person who obtains individual insurance policies covering any portion of the Property, other than personal property belonging to such person, shall file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after purchase of such insurance.

An Owner shall immediately notify the Board of Directors of all improvements made by the Owner to his Townhome Unit, the value of which is in excess of One Thousand Dollars (\$1,000.00).

Section 6.6. Inspection. All insurance policies purchased by the Association shall be deposited with the Association and shall be available for inspection for any proper purpose upon the reasonable request of any Owner, Mortgagee or other person having an interest in a Townhome Unit.

Section 6.7. Proceeds. All insurance policies purchased by the Association shall provide that all proceeds covering property losses shall be paid to the Association, or a trustee designated by the Association, which, subject to Section 3.3 hereof, shall hold such proceeds in trust for rebuilding, repairing or replacing the damaged Common Elements, Townhome Units or other improvements so insured pursuant to the terms hereof. Any excess proceeds shall be held by the Association to be applied to future accruing Common Expenses.

All Mortgagees shall be given timely notice by the Association of any damage to or destruction of a Townhome Unit.

The security interest of a Mortgagee shall be protected to the extent of insurance proceeds allocable to such Townhome Unit in the event such proceeds are not used for rebuilding, repairing or replacing the improvements insured; this sentence shall not be amended without the consent of each such Mortgagee having an interest hereunder. In no event will the Owner of a Townhome Unit have priority to insurance proceeds over his Mortgagee.

The Association or its agents shall have exclusive authority to negotiate with the insurance carrier and others and to adjust losses, make settlements and give releases in connection

therewith and to collect monies from the insurance carrier. Each Owner, by becoming such, shall be deemed to have irrevocably appointed the Association as his attorney-in-fact for all purposes referred to in this Section.

Section 6.8. Homeowner's Insurance. It shall be the individual responsibility of each Owner (or other person having an interest in a Townhome Unit) to provide, as he sees fit, homeowner's liability insurance, theft or other insurance covering personal liability and property damage and loss.

ARTICLE VII

EMINENT DOMAIN

Section 7.1. Association to Give Notice, Etc. In case of a taking of all or any part of the Property by exercise of the power of condemnation or eminent domain (hereinafter called a "Taking"), or the commencement of any proceedings or negotiations which might result in a Taking, the Association will promptly give written notice thereof to each Owner and Mortgagee generally describing the nature and extent of such Taking or the nature of such proceedings and negotiations and the nature and extent of the Taking which might result therefrom, as the case may be. Subject to the terms of this Article, each Owner may file and prosecute its respective claims for an award, and the Association may file and prosecute the claims of any Owner who does not do so within a reasonable period of time after notice from the Association as provided in the preceding sentence. The Association shall file and prosecute any such claim which it undertakes, and hold any proceeds which it may recover, on behalf of said Owner subject to the terms hereof.

Section 7.2. Use of Proceeds. If any portion of the Property subject hereto should be taken by the exercise of the power of eminent domain or should be transferred and conveyed to a condemning authority in anticipation of such exercise, all net proceeds therefrom (after payment of related costs and expenses) shall be paid to the Association's Board of Directors as trustee, which shall disburse the same as follows:

(a) If no portion of any Townhome Lot, Townhome Dwelling, Garage or Patio is so taken, transferred or conveyed, such proceeds shall be devoted to the replacement of any improvements affected and/or generally for the benefit of the Common Elements, as the Association's Board of Directors shall deem appropriate with the consent of Members of the Association holding a majority of the votes eligible to be cast and present at a meeting called for the noticed purpose of consideration thereof.

(b) If any portion of any Townhome Lot, Townhome Dwelling, Garage or Patio is so taken, transferred or conveyed, such proceeds shall first be paid to the Owner(s) of the Townhome Unit(s) so affected (or to such person or persons as shall be appropriate in order to protect the interests of any Mortgagee with respect to such Townhome Unit(s)), to the extent of the diminution in fair market value of such Townhome Unit(s) attributable thereto. If such proceeds shall be insufficient for this purpose and more than one Townhome Unit is affected, then payments shall be made pro rata to the Owners (or their Mortgagees) of the affected Townhome Units with respect to the Townhome Units affected on the

basis of their respective diminutions in value with no obligation for any deficiency on the part of the Association or any other Owner. Any proceeds thereafter remaining shall be disbursed in accordance with subsection (a) above.

ARTICLE VIII

MANAGEMENT AGREEMENTS

Section 8.1. Management Agreements. Each Owner, by becoming such, shall be deemed to have agreed to be bound by the terms and conditions of all management agreements entered into by the Association with respect to the Property. A copy of all such management agreements shall be available to each Owner and Mortgagee for reasonable inspection at the offices of the Association. Any management agreement entered into by the Association shall be for a term not in excess of one (1) year and shall provide that it may be cancelled without payment of a termination fee (other than amounts then owing) upon thirty (30) days' written notice either (i) for cause by the Association's Board of Directors or (ii) with or without cause upon the affirmative vote of Members of the Association holding at least a majority of the votes eligible to be cast.

ARTICLE IX

PARTITION, SUBDIVISION, COMBINATION OF PROPERTY

Section 9.1. No Partition of Property. Except as provided in Section 3.3 the Property (including the Common Elements) shall remain undivided, and no Owner or any other person shall bring any action for division or partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners and others with respect to the ownership, operation and management of the Property.

Section 9.2. Subdivision or Combination. Notwithstanding Section 9.1, subject to the requirements of any applicable laws or regulations of governmental authorities, the subdivision or combination of any Townhome Unit or Units may be accomplished upon the consent of the Mortgagee of the affected Townhome Unit or Units and (i) pursuant to the affirmative vote of the Owners holding two-thirds (2/3) of the votes of each class present at a meeting called for the notified purpose of consideration thereof or (ii) upon receipt by the Association's Board of Directors of the written consent of all the Owners. If so approved, any such subdivision or combination shall be effective upon recordation with the Maricopa County Recorder of notice of such subdivision or combination executed by the directors of the Association or such officer of the Association as the Board of Directors shall designate. Unless otherwise approved pursuant to this Section, upon subdivision or combination of Townhome Units, the appurtenant benefits, rights and obligations of the Townhome Units so subdivided or combined shall be apportioned equally among the resulting Townhome Unit(s). All expenses for the preparation and recording of the Notice and related instruments and documents shall be borne by the persons requesting the subdivision or combination and shall not be a Common Expense of the Property.

ARTICLE X

EASEMENTS

Section 10.1. Easements in Favor of Each Unit Relating to the General Common Elements. Subject to this Declaration and

reasonable regulation by rules and regulations adopted from time to time by the Association's Board of Directors, there are hereby reserved and created easements for the purposes of occupancy, ingress and egress, access, use and enjoyment and any other lawful purpose in favor of each Owner and Townhome Unit, in, on, across, over, under, and through all the Common Elements wherever located. Said easements shall be appurtenant to each Townhome Unit and may not be severed therefrom and shall be deemed to be conveyed with title to such Townhome Unit, whether or not so specified in any deed or other instrument with respect to the same.

Section 10.2. Easements for Encroachments. Each Townhome Unit shall be subject to an easement for encroachments created by construction, reconstruction, repair, shifting, settling, movement or overhangs, as designed and constructed by the original builder or Declarant. A valid easement for said encroachments and for the maintenance, repair and replacement of the same shall and does exist. In the event that any building or other improvement is damaged or partially or totally destroyed and then repaired or rebuilt, each Owner agrees that encroachments on parts of adjacent Townhome Units or Common Elements due to repairs or construction pursuant to the terms of this Declaration shall be permitted and that a valid easement for said encroachments and the maintenance, repair and replacement thereof shall exist.

Section 10.3. Easements for Utilities. There is hereby created a blanket easement in, on, across, over, under and through the Property for reasonable ingress and egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewer, gas, telephone and electricity. By virtue of this easement, it shall be expressly permissible for each utility provider to erect and maintain any necessary equipment on said Property and to affix and maintain wires, pipes, conduits and circuits in, on, over, under and through the Common Elements and the several Townhome Units. Notwithstanding anything to the contrary contained in this Section, no water lines, sewers, gas lines, electrical lines or other utilities may be installed or relocated on the Property except as initially constructed and installed, constructed or installed by Declarant, or as approved by the Association's Board of Directors. This easement shall in no way affect any other recorded easement on said premises.

Section 10.4. Specific Easements for Pipes, Ducts, Cables, Wires, Conduits, Public Utility Lines and Other General Common Elements Located Inside of Townhome Units. Each Owner shall have an easement in common with the Owner of each other Townhome Unit to use all pipes, wires, ducts, cables, conduits, public utility lines and all Common Elements located in such other Townhome Unit and serving its Townhome Unit. Each Townhome Unit shall be subject to an easement in favor of the Owner of each other Townhome Unit to use the pipes, ducts, cables, wires, conduits, public utility lines and all Common Elements serving such other Townhome Unit and located in such Townhome Unit.

Section 10.5. Access Easement. The Association and its employees and agents shall have the right of access to each Townhome Unit to inspect the same, to remove or cure violations therein and to maintain, repair or replace any Common Elements contained therein or elsewhere; provided, however, that such Association right shall be exercised in a reasonable manner and at reasonable times and with prior written notification (unless emergency situations make written notification unreasonably burdensome under the circumstances) to the Owner of such Townhome Unit, and shall be subject to all reasonable precautions

and limitations imposed upon the Association by the Townhome Unit Owner.

ARTICLE XI

NON-DISCRIMINATORY APPLICATION

Section 11.1. Non-Discriminatory Treatment. The provisions of this Declaration shall be applied and enforced in a manner so that all Owners and other interested persons are treated in a nondiscriminatory manner.

ARTICLE XII

APPLICATION, ENFORCEMENT AND SANCTIONS

Section 12.1. Application, Enforcement, Sanctions. The easements, liens, charges, covenants, conditions and restrictions contained herein shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing or occupying any Townhome Unit and their respective heirs, successors, executors, administrators, grantees and assigns. These easements, liens, charges, covenants, conditions and restrictions, together with any and all terms and provisions of the Association's Articles of Incorporation, Bylaws or any rules and regulations as may from time to time be adopted and amended, may be enforced by the Association through its Board of Directors, which shall have the right and duty to enforce the same and expend Association monies in pursuance thereof. They may also be enforced by any Member of the Association, but only if such Member shall first have demanded in writing that the Association enforce the same and the Association shall have failed diligently to prosecute such enforcement within thirty (30) days after receipt of such demand. In the event the Association, its Board of Directors or any Member of the Association shall seek to enforce said easements, liens, charges, covenants, conditions and restrictions or the terms and provisions of the Association's Articles of Incorporation, Bylaws or any rules and regulations as may from time to time be adopted and amended, and shall prevail in such enforcement, said Association, Board of Directors or Member shall be entitled to recover all attorneys' fees and other costs incurred in connection with such litigation from the person or persons against whom said Association, Board of Directors or Member so prevailed, which amounts together with any recovery pursuant thereto shall constitute a lien pursuant to Article IV of this Declaration.

In the event any Owner shall be in arrears in the payment of any amount due under any of the provisions of this Declaration, the Association's Articles of Incorporation, Bylaws or rules and regulations, as may from time to time be adopted and amended, for a period in excess of fourteen (14) days, or shall be in default in the performance of any other obligation provided or contemplated by this Declaration, the Association's Articles of Incorporation, Bylaws or rules and regulations for a period in excess of fourteen (14) days, in addition to any other available remedies, said Owner's right to vote and his other rights and privileges as an Owner and a Member of the Association (including rights to use of all or a portion of the Common Elements) shall be suspended and shall remain suspended until all such payments are brought current and all such defaults remedied, unless otherwise determined by a majority of the Association's Board of Directors.

An action to abate the breach of any of the easements, liens, charges, covenants, conditions and restrictions contained herein, the Association's Articles, Bylaws or any

rules and regulations and specifically enforce the same, or to recover damages for breach thereof, may be brought against any Owner (and/or person holding an interest through him) even though said breach was in existence at the time the Owner acquired an interest in or title to his Townhome Unit or Units (whether pursuant to a foreclosure sale or any other sale or transaction). Any purchaser of a Townhome Unit shall take title to the same subject to any liens pursuant to the provisions of this Declaration which shall have arisen or accrued prior to the date of purchase, except as otherwise provided in Section 13.1 hereof. Nothing herein contained shall be deemed to indicate that damages at law constitute an adequate remedy for a violation of any of the provisions of this Declaration, the Association's Articles, Bylaws or any rules and regulations promulgated pursuant thereto.

ARTICLE XIII

MORTGAGEE RIGHTS

Section 13.1. Mortgagee Rights. Notwithstanding and prevailing over any other provision of this Declaration, the Association's Articles of Incorporation, Bylaws or any rules, regulations, management agreements or other contracts of the Association, as any of the same may be duly adopted and amended from time to time, the following provisions shall apply to and benefit each holder of a first mortgage or first beneficiary under a first deed of trust upon a Townhome Unit (the "Mortgagee"):

(a) During the pendency of any proceedings to foreclose a first mortgage or deed of trust on a Townhome Unit, or equivalent proceedings, including any period of redemption, the Mortgagee (or any receiver appointed in such action) may, but need not, exercise any or all of the rights and privileges of the Owner of such Townhome Unit upon written notice to the Association, including but not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

(b) The Mortgagee or any other party acquiring title to a Townhome Unit through foreclosure suit, trustee's sale, or any equivalent proceeding (including the taking of a deed in lieu of foreclosure) and their successors in interest shall acquire title to such Townhome Unit free and clear of any lien pursuant to this Declaration which secures the payment of any assessment or charges accrued prior to the final conclusion of any such foreclosure suit, trustee's sale, or equivalent proceeding (including the expiration date of any period of redemption), except as follows: any such unpaid assessment or charge against such Townhome Unit may be treated as an expense common to all the Townhome Units and as such may be collected by assessment of the total amount thereof against all the Townhome Units, including the Townhome Unit so foreclosed against as a special assessment pursuant to Section 4.4 hereof; such assessments being enforceable as a lien against each Townhome Unit in the manner provided for other assessments authorized in this Declaration.

(c) The Association may, and shall upon request, give a Mortgagee notice of any default

by the Owner of the covered Townhome Unit of his obligations hereunder or under the Association's Articles and Bylaws or any rules and regulations, which has not been cured within thirty (30) days of the date of default.

Section 13.2. No Amendment Without Consent. No provision of Section 13.1 hereof shall be amended nor shall any such amendment affect the rights of any Mortgagee who does not join in the execution thereof.

Section 13.3. Subordination. By subordination agreement the Board of Directors of the Association may, upon a three-fourths (3/4ths) majority vote, extend the benefits of this Article to mortgages or similar interests not otherwise entitled thereto.

ARTICLE XIV

USE BY DECLARANT

Section 14.1. Use by Declarant. Notwithstanding any provision hereof to the contrary, Declarant may, free of the terms hereof, make such use of unsold Townhome Units and any of the Common Elements as may facilitate development, improvement or sale of the unsold Townhome Units, including, but not limited to, maintenance of one or more sales offices and model Townhome Units, the showing of the Property, the displaying of flags, signs and other advertisements, and constructing whatever improvements, making whatever alterations, landscaping or performing whatever remodeling Declarant deems appropriate to development, improvement or the sale of the unsold Townhome Units. For this purpose, Declarant shall have all easements, rights of way and rights of use concerning the Property necessary to permit the exercise of these rights, including without limitation the right to construct improvements (including the Townhome Dwellings and Garages) in the Townhome Units and on the Common Elements. Declarant shall further have the right to enter into lease or management agreements (on such terms and conditions as Declarant shall in its sole discretion deem advisable) concerning the management and operation of one or more of the unsold Townhome Units as apartments or otherwise, whereby the lessee or manager under such agreements would be permitted to lease and/or operate said Townhome Units for lessee's, manager's or Declarant's account. Declarant's successors and assigns to title to a Townhome Unit containing no Townhome Dwelling shall have all of Declarant's rights hereunder concerning said Townhome Lot, subject to any contractual limitations imposed between Declarant and such successor or assign, provided that any such non-Declarant improvements to such Townhome Unit shall first be approved in writing by the Association's Board of Directors.

ARTICLE XV

GENERAL PROVISIONS

Section 15.1. Owner's Obligations. Each Owner shall be jointly and severally responsible for compliance by said Owner's family, agents, tenants, subtenants, guests, invitees, lessees, licensees, and their respective servants and employees with the provisions of this Declaration, the Association's Articles of Incorporation, or any Bylaws, rules or regulations promulgated pursuant thereto as the same may be amended from time to time. The Owner's failure to so ensure compliance by such persons shall be grounds for the same action available by reason of said Owner's own non-compliance.

Section 15.2. Waiver or Abandonment. The waiver or failure to enforce any breach or violation of any provision herein contained shall not be deemed to be a waiver or abandonment thereof of rights thereunder or a waiver of the right to enforce the same or any other provision upon any subsequent breach or violation thereof. The foregoing shall apply regardless of whether any person affected hereby (or having the right to enforce the provisions hereof) had knowledge of the breach or violation. Subject to Section 2.14 hereof, no restriction contained herein shall be deemed to have been waived or abandoned unless this Declaration is amended to delete such restriction pursuant to Section 16.2 hereof.

Section 15.3. Severability. The invalidity of any one or more phrases, clauses, sentences, paragraphs, sections or articles hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that one or more of the phrases, clauses, sentences, paragraphs, sections or articles contained herein should be invalid, this Declaration shall be construed as if such invalid phrase or phrases, clause or clauses, sentence or sentences, paragraph or paragraphs or section or sections or article or articles had not been inserted.

Section 15.4. Interpretations. The singular, wherever used herein, shall be construed to mean the plural when applicable and the necessary grammatical changes required to make the provisions hereof apply equally to individuals, corporations or other entities, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 15.5. Captions. The marginal or topical headings of the sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of this Declaration.

Section 15.6. Notices. Any notice required or permitted to be given hereunder shall be given in accordance with the Bylaws, rules or regulations adopted by the Association's Board of Directors for this purpose. Each Owner's address shall be presumed to be his Townhome Unit unless written notice to the contrary is given. Each Owner shall be responsible for giving the Association the mailing address of his Mortgagee.

Section 15.7. Arbitration. In the event any dispute or controversy arising out of this Declaration cannot be settled by the parties, such controversy or dispute may, at the election of the parties thereto (except where arbitration is expressly required herein, in which case arbitration shall be mandatory), be submitted to arbitration in Phoenix, Arizona, and for this purpose each party hereby expressly consents to such arbitration in such place. In the event the parties cannot mutually agree upon an arbitrator to settle their dispute or controversy within fifteen (15) days, then the then Chief Judge of the United States District Court for the District of Arizona shall select such arbitrator, or at the election of the parties hereto, such arbitrator shall be selected pursuant to the then-existing rules and regulations of the American Arbitration Association. The decision of the arbitrator shall be binding upon the parties hereto for all purposes, and judgment to enforce any such binding decision may be entered in Superior Court, Maricopa County, Arizona (and for this purpose each party hereby expressly and irrevocably consents to the jurisdiction of said court). At the request of either party, arbitration proceedings shall be conducted in the utmost secrecy. In such case, all documents, testimony and records shall be received, heard and maintained by the arbitrator in secrecy, available for inspection only by either party

and by their attorneys and experts who shall agree, in advance and in writing, to receive all such information in secrecy. In all other respects, the arbitrator shall conduct all proceedings pursuant to the Uniform Arbitration Act as adopted in the State of Arizona and the then existing rules and regulations of the American Arbitration Association to the extent such rules and regulations are not inconsistent with such Act or this Declaration.

Section 15.8. Rules and Regulations. The Association's Board of Directors shall have the power to adopt, amend and repeal such reasonable rules and regulations as they may from time to time deem necessary or appropriate to effecting and/or interpreting the terms contained herein, such rules and regulations to be promulgated pursuant to the procedures set forth in Section 2.6 hereof. In no event may such rules and regulations be in contravention of the express terms hereof.

Section 15.9. Adjustments to Interest in the Common Elements. Except for subdivisions and combinations which shall be governed by Section 9.2 hereof, in the event of any change in the total number of the Townhome Units subject hereto pursuant to the terms hereof (including those taken pursuant to the power of eminent domain) the interest in the Common Elements appurtenant to each Townhome Unit shall be recomputed and adjusted to a fraction having one (1) as the numerator and the number of Townhome Units in the project following such change in the denominator. Said ratios shall be effective immediately upon recordation with the Maricopa County Recorder of an amendment to this document setting forth such new figures. Said amendment shall be executed by the directors of the Association or such officer of the Association as the Board of Directors shall designate. All assessments made after the date of recordation shall be made in accordance with the amended shares. There shall, in no event, be any retroactive effect on any prior assessments which shall continue to be binding and enforceable as assessed. Each and every Owner, by becoming such, shall be deemed to have expressly consented and agreed to all adjustments made pursuant to this Section and the execution and recording of all documents and instruments necessary to effect the same.

ARTICLE XVI

DURATION; AMENDMENTS

Section 16.1. Duration. This Declaration of Covenants, Conditions and Restrictions shall remain in effect for an initial period of five (5) years from the date of recording and thereafter, shall be deemed to have been automatically renewed for successive terms of ten (10) years; provided, however, that it may be revoked at any time by an instrument in writing, executed and acknowledged by or on behalf of those Members of the Association holding not less than three-fourths (3/4ths) of the votes of each class of voting Members of the Association as defined herein, said instrument to be recorded in the office of the Recorder for the County of Maricopa, State of Arizona.

Section 16.2. Amendment. Amendment of this Declaration during the initial five (5) year period shall require the assent of Members of the Association holding at least two-thirds (2/3rds) of the votes eligible to be cast, except as otherwise expressly provided herein or required by law. Following the expiration of the initial period of five (5) years, this Declaration may be amended at any time by an affirmative vote of the Members of the Association holding at least three-fourths (3/4ths) of the votes eligible to be cast, except as otherwise expressly provided herein or required by law. Any

amendment adopted pursuant hereto shall be executed on behalf of those Members approving the amendment by the directors of the Association or such officers of the Association designated by the Board of Directors, reciting such approval, and shall be effective immediately upon recordation.

Section 16.3. Rule Against Perpetuities. In the event any provision or provisions of this instrument would be but for this provision violative of the Rule Against Perpetuities, such provision or provisions shall be construed as terminated as of the date twenty-one (21) years after the death of the last surviving of Joseph P. Martori, Paul J. Meyer, Edwin F. Hendricks, David Victor and their respective wives and children who shall be living at the time this instrument is executed.

Section 16.4. Right of Amendment if Requested by Governmental Agency or Federally or State Chartered Lending Institutions. Anything in this Declaration to the contrary notwithstanding, Declarant reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by any federal, state or local governmental corporation or agency (including without limitation the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association and the Government National Mortgage Association) which requests such an amendment as a condition precedent to such agency's approval of this Declaration for any purpose, or by any federally or state chartered lending institution as a condition precedent to lending or advancing funds upon the security of the Property or any portion thereof. Any such amendment shall be effected by the recordation, by Declarant, of a Certificate of Amendment duly signed by an authorized representative of Declarant, with such signature acknowledged, specifying the federal, state or local governmental corporation or agency or the federally or state chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the corporation's, agency's or institution's request for such an amendment, and such Certificate, when recorded, shall be binding upon the Property and all persons having an interest in the Property. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions. Except as provided in this Section, Declarant shall not have any right to amend this Declaration otherwise than in accordance with and pursuant to the provisions of Section 16.2 of this Article.

IN WITNESS WHEREOF, the undersigned has caused this Declaration of Covenants, Conditions and Restrictions to be executed as of the 24th day of February, 1981.

TIFFANY PLACE

By: Lake Biltmore Corporation
General Partner

By: _____
Its Vice President

By: Boston Financial Corporation
General Partner

By: _____
Its President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 24th day of February, 1981, before me, the undersigned Notary Public, personally appeared Steve White, the Vice President of Lake Biltmore Corporation, a General Partner of TIFFANY PLACE, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

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

Janet White
Notary Public

My Commission Expires:
My Commission Expires May 15, 1983

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 24th day of February, 1981, before me, the undersigned Notary Public, personally appeared Steve White, the President of Boston Financial Corporation, a General Partner of TIFFANY PLACE, and acknowledged to me that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

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

Janet White
Notary Public

My Commission Expires:
My Commission Expires May 15, 1983

Section 16.4 Right of Amendment if Requested
by Governmental Agency or
Federally or State Chartered
Lending Institution 29

EXHIBIT A LEGAL DESCRIPTION
EXHIBIT B UNDIVIDED INTERESTS IN COMMON ELEMENTS
EXHIBIT C ASSESSMENT SHARES

LEGAL DESCRIPTION

PARCEL NO. 1:

The East 300 feet of Lot 2, Block 5, ORANGEWOOD, according to Book 2 of Maps, page 50, records of Maricopa County, Arizona.

Except the East 7 feet.

PARCEL NO. 2:

The North 187 feet of the East 300 feet of Lot 3, Block 5, ORANGEWOOD, according to Book 2 of Maps, page 50, records of Maricopa County, Arizona.

Except the East 7 feet.

PARCEL NO. 3:

The East 300 feet of Lots 3 and 4, Block 5, ORANGEWOOD, according to Book 2 of Maps, page 50, records of Maricopa County, Arizona.

Except the North 187 feet thereof; and

Except the South 220 feet thereof; and

Except the East 7 feet thereof.

All as platted pursuant to Plat of Dedication recorded in Book 229 of Maps, page 45, Maricopa County, Arizona Recorder.

Each Townhome Unit shall include an undivided 1/40th interest in the Common Elements.

The respective shares of regular and special assessments of the various Townhome Units shall be as follows:

For each Completed Townhome Unit, the share shall be a fraction having one (1) in the numerator and the number of Completed Townhome Units as of the last day of the preceding regular assessment period in the denominator.

For each Uncompleted Townhome Unit, the share shall be zero.

A "Completed Townhome Unit" shall be a Townhome Unit in the project at the time of assessment for which a certificate of occupancy for the Townhome Dwelling located therein has been issued.

"Uncompleted Townhome Units" shall be all Townhome Units other than Completed Townhome Units.

Except as set forth in this Exhibit C and Section 14.1, there shall be no distinction between the rights, privileges and obligations of the Owners of Completed Townhome Units and Uncompleted Townhome Units.