

C C & R'S

DECLARATION OF RESTRICTIONS
ON
HALLCRAFT VILLAS EAST FOUR

THE UNDERSIGNED, owner of that certain real property situated in the State of Arizona, County of Maricopa, more specifically described as follows:

HALLCRAFT VILLAS EAST FOUR, according to the plat of record in Book 149 of Maps, Page 32, records of Maricopa County, Arizona;

which will be developed into the above-named condominium, hereby covenants, agrees and declares that all of said property and apartment units thereof are and will be held, sold and conveyed subject to the following covenants, conditions and restrictions, which are hereby declared to be for the benefit of all the property described herein, and the owners thereof, their heirs, successors grantees and assigns. Every conveyance of any of said apartment units, or property or portion thereof, shall be and is subject to the said covenants, conditions and restrictions, as follows:

1. Said premises are hereby restricted to residential dwellings for residential use.
2. The keeping of domestic animals will abide by the regulations adopted from time to time by the Condominium Association.
3. No advertising signs (except one of not more than five feet square "For Rent" or "For Sale" sign per parcel), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the premises, nor shall the premises be used in any way or for any purpose which may endanger the health or unreasonably disturb the owner of any apartment or any resident thereof. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the premises. Provided, further, however, the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of the Builder, its agents or assigns during the construction and sale period.
4. All clotheslines, equipment, garbage cans, or service yards shall be kept screened by adequate planting. All rubbish, trash, or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon.
5. Except in the individual apartment areas, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon said premises, except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Association's Board of Directors or their designated representative. Except for the right of ingress and egress, the owners of apartment units are hereby prohibited and restricted from using any land or airspace outside the exterior building lines and patio and court enclosures, except as may be allowed by the Association's Board of Directors. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all owners of apartment units and is necessary for the protection of said owners.

6. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the common elements and all exteriors and roofs of the apartment units, including, but not limited to recreation and parking areas, streets and walks, shall be taken by the Board of Directors or by its duly delegated representative. The powers, rights and duties of the Association and Board of Directors shall be as follows, and as may be adopted by its By-laws, not inconsistent herewith:

(a) Membership in the Association shall be limited to record owners of title of apartment units constructed on the property described above. An owner of an apartment unit shall automatically, upon becoming the owner of an apartment unit, be a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease.

In the event any such apartment unit is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to each apartment unit shall be joint and a single membership for such apartment unit shall be issued in the names of all, and they shall designate to the Association in writing at the time of issuance one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

(b) The Association, or its duly delegated representative, shall maintain and otherwise manage all property up to the exterior lines of each apartment unit, including, but not limited to the landscaping, parking areas, streets and recreational facilities, roofs, common elements and exteriors of the buildings located upon the above-described properties, except windows of apartment units, and shall maintain and otherwise manage and be responsible for the rubbish removal of all areas within the above-described property.

(c) The record owner of each apartment unit shall be entitled to one membership in the Association, for himself and his family residing in the apartment unit, which membership shall be subject to all of the provisions of the Association's By-laws, and these Restrictions, as now in effect or duly adopted and amended. Said owner of each such apartment unit, for himself, his heirs, successors and assigns, further covenants that each such apartment unit shall be subject to an assessment in an amount to be determined by the Association, in the following manner:

(1) Such apartment unit's pro-rata share of the actual cost to the Association of all repair and maintenance of common elements and apartments, including, but not limited to, mowing grass, caring for the grounds, sprinkler system, swimming pool, sewer lines, water lines, electric lines, telephone lines, gas lines, roofs, exterior walls of the apartment units, and other charges required by this Declaration of Restrictions;

(2) Such apartment unit's pro-rata share of the actual cost to the Association of such recreational facilities as may from time to time be provided by the Association.

(3) Such apartment unit's pro-rata share of such sums as the Board of Directors of the Association shall determine to be fair and prudent for the establishment and maintenance of a reserve for repair, maintenance, taxes and other charges as specified herein, including fire and other hazard insurance premiums;

(4) Such apartment unit's pro-rata share of such additional sum as the Board of Directors of the Association shall determine to be necessary to meet the primary purpose of the Association;

(5) Each apartment unit's pro-rata share shall be one-two hundred ninth ($1/209$ th) of the total amount determined under sub-paragraphs (1), (2), (3) and (4) above.

7. The record owner of each apartment unit, for himself, his heirs, successors and assigns, further covenants and agrees as follows:

(a) That the common areas and facilities shall remain undivided; and, no owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the condominium.

(b) That the apartment spaces shall be occupied and used by the respective owners only as a private dwelling for the owner, his family tenants and social guests and for no other purpose.

(c) That the owner of the respective apartment spaces shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his respective apartment space, nor shall said owner be deemed to own pipes, wires, conduits or other public utility lines running through said respective apartment spaces which are utilized for or serve more than one apartment space, except as tenants in common with the other apartment unit owners. Said owner, however, shall be deemed to own the walls and partitions which are contained in said owner's respective apartment space, and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including plaster, paint, wallpaper, etc.

(d) That, if any portion of the common areas and facilities encroaches upon an owner's respective apartment space, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event any multifamily structure is partially or totally destroyed, and then rebuilt, the owners of the respective apartment spaces agree that minor encroachments of parts of the common areas and facilities due to construction shall be permitted and that valid easements for said encroachments and the maintenance thereof shall exist.

(e) That, whenever a mortgage loan owned by the Federal Home Loan Mortgage Corp. (herein called "FHLMC") is in effect on any apartment unit, or during any time FHLMC is the owner of an apartment unit in the condominium or is obligated to place or insure a mortgage covering any apartment unit in the condominium, the owners of the apartment units will fully comply with all rules and regulations that may from time to time be adopted by FHLMC relating to mortgages made or insured by it or relating to the administration of the condominium.

(f) That failure of the owners of apartment units to comply with the provisions of this Declaration, the By-laws, the decisions and resolutions of the Association, or the rules and regulations of FHLMC, as lawfully amended from time to time, shall be grounds for an action to recover sums due for damages, or for injunctive relief.

(g) That this Declaration shall not be revoked or any of the provisions herein amended unless all of the owners and the mortgagees of all of the mortgages covering the apartment units unanimously agree to such revocation or amendment by duly recorded instruments.

(h) That no owner of an apartment unit may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas and facilities, or by the abandonment of his apartment unit.

8. All sums assessed by the Association but unpaid for the share of the common expenses chargeable to any family unit shall constitute a lien on such family unit prior to all other liens, excepting only (1) tax liens on the family unit in favor of any assessing unit and special district; and (2) all sums unpaid on the first mortgage of record. Such lien may be foreclosed by suit by the manager or Board of Directors, acting on behalf of the owners of the apartment units, in like manner as a mortgage of real property. In any such foreclosure, the apartment unit owner shall be required to pay a reasonable rental for the apartment unit, if so provided in the By-laws, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The manager or Board of Directors, acting on behalf of the owners of the apartment units, shall have power, unless prohibited herein, to bid in the unit at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

9. Where the mortgagee of a first mortgage of record or other purchaser of an apartment unit obtains title to the unit as a result of foreclosure of the first mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such apartment unit which became due prior to the acquisition of title to such apartment unit by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectable from all of the apartment units, excluding such acquirer, his successor and assigns. As used in this Declaration, the term "mortgage" shall include "deed of trust", and "mortgagee" shall include the "beneficiary under a deed of trust".

10. The respective apartment units shall not be rented by the owners thereof for for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days; or (b) any rental if the occupants of the apartment unit are provided customary hotel services, such

as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Other than the foregoing obligations, the owners of the respective apartment units shall have the absolute right to lease same provided that said lease is made subject to the covenants and restrictions contained in this Declaration, and further subject to the By-laws attached hereto.

11. In the event any multifamily structure subject to this Declaration is totally or substantially damaged or destroyed, the repair, reconstruction or disposition thereof shall be as provided by an agreement approved by 75% of the owners of the apartment units in such damaged or destroyed multifamily structure.

12. In a voluntary conveyance of an apartment unit, the grantee of the unit shall be jointly and severally liable with the grantor for all unpaid assessment by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the manager or Board of Directors of the Association, as the case may be, setting forth the amount of the unpaid assessments against the grantor due the Association, and such grantee shall not be liable for, nor shall the apartment unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the grantor in excess of the amount therein set forth.

13. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the By-laws, shall be deemed to be binding on all owners of apartment units, their successors and assigns.

14. The Board of Directors of the Association or the Management Agent, or Manager, shall obtain and continue in effect blanket property insurance in form and amounts pursuant to the requirements of FHLMC and satisfactory to mortgagees holding first mortgages covering apartment units, but without prejudice to the right of the owner of an apartment unit to obtain individual apartment unit insurance. The insurance premiums for any blanket insurance coverage shall be a common expense to be paid by monthly assessments levied by the Association; and, such payments shall be held in a separate escrow account of the Association and used solely for the payment of the blanket property insurance premiums as such premiums become due.

15. So long as the owner herein, its successors and assigns, owns one or more of the apartment units established and described herein, said owner, its successors and assigns shall be subject to the provisions of this Declaration and all Exhibits attached hereto; and, said owner covenants to take no action which would adversely affect the rights of the Association with respect to assurances against latent defects in the property or other right assigned to the Association, the members of such Association and their successors in interest, as their interests may appear, by reason of the establishment of the condominium.

16. The terms "Declaration" and "Condominium Ownership" as used herein shall mean and include the terms "Master Deed" and "Apartment Ownership", respectively.

