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DECLARATION OF HORIZONTAL PROPERTY REGIME

~~EROP RSTR (PR)~~

TOGETHER WITH

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THE PAVILIONS

in Scottsdale, Maricopa County, Arizona

Declarant:
The Pavilions
an Arizona joint venture
11931 West Bluemound Road
Milwaukee, Wisconsin 53226

RECORDED IN OFFICIAL RECORDS
OF MARICOPA COUNTY, ARIZONA
MAR 20 '85 -8 00
KEITH POLETIS, County Recorder
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DECLARATION OF HORIZONTAL PROPERTY REGIME
TOGETHER WITH
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PAVILIONS

This Declaration is made by The Pavilions, an Arizona joint venture, hereinafter referred to as the Declarant.

ARTICLE I

DECLARATION OF HORIZONTAL PROPERTY REGIME

Section 1. DESCRIPTION. Declarant is the owner of real property in Scottsdale, Maricopa County, Arizona, described on the attached Exhibit A (the "Real Estate"). The Real Estate has a land use classification as a Residential Condominium Development according to the Tract Declaration recorded in the office of the County Recorder of Maricopa County, Arizona, as Instrument No. 84 295457. This Declaration is being imposed by Declarant upon the Property.

Section 2. DECLARATION. Pursuant to Arizona Revised Statutes, Sections 33-551 to 33-561 inclusive, Declarant does hereby submit the Real Estate including the improvements to be constructed thereon, and all easements, rights and appurtenances belonging thereto, to a Horizontal Property Regime and said Declarant does further hereby declare that all of such Property (as hereinafter defined) shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved, subject to the following covenants, conditions and restrictions, all of which are declared to be in furtherance of a plan for the improvement, development and sale of said Property and are established for the purpose of enhancing and perfecting the value and desirability of said Property and every part thereof.

Section 3. CUBIC CONTENT SPACE.

(a) DESCRIPTION OF THE SPACE OF THE BUILDING. There shall be forty-one (41) multi-unit buildings in the Horizontal Property Regime, identified as Buildings 1-41 numbered consecutively on Exhibit B attached hereto (each a "Building"). The cubic

content space of each Building and the Dwellings therein are more fully set forth and described in Exhibit B, being a reduced copy of a plat, recorded in the office of the County Recorder for Maricopa County, in Book 280 at Page 26.

(b) DESCRIPTION OF SPACE OF DWELLING. The Horizontal Property Regime shall be composed of one hundred thirty-four (134) individual Units. Each Dwelling in the Horizontal Property Regime shall be numbered as shown in Exhibit B.

(c) DESCRIPTION OF GENERAL COMMON ELEMENTS. The General Common Elements shall include all of said Property, all as is more fully set forth and described herein and in Exhibit B, except for a Dwelling as defined. The Common Elements 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 Common Elements which shall be owned in common by the Owners hereof. Said ownership shall be evidenced by the deed of ownership for each of said Dwellings.

(d) DESCRIPTION OF SPACE FOR EXCLUSIVE USE. There shall be additional areas constituting a portion of the General Common Elements which are hereby set aside and located for the exclusive use of the Dwellings as follows:

(1) Each Dwelling shall have exclusive use of the mailbox designated with the corresponding Dwelling number.

(2) Each Dwelling shall have exclusive use of one two-car attached garage and the approach thereto as parking spaces designated by a combination of letters and numbers which includes the number of the Dwelling to which the spaces are assigned. The spaces are more fully shown on Exhibit B. No vehicle may be placed, parked or stored on the garage approach for more than twenty-four (24) consecutive hours. All other uncovered, unassigned parking spaces, if any, are for guest use and may not be used by Owners and Residents of a Dwelling.

(3) Each Dwelling shall have the exclusive use of a space of a size and location adequate to install, operate and maintain refrigeration and heating units, said areas to be as originally designed, designated and installed by Declarant or as subsequently approved by the Board.

(4) Each Dwelling shall have exclusive use of an area of a size and location adequate to install, operate and maintain utility meters, said areas to be as originally designed, designated and installed by Declarant or as subsequently approved by the Board.

(5) Each Dwelling shall have exclusive use of a patio or deck assigned to that Unit.

(e) FRACTIONAL INTEREST. Until or unless changed, pursuant to Article III or Article XII hereof, each Dwelling shall include a 1/134 undivided fractional interest in the Common Elements.

Section 4. GAINNEY RANCH AND THE GAINNEY RANCH COMMUNITY ASSOCIATION. The Real Estate is a part of an area known as Gainey Ranch. The Property and this Declaration are subject and subordinate to the terms and conditions of the "Gainey Ranch Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements" dated March 23, 1984 and recorded by Markland Properties, Inc. (together with its successors and assigns the "Master Declarant"), on March 29, 1984 as Instrument No. 84 130211, Records of Maricopa County, Arizona, as amended by the "First Amendment to the Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements" dated September 19, 1984 and recorded on December 26, 1984 as Instrument No. 84 553071, Records of Maricopa County, Arizona (together the "Master CC&R"), the Tract Declaration, Gainey Ranch, Parcel 1, dated July 5, 1984 and recorded on July 6, 1984 as Instrument No. 84 295457, Records of Maricopa County, Arizona (the "Tract Declaration") and the Articles, Bylaws and Architectural Committee (the "Master Architectural Committee") Rules (hereinafter jointly referred to as the "Master Association Documents") of The Gainey Ranch Community Association (the "Master Association"), including all amendments to the Master CC&R, Tract Declaration and the Master Association Documents. In the event of any conflict between this Declaration and the provisions of the Master CC&R, Tract Declaration or the Master Association Documents, the provisions of the Master CC&R, Tract Declaration or the Master Association Documents, as applicable, shall control. In addition, anything in this Declaration to the contrary notwithstanding:

(a) the prior written consent or approval of the Board of Directors of the Master Association (the "Master Board") will be required for any of the following actions by the Declarant:

(1) All mergers under Article III, Section 1, of this Declaration.

(2) All modifications under Article III, Section 2 of this Declaration other than interior modifications.

(3) Any other action with respect to which approval is required under the Master CC&R, Tract Declaration or the Master Association Documents including but not limited to any amendment to this Declaration and any easements or dedications granted under Article IV, Section 1(d) or Article VIII, Section 14(d) of this Declaration.

(b) any approval, consent or determination granted or made by the Board or Council under this Declaration shall not constitute an approval, consent or determination by the Master Association, the Master Board or any committee of the Master Association and all requirements under the Master CC&R, Tract Declaration or the Master Association Documents for approval, consent or determination by the Master Association, the Master Board or any committee of the Master Association of any action, undertaking or situation shall remain in full force and effect even though the action, undertaking or situation requiring such approval, consent or determination has been acted upon by the Council or the Board.

ARTICLE II

DEFINITIONS

Section 1. "Articles" means the Articles of Incorporation of the The Pavilions Council of Co-Owners which are or shall be filed in the office of the Corporation Commission of the State of Arizona, or its successor, as said Articles may be amended from time to time.

Section 2. "Board" means the Board of Directors of the The Pavilions Council of Co-Owners.

Section 3. "Building" means each structure designated as a building on Exhibit B in accordance with Arizona Revised Statute 33-551(2) (1962).

Section 4. "By-Laws" means the By-Laws of the The Pavilions Council of Co-Owners, as such By-Laws may be amended from time to time.

Section 5. "Convey" means the execution and delivery in recordable form of a deed or an agreement of sale of an interest in a Unit.

Section 6. "Co-Owner" means a person, corporation, partnership or other legal entity capable of holding or owning an interest in real property who owns all or an interest in a Dwelling as described herein (sometimes referred to herein as "Owner"), and shall enjoy all the privileges thereof.

Section 7. "Co-Owner's Interest" means the fractional interest ascribed to each Dwelling by this Declaration.

Section 8. "Council" means all of the Owners of the Dwellings, pursuant to A.R.S. §33-551(5) and refers to the The Pavilions Council of Co-Owners, an Arizona corporation not for profit, formed as an entity pursuant to A.R.S. §10-1002 et seq. through which the Owners shall act as a council of Co-Owners in accordance with Arizona law permitting Horizontal Property Regimes and the organization and management thereof. The Council shall have no rights under this Declaration until it has been incorporated.

Section 9. "Declarant" shall initially mean The Pavilions and its specifically designated successors in interest and assigns. It is provided, however, that the Master Declarant shall become, and shall be deemed for all purposes to be, the "Declarant" hereunder if it succeeds to ownership of the Property, or any part thereof, pursuant to the terms of that certain Memorandum of Purchase Option and Right of First Refusal, by and between Declarant and Master Declarant, dated June 29, 1984, which was recorded in Maricopa County Records, Instrument No. 84 295460, on July 6, 1984, and makes the election to become Declarant as provided in Article IX, Section 2 hereof. Declarant shall also mean any person, entity or firm to which there is transferred part or all of the Property for the purpose of development thereof by such party and Declarant assigns its rights hereunder to such party. Thereafter, such person, entity or firm shall be deemed to be Declarant hereunder and Declarant (as initially defined herein) shall have no further responsibility or obligation under or pursuant to this Declaration.

Section 10. "Declaration" means this document, as the same may be amended and supplemented from time to time.

Section 11. "Dwelling" means a separate freehold estate consisting of an airspace defined as follows:

(a) The lower horizontal boundary is the upper surface of the unfinished floor thereof.

(b) The upper horizontal boundary is the lower surface of the unfinished ceiling or ceilings thereof.

(c) The lateral boundaries are the unfinished interior surfaces of the perimeter walls, windows and doors thereof and vertical planes coincidental with the unfinished interior surfaces of the perimeter walls thereof, extended upwards to intersect the upper horizontal boundary.

(d) Each such Dwelling includes the surfaces so described, the airspace contained within said boundaries, and the range, garbage disposal units, and other household appliances lying within said boundaries.

The following are not part of a Dwelling: Structural parts of the Building, bearing walls, columns, vertical supports, roofs, floors, foundations, slabs, all waste, water and gas pipes, chimneys, ducts, flues, conduits, wires and other utility and installation lines wherever located, except the outlets and taps thereof when located within the Dwelling. In interpreting deeds, plats, declarations and plans, the existing physical boundaries of a Dwelling or a Dwelling reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, plat, plan or declaration, regardless of settling or lateral movement of the Building and regardless of minor variances between the boundaries as shown on the plan or in the deed and declaration and those of the Building.

Section 12. "General Common Elements" or "Common Elements" means all of the Property not included in the Dwellings.

Section 13. "Improvement" means all physical structures including, but not limited to, the Buildings, private drives, parking areas, fences and walls, recreational facilities and all landscaping, including, but not limited to, hedges, plantings, trees and shrubs of every type and kind.

Section 14. "Lease" means and refers to any agreement for the leasing or rental of the Unit whether written or oral and includes any agreement written or oral for the exchange or use of a Unit by one other than the Owner whether payment of rent is a provision or not.

Section 15. "Member" means any person, corporation, partnership, joint venture or other legal entity which is a member of the Council and is synonymous with "Co-Owner or "Owner".

Section 16. "Mortgage," "Mortgagor" and "Mortgagee" mean and refer to all instruments establishing or reserving a security interest in a Unit and the parties thereto, including a Deed of Trust, and Trustors, Trustees and Beneficiaries under Deeds of Trust. A "first Mortgage" is one which is entitled to priority over all other Mortgages for such Unit, without regard to other liens and encumbrances.

Section 17. "Property" means the Real Estate committed to the Horizontal Property Regime hereunder, the Buildings, all other Improvements located thereon, and all easements, rights and appurtenances belonging thereto.

Section 18. "Recreation Vehicle" means a camper, motor home or trailer for sleeping purposes, with or without cooking and bathroom facilities, boat and trailer for transporting any of the foregoing, and does not include disabled vehicles. The Board may change or supplement this definition without amending this Declaration by means of a resolution duly adopted.

Section 19. "Unit" means a Dwelling with the appurtenant easements plus a Co-Owner's Interest.

ARTICLE III

MERGERS AND MODIFICATIONS

Section 1. MERGERS, CONSOLIDATIONS OR AFFILIATION.
Upon a merger, consolidation or affiliation of the Council with another council, the Council's properties, rights and obligations may, by operation of law, be transferred to the surviving, consolidated or affiliated council, or, alternatively, the properties, rights and obligations of the other council may by operation of law be transferred to the Council. The surviving or consolidated Council shall administer the covenants, conditions and restrictions established by this Declaration within the Property, together with the covenants and restrictions established upon any other property as one plan. Management, maintenance and government of property not committed to a horizontal property regime may be affiliated with the management, maintenance and government of the Property in order to achieve economies of scale. Such

merger, consolidation or affiliation shall be approved by a majority of the Board.

Section 2. MODIFICATIONS OF UNSOLD UNITS. Declarant hereby reserves the right, acting alone but subject to receipt of the prior written approval of the Master Board, to modify any recorded plat or supplemental plat of the condominium in order to modify the interior divisions or other matters affecting Dwellings located only in Buildings in which no Dwellings have been sold; provided that such modifications shall not affect the voting rights or Common Elements appurtenant to other Dwellings. For such purpose, each person accepting a deed to a Unit hereby appoints, empowers and constitutes as such person's attorney-in-fact the agent of Declarant who executes such instruments as are necessary to accomplish the foregoing. Such attorney-in-fact may also execute such instruments on behalf of all Unit owners. Such appointment shall be deemed coupled with an interest and irrevocable.

ARTICLE IV

PROPERTY RIGHTS

Section 1. OWNER'S RIGHT OF ENJOYMENT. Each Owner shall have the right to use the Common Elements in common with all other Owners within the Property as may be required for the purposes of ingress and egress to and from, and use and occupancy and enjoyment of the respective Unit owned by such Owner, and for such other related purposes as from time to time may be prescribed by the Board. Such right to use the Common Elements shall extend to each Owner and the agents, servants, tenants, family members and invitees of each Owner. Such rights to use and possess the Common Elements shall be subject to all matters of record, shall be governed by this Declaration, the Articles and By-Laws and shall be subject to the following:

(a) The right of the Council to establish reasonable rules, regulations and fees for use of Common Elements.

(b) The right of each Owner to have exclusive use of spaces provided in Article I, Section 3.

(c) The right of the Council to limit the number of guests of Owners and also the right to suspend the right of an Owner to use the Common Elements or any portion thereof designated by the Board during any time in which any assessment against his Unit remains unpaid and delinquent or for a period

not to exceed thirty (30) days for any single infraction of the rules and regulations of the Council, provided that any suspension of such right to use such Common Elements, except for failure to pay assessments, shall be made only by the Council or a duly appointed committee thereof, after notice and hearing given and held in accordance with the By-Laws. Notwithstanding the foregoing, the Council shall not have the right hereunder to suspend any Owner's right to use any portion of the Common Elements necessary for such Owner to gain access to his Dwelling.

(d) The right of the Council to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility, for such purposes and subject to such conditions as may be agreed to by the Members. Except for utility easements, no such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Owners agreeing to such dedication or transfer has been recorded and shall be subject to the provisions of Section 14(d) of Article VIII hereof.

ARTICLE V

COUNCIL OF CO-OWNERS

Section 1. PURPOSE. It is desirable for the efficient management of the Property and the preservation of the value and attractiveness of the Property to create a corporation to which should be delegated and assigned the powers of governing the Common Elements of the Property, maintaining and administering the Common Elements and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessments and charges hereinafter created and referred to and to perform such other acts as shall generally benefit the Property.

Section 2. FORMATION.

(a) In furtherance of the purposes set forth in Section 1 hereof, the Declarant shall cause the Council to be incorporated.

(b) The Board shall be empowered to determine and decide all questions regarding enforcement of these restrictions and assessments or charges necessary for maintenance of Common Elements, for the use and benefit of all Owners, except as provided in the By-Laws, and shall be empowered to make rules for the use of Common Elements. Any

rule, a copy of which is delivered or mailed to an Owner at his last known address or which is posted on a central bulletin board, shall be enforceable to the extent and in the same manner as this Declaration thirty (30) days following such delivery, mailing or posting.

(c) The Master Association shall furnish management, maintenance and management support services as specified in Article X, Section 4, Article XII, Section 5 and Article XIII, Section 4 of the Master CC&R. The Board shall pay to the Master Association all costs incurred by the Master Association in furnishing such services.

(d) The Board shall have the right and power, as it deems necessary and appropriate, to borrow funds, for Council purposes set forth in this Declaration, on such terms and conditions as it deems acceptable including the giving of collateral therefor provided that such collateral shall not consist of a mortgage on a Unit or the Common Elements (except if title thereto is held by the Council) and provided that an Owner may discharge any rights which a creditor may acquire in a Unit upon payment only of a share of the obligation due based upon the share of common expenses attributable to such Unit.

(e) The members of the Board may receive remuneration for services rendered as a Board member, as set forth in the By-Laws.

(f) Except as otherwise provided herein, any action which may be taken by the Council may be taken by the Board.

Section 3. CONDOMINIUM INSTRUMENTS. The Council shall make available to Owners and to holders, insurers or guarantors of any Mortgage, current copies of this Declaration, the By-Laws, Rules and Regulations and the books, records and financial statements of the Council. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Section 4. FINANCIAL STATEMENTS. The holder, insurer or guarantor of any first Mortgage shall be entitled, upon written request, to a copy of the financial statement for the immediately preceding fiscal year of the Council, prepared without expense to such requesting party. Such financial statement shall be furnished by the Board or, if appropriate, the managing agent, within a reasonable time following such request.

Section 5. BUDGET. The Board shall annually, on the basis of a calendar year, prepare a budget which

shall determine the funds required by the Association during each year to operate and maintain the Common Elements and to provide or cause to be provided the other maintenance obligations of the Association as set forth in this Declaration, to pay the expenses of the Association and to otherwise fund the expenses contemplated by the Articles and Bylaws of the Association and by this Declaration, which budget shall not be effective until it has been submitted to, and reviewed and approved by, the Master Board. The budget shall be so submitted on or before December 1 of each year.

Section 6. APPOINTEE TO COUNCIL OF PRESIDENTS. The President of the Association shall be the Association's appointee to the Council of Presidents as created by the Master CC&R. The President of the Association shall give due heed to the wishes and requests of the Board and Members when representing the Association before the Council of Presidents.

ARTICLE VI

COVENANT FOR ASSESSMENTS

Section 1. PERSONAL OBLIGATION OF ASSESSMENTS. Each Owner, by acceptance of a deed, except as provided for in this Article, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Council: (1) annual assessments (paid as provided herein) for commonly metered utilities, insurance, maintenance, management, management support, utilities for common areas, and other general expenses including reserves for contingencies, maintenance, repair and replacement, hereafter referred to as "annual assessments" and (2) special assessments for capital improvements, such assessments to be established and collected as provided in the Articles and By-Laws. The annual and special assessments, late payment penalties, if any, together with interest, costs, and reasonable attorney's fees, shall be a lien upon the Unit as created by the Articles or By-Laws. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Unit at the time the assessment was levied. The Owner's personal obligation to pay assessments shall not be limited by any right to setoff, offset or withholding which the Owner may claim. The personal obligation for delinquent assessments shall not pass to successors in title unless expressly assumed by them, or unless prior to the transfer of title as evidenced by the records of the County Recorder or other appropriate governmental agency, a lien for such assessment shall have been filed or recorded. Payment of assessments hereunder shall be

made to the Master Association in accordance with the Master CC&R.

Section 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Council shall be used exclusively to promote the recreation, health, safety, and welfare of all Owners, for the improvement and maintenance of the Common Elements, and for all purposes set forth in the Articles, including but not limited to, management fees, insurance premiums, expenses for maintenance, repairs and replacements of Common Elements, reserves for contingencies, payments owing to the Master Association, charges for all commonly metered utilities for the Property and other utilities for the Common Elements, and enforcement of this Declaration, the Articles, By-Laws and rules.

(b) The Council shall establish and maintain a reserve fund for periodic maintenance, repairs and replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board. Such fund shall be deposited in an account insured by the FDIC. The reserve fund is for the purpose of effecting maintenance, replacement or repair because of damage, depreciation or obsolescence of Common Elements.

(c) Upon close of escrow, the original purchaser of each Unit from the Declarant shall pay an amount equal to not more than one-fourth (1/4) but not less than one-sixth (1/6) the annual assessments into an operating reserve account, the purpose of which is to provide operating funds and continuity of services during the initial period of operation and a measure of financial stability during periods of special stress. Such funds may be used to meet deficiencies from time to time as a result of delinquent payments of assessments by Owners and other contingencies. Reimbursement shall be made to the account upon payment of delinquent fees for which funds were withdrawn from the reserve. Such payment shall be refundable upon subsequent sale of the Unit provided that the purchaser of the Unit has paid a like amount into this account. Such fund shall be deposited in an account insured by the FDIC. All amounts placed in the reserve shall not be deemed advance payments of annual assessments.

(d) By appropriate action of the Board, the Council may continue and maintain the operating reserve account by allocation and payment thereto monthly of an amount not to exceed five percent (5%) of the monthly assessments chargeable to the Owners pursuant to the By-Laws.

(e) Assessments shall also be used for payment of the Association's (or the Owner's) pro rata share of costs for the Master Security System as more fully described in Article XI hereof, if not separately billed or assessed by the Master Association.

Section 3. UNIFORM RATE OF ASSESSMENT. Both annual and special assessments must be fixed at a uniform rate for all Units and shall be collected on a monthly basis.

Section 4. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS. The annual assessment shall commence as to all Units on the first day of the month following the close of escrow of the first Unit by Declarant to another Owner; provided, however, that Declarant shall not be obligated to pay such assessment on a Unit(s) it owns until such Unit(s) is certified for occupancy by the appropriate governmental authority having jurisdiction. If the amount budgeted to meet common expenses for the then current year proves to be excessive in light of the actual common expenses, the Board in its discretion may either reduce the amount of the annual assessment or may abate collection of assessments as it deems appropriate. Until such time as voting control of the Council passes from Declarant to the Owners, in no event shall a reduction in the amount or the abatement in the collection of regular assessments pursuant to this Section result in a quantity or quality of services diminished from those upon which the budget for the year in question is based.

Section 5. MAXIMUM ASSESSMENT.

(a) Until May 31 of the year immediately following the conveyance by Declarant of the first Unit to an Owner, the monthly portion of the annual assessment shall be no more than One Hundred Twenty-five Dollars (\$125.00).

(b) Assessments may also be charged under the terms of the instruments referenced at Article I, Section 4 hereof but such assessments are not levied by the Council and are in addition to any assessments which are levied by the Council. If the Council undertakes to collect such additional assessments, such additional assessments shall not affect or be considered a part of the limits on assessments of the Council set forth in this Declaration.

Section 6. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Council may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement

upon the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 7. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION AND THE MASTER ASSOCIATION. Each Owner shall be deemed to covenant and agree to pay to the Association the assessments provided for herein, and agrees to the enforcement of the assessments in the manner herein specified. In the event the Association employs an attorney or attorneys for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred (whether or not suit or proceedings are instituted or filed) in addition to any other amounts due or any other relief or remedy obtained against said Owner. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, in addition to any other remedies herein or by law provided, the Association may enforce each such obligation in any manner provided by law or in equity, or without any limitation of the foregoing, by either or both of the following procedures:

(a) ENFORCEMENT BY SUIT. The Board may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of eighteen percent (18%) per annum from the date of delinquency, court costs and reasonable attorneys'

fees in such amount as the Court may adjudge against the delinquent Owner.

(b) ENFORCEMENT BY LIEN. There is hereby created a claim of lien on each and every Unit within the Property to secure payment to the Association of any and all assessments levied against any and all Owners of such Units covered by this Declaration, together with interest thereon at the rate of eighteen percent (18%) per annum from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time after the occurrence of any default in the payment of any such assessment, the Association, or any authorized representative, may, but shall not be required to, make a written demand for payment to the defaulting Owner on behalf of the Association. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, or even without such a written demand being made, the Association may elect to file such a claim of lien on behalf of the Association against the Unit of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any officer or any duly authorized agent of the Association, and shall contain substantially the following information:

- (1) The name of the delinquent Owner;
- (2) The legal description and street address of the Unit against which the claim of lien is made;
- (3) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs and reasonable attorneys' fees (with any proper offset allowed);
- (4) That the claim of lien is made by the Association pursuant to this Declaration; and
- (5) That a lien is claimed against said Unit in an amount equal to the amount stated.

Upon recordation of a duly executed original and one (1) copy of such claim of lien, and mailing or delivering a copy thereof to said Owner at the address of the Unit, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Unit against

which such assessment was levied. Such a lien shall have priority over all liens or claims created subsequent to the recordation of the claim of lien thereof, except only tax liens for real property taxes on any Unit, assessments on any Unit in favor of the municipal or other governmental assessing entity, and the liens which are specifically described in Article VI, Section 9 hereof. Any such lien may be foreclosed by appropriate action in court in the manner provided by law for the foreclosure of a deed of trust or a realty mortgage, as provided by the laws of the State of Arizona, as the same may from time to time be amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners. The lien created and imposed upon the Unit against which the assessment was made also is created with the power of sale in the Board, and such power of sale may be exercised in the manner provided by law under a trust deed as set forth by the laws of the State of Arizona, as the same may from time to time be amended. The Association shall have the power to bid (including the right and power to make a so-called "credit bid" for the amount of the obligation secured by the lien) at any foreclosure or trustee's sale and to purchase, acquire, hold, lease, mortgage and convey any such Unit so acquired. In the event of such foreclosure, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a Unit, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

In addition to the remedies set forth above, and not by way of any limitation thereon, in the event that the Master Association takes control of the Association pursuant hereto and pursuant to the Master CC&R, all of the rights and remedies afforded to the Association with respect of assessment liens and delinquent assessments shall immediately devolve upon and be exercisable by the Master Association, at its election, and/or by its appropriate designees.

Section 9. SUBORDINATION OF ASSESSMENT LIEN. The lien for assessments and other costs provided for herein in connection with a given Unit shall be subordinate to any Assessment Lien (as defined in the Master CC&R) on the Unit and to the lien of any Mortgage made in good faith and for value that is of record as an encumbrance against such given Unit prior to the recordation of a notice of assessment against such given Unit in the manner provided for in the Articles or By-Laws (such Mortgage being hereinafter referred to as a "prior mortgage"). The sale or transfer of any Unit shall not affect either the assessment lien provided for herein nor the creation and enforcement thereof in accordance with this

Declaration except as set forth below, on account of delinquent assessments whether such assessments become due prior to, on or after the date of such sale or transfer, and regardless of whether or not the Owner as to which such lien is so created and enforced is personally obligated to pay any or all of the delinquent assessments as to which such lien is created. For the purposes of this Section, a sale or transfer of a Dwelling shall occur on the date of recordation of a deed or other instrument of title conveying record title to the Dwelling to the purchaser or transferee. A sale or transfer pursuant to a foreclosure shall extinguish a subordinate lien; provided that any such delinquent assessment may be reallocated and assessed to all Units as a common expense.

Section 10. CERTIFICATE OF PAYMENT. The Council shall, upon demand, furnish to any Owner or to a Mortgagee, a certificate in writing signed by an officer or authorized agent of the Council, setting forth whether the assessments on a specified Unit have been paid, and the amount of delinquency, if any. A reasonable charge not to exceed two percent (2%) of the annual assessment may be collected by the Board for the issuance of such certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

ARTICLE VII

MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP NON-SEVERABLE. Every Owner of a Dwelling which is subject to assessments shall be a Member of the Council. Membership shall be appurtenant to and may not be separated from ownership of a Dwelling which is subject to assessment. The rights and obligations of an Owner and membership in the Council shall not be assigned, transferred, pledged, conveyed, or alienated in any way except by transfer of ownership to such Dwelling, whether by purchase, intestate succession, testamentary disposition, foreclosure of a Mortgage of record, or such other legal process as is now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Dwelling shall operate to transfer said membership to the new Owner thereof, and a charge of Fifty Dollars (\$50.00) shall be assessed and paid to the Council by the transferee in each such transfer. The Board may by appropriate action change the amount of said charge without amending this Declaration.

Section 2. VOTING AND CONTROL.

(a) Members shall be all Owners and shall be entitled to one (1) vote for each Dwelling owned except that Declarant shall be entitled to an additional two (2) votes for each Unit it owns. Declarant's additional votes shall no longer be available to it upon the happening of the event described in (b) below. When more than one (1) person hold an interest in any Dwelling all such persons shall be Members. The vote for such Dwelling shall be exercised as the Owners determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Dwelling (or three (3) votes in Declarant's case) and fractional votes shall not be allowed. Except for Declarant, if more than one vote is cast for a particular Dwelling, none of the votes for such Dwelling shall be counted and said votes shall be deemed void.

(b) Notwithstanding the voting rights above, Declarant, or any party to whom Declarant specifically assigns such rights, shall control the Property and shall have the exclusive right to appoint or reappoint the members of the Board until one hundred twenty (120) days after seventy-five percent (75%) of the total number of Units reserved herein have been sold to purchasers (except persons who succeed to the special privileges and responsibilities of the position of Declarant).

(c) Until such time as control of the Council is passed to the Owners, all rights, obligations, discretion, power and authority granted to such Council, including the right and obligation to collect assessments and to make contracts or agreements on behalf of the Council for maintenance of Common Elements and operation of the Council shall remain with the Declarant.

(d) Within one hundred twenty (120) days after seventy-five percent (75%) of all Units which have been reserved herein have been conveyed to purchasers by Declarant (except persons who succeed to the special privileges and responsibilities of the position of a Declarant), Declarant shall turn over control to the Council and shall:

(1) Deliver to the Council (i) any operating and reserve funds collected by the Declarant from Owners, (ii) any insurance policies held by Declarant with respect to the General Common Elements and (iii) all rights to any utility deposits made with respect to the General Common Elements; and

(2) Contribute to the Council an amount sufficient, in the determination of the Master Association, to cause the Council to have an operating reserve fund equal to five percent (5%) of all operating and maintenance costs incurred by the Council and the Declarant from the recordation of the Tract Declaration to the date control is relinquished.

(e) For purposes of subsections (b), (c) and (d) above, the total number of Units reserved herein is 134 as of the recordation hereof.

ARTICLE VIII

RESTRICTIONS ON USE

Section 1. RESIDENTIAL USE. A Dwelling shall be used, improved and devoted exclusively to residential use. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any such property. Nothing herein shall be deemed to prevent any of the following:

(a) Lease of a Dwelling or portion thereof from time to time by the Owner subject to all the provisions of this Declaration.

(b) Any promotional, sales, leasing, construction or management activities on the Property by the Declarant, whether in a Unit or elsewhere.

(c) Use of one or more Units as models or offices by a broker, manager or other agent of the Council or Declarant.

Section 2. ANIMALS. No animals, birds, fowl, poultry or livestock, other than a reasonable number of domestic dogs, cats, fish, and birds in cages shall be maintained in any Dwelling and then only if they are kept therein solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, nor to become a nuisance. No animal shall be chained or tied outdoors. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be visible from a neighboring Dwelling or street. Upon the written request of any Owner, the Council shall conclusively determine, in its sole and absolute discretion, whether, for the purpose of this paragraph, a particular animal or bird is a generally recognized household pet, or a nuisance, or whether the number of animals or birds in any Dwelling or the Common Elements is

reasonable. Any decision rendered by the Council shall be enforceable in the same manner as other restrictions contained herein. The Council shall have the right to prohibit maintenance of any animal or bird which constitutes, in the opinion of the Council, a nuisance to any other Owner. As used in this Declaration, the term "reasonable number" shall be deemed to limit the number of dogs, cats, and birds to two (2) of any combination of the above animals. Dogs and other animals must be kept on a leash when not confined in the Owner's Dwelling. No Owner shall permit its dog or animal to create unsanitary conditions anywhere on the Common Elements. When such conditions are created, the Owner will be assessed Fifty Dollars (\$50.00) per incident for cleanup expenses by the Council, and the Council or any Owner may seek other satisfaction as permitted by law and this Declaration. The amount of assessment may be changed by the Board without amending this Declaration.

Section 3. ANTENNAS. No antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any Property, except with the prior approval of the Master Architectural Committee and of the Board on such terms and conditions as the Master Architectural Committee and Board may require.

Section 4. UTILITY SERVICE. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals shall be erected, placed or maintained anywhere in or upon any Property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on Buildings or other structures approved by the Board. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incidental to the construction of Buildings or structures approved by the Board, nor to abrogate any rights granted by Section 14 of this Article.

Section 5. IMPROVEMENTS AND ALTERATIONS.

(a) No exterior changes whatsoever shall be commenced, erected, maintained, made or done without the prior written approval of the Master Architectural Committee and the prior written approval of the Board or any committee established by the Board for that purpose. By way of illustration but not of limitation the following are considered exterior changes: painting, landscaping, except within the enclosed patio, repairs, excavation, patio covers, screens, doors, evaporative coolers, fireplaces, skylights, storage

buildings, solar collectors, shade screens, awnings, window coating or tinting, decorative alterations or other work which in any way alters the exterior appearance of any property. The Board, or committee established by the Board for that purpose, may designate design, style, model and manufacturer of any exterior improvement or alteration which is acceptable to the Board. Such designations shall be for the purpose of achieving uniformity of appearance and preservation of property values.

(b) No interior structural changes whatsoever shall be commenced, erected, maintained, made or done without the prior written approval of the Board or any committee established by the Board for that purpose. By way of illustration but not of limitation the following are considered interior structural changes: moving, removing, adding or altering walls, doorways, and the like.

Section 6. TEMPORARY OCCUPANCY. No temporary buildings, tents, vehicles or structure of any kind shall be used at any time for a residence on the Property. By way of illustration, but not limitation, no Recreation Vehicle may be used for overnight accommodations on the Property. However nothing herein shall prevent the use of a mobile construction office and sales office during construction and sales.

Section 7. VEHICLES.

(a) No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired on the Property and no inoperable vehicle may be stored or parked on the Property; provided, however, that the provisions of this Section shall not apply to (i) emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Master Association and the Council; and (ii) vehicles parked in garages on Lots or Parcels so long as such vehicles are in good operating condition and appearance and are not under repair. No Recreational Vehicle shall be permitted upon the Property.

(b) All vehicles shall be parked only in spaces designated on Exhibit B. Any vehicle which is parked in violation of this Declaration or of fire and safety regulations of the City of Scottsdale shall be towed from the premises at the direction of the Board or its agent. Whenever possible, a notice of intent to tow shall be placed on the vehicle for eight (8) hours prior to towing, or for such period of time as is consistent with safe practices. The recording of this Declaration shall constitute legal notice of intent to tow, as

though the Property were posted in accordance with any applicable state and local law.

(c) Doors to garages must be kept closed at all times unless actual use of the doorway is then being made.

Section 8. REPAIR AND MAINTENANCE.

(a) BY OWNER. Each Owner of a Dwelling shall maintain, repair, replace and restore at his own expense all portions of the Dwelling, including the heating and cooling equipment, and such maintenance, repair, replacement or restoration shall be subject to control and approval of the Council. Each Owner shall be responsible for installation and maintenance of the patio landscaping in such a manner as not to interfere with the use and enjoyment of any other Owner of any of the Property, including the Common Elements.

(b) BY THE COUNCIL. The Council shall have full power to control, and it shall be its duty to maintain, repair and make necessary improvements to all Common Elements. The Council shall further be empowered with the right and duty to periodically inspect all Common Elements in order that minimum standards of repair, design, color and landscaping shall be maintained for beauty, harmony and conservation of values within the Property.

(c) GENERAL MAINTENANCE. If the Council determines that the Common Elements are in need of improvement, repair or restoration or that the landscaping is in need of installation, repair or restoration, the Council shall undertake to remedy such condition and the cost thereof shall be charged to the Owners as an assessment under Article VI hereof. Such special assessment shall not be subject to the requirements of Article VI, Sections 5, 6 and 7. The Owners hereby grant and the Council shall have a limited right of entry in and upon all Common Elements and a Dwelling. Reasonable requests for entry shall be made and such entry shall be at a time reasonably convenient to the subject Owner. Nothing in this Article shall in any manner limit the right of the Owner to exclusive control over the interior of his Dwelling; provided, however, that an Owner shall and hereby does grant the right of entry therein to the Council or any other Owner, or their authorized representatives, or any other person, in case of any emergency originating in or threatening his Dwelling, whether the Owner is present or not.

(d) REPAIR NECESSITATED BY OWNER. If the Council determines that the Common Elements are in need of improvement, repair or restoration, that private patio landscaping is in

need of maintenance, trimming or other care, or that the Common Elements landscaping is in need of installation, repair or restoration which has been caused by an Owner, or any person designated by the Owner or the Owner's pets, then the Council shall give written notice to the Owner of such conditions. Unless the Board has approved in writing corrective plans proposed by the Owner to remedy the condition complained of within such reasonable period of time as may be determined by the Board after said written notice is first given, and such corrective work so approved is not completed thereafter within the time set by the Board, the Council shall undertake to remedy such condition or violation. The cost thereof, to the extent not covered by insurance, shall be deemed to be an assessment to such Owner and his Dwelling and subject to levy, enforcement and collection provided for in the Articles or By-Laws. The Council shall have the same right of entry in and upon all Common Elements and a Dwelling as defined in Subsection 8(c) of this Article. The Board shall have the sole right to determine whether any such costs expended by the Council are related to general maintenance or are repairs necessitated by an Owner.

Section 9. NUISANCES. No nuisance shall be permitted to exist or operate upon any Property so as to be offensive or detrimental to any other Property in the vicinity thereof or to its occupants. Without limiting the generality of the foregoing, the following shall be presumed to be a nuisance:

(a) rubbish, debris, building material or personal property of any kind which is placed or permitted to accumulate upon or adjacent to any Property or any odors which arise therefrom, so as to render any such Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Property in the vicinity thereof or to its occupants;

(b) any exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes;

(c) any article which is draped, hung or attached to an exterior surface or patio enclosure so as to be visible from outside the Dwelling;

(d) any mineral collection, cactus ribs, old bottles, license plate or other memorabilia displayed so as to be visible outside the Dwelling. This provision shall be interpreted to preserve the dignity and aesthetic appearance of the Property and not to control the interior decoration of any Dwelling.

(e) any use of a Dwelling or use of the Common Elements which will increase the rate of insurance upon the Property;

(f) any private patio planting which encroaches on any other Dwelling or the Common Elements; and

(g) the placing, parking or storing of any vehicle upon the garage approach for a period in excess of twenty-four (24) consecutive hours.

The Board in its sole discretion shall have the right to determine the existence of any nuisance, shall give notice to the Owner, and if the nuisance is not removed within the reasonable time stated in the notice, shall have the nuisance removed and the cost thereof shall be a lien upon the Unit. Nothing herein shall prevent the Declarant from storing building materials nor from accumulating debris during the construction of Improvements.

Section 10. TRASH CONTAINERS AND COLLECTION. Trash containers shall be kept within garages except when the containers are being emptied by waste disposal authorities or contractors. To maintain uniformity, Declarant and/or Master Architectural Committee may designate the type (including size, color, style and type of material) of container to be used. Failure to comply with this provision will be considered a nuisance as described in the instrument referred to in Article I, Section 4 and will allow the Master Association to take action to cause compliance including contracting with any service agency to insure compliance. Charges for such service will be made part of the offending unit Owner(s) assessment(s) due the Master Association.

Section 11. CLOTHES DRYING. No outside clotheslines or other facilities for drying or airing clothes, including but not limited to towels and bathing suits, shall be permitted which are visible outside the Dwelling.

Section 12. RESTRICTION ON FURTHER SUBDIVISION. No portion less than all of the Dwelling nor any easement or other interest therein shall be conveyed or transferred by any Owner, except undivided interests therein.

Section 13. SIGNS. No signs whatsoever (including, but not limited to commercial, political, sale or rental and similar signs) shall be erected or maintained on any Property whether in a window or otherwise, except:

(a) such signs as may be required by legal proceedings;

(b) one house number identification as originally placed by the Declarant with a face area of seventy-two (72) square inches or less; and

(c) such signs, the nature, number, and location of which have been approved by the Master Architectural Committee and the Board in advance.

Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant or its duly authorized agent, of structures, improvements or signs necessary or convenient to the development, sale, operation or other disposition of Property.

Section 14. EASEMENTS.

(a) **UTILITY EASEMENTS.** There is hereby created an easement upon, across, over and under the Property for reasonable ingress, egress, installation, replacing, repairing and maintaining of all utilities, including but not limited to water, sewer, gas, telephone, electricity and cable television. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Property and to affix and maintain electrical, gas and/or telephone lines, wires, conduits and circuits on, above, across and under the Common Elements, including the Buildings. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, gas lines, water lines, cables, or other utilities may be installed or relocated on the Property except as initially programmed and approved by the Declarant or thereafter approved by the Declarant or the Board. This easement shall in no way affect any other recorded easement on the Property.

(b) **EASEMENTS RESULTING FROM ENCROACHMENT.** Each Dwelling and the Common Elements shall be subject to an easement for encroachments, including but not limited to encroachments of walls, ceilings, ledges, floors, and roofs created by construction, settling and overhangs as originally designed or constructed, or as created by discrepancies between the plat and the actual construction. If any portion of the Common Elements shall actually encroach upon any Dwelling, or if any Dwelling shall actually encroach upon any portion of the Common Elements, or if any Dwelling shall actually encroach upon another Dwelling, as the Common Elements and the Dwellings are shown by the plat, a valid easement for any of said encroachments and for the maintenance thereof, so long as they

stand, shall and does exist. In the event that any Dwelling or structure is repaired, altered or reconstructed, the Owners of the Units agree that similar encroachments shall be permitted and that a valid easement for said encroachments and for the maintenance thereof shall exist. Owners and any other parties acquiring an interest in the Property shall acquiesce and agree to the existence of such easements by accepting a deed or by acquiring an interest in the Property.

(c) EASEMENT FOR DECLARANT. Declarant, its agents, employees and subcontractors shall have a temporary easement upon the Property as is necessary for development of adjacent property, whether such property is brought within the Property or not.

(d) COUNCIL. The Council shall have the right to grant permits, licenses and easements over the Common Elements for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property, on such terms and conditions as the Board may deem advisable.

Section 15. COMMON WALLS. The rights and duties of Owners with respect to common walls shall be as follows:

(a) The Owners of contiguous Dwellings who share a Common Wall shall both equally have the right to use such wall provided such use by one Owner does not interfere with the use and enjoyment by the other Owner.

(b) If any Common Wall is damaged or destroyed through the act of an Owner, tenant, their agents, guests or members of their family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of the Board, at the cost of such Owner, to rebuild and repair the Common Wall without cost to the other adjoining Owner or Owners, to the extent such cost is not covered by insurance.

(c) If any such Common Wall is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, tenant, their agents, guests, or member of their family, it shall be the obligation of the Board, at the cost of the Council, to rebuild and repair such Common Wall.

(d) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any portion of any Building without the prior written consent of the Board.

(e) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a Common Wall, or with respect to the bearing of the cost therefor, the Owners shall submit the dispute to the Board for final decision.

Section 16. INSURANCE.

(a) COUNCIL HAZARD INSURANCE. The Board shall obtain and continue in effect insurance coverage on the Property, except the contents of the Dwellings, and other improvements on or within the Common Elements as well as personal and real property belonging to the Council, in an amount equal to the maximum insurable replacement value, with "agreed amount", "inflation guard", "special condominium" and "condominium replacement cost" endorsements, without deduction or allowance for depreciation, which amount shall be determined annually by a recognized appraiser or insurer as selected by the Board. Such insurance shall afford protection against loss or damage by fire and such hazards covered by a standard extended coverage and all risk endorsements and such other risks or hazards as from time to time shall be customarily covered with respect to buildings similar in construction, location and use. In addition, any fixtures, equipment or property within the Units which are to be subject to a mortgage eligible for purchase by Federal National Mortgage Association ("FNMA") must be covered in the "blanket" or "master" policy required above.

(b) INSURER. The insurance carrier(s) for all insurance herein shall be listed in the most recent Best's Key Rating Guide as Class VI or better and must be licensed in Arizona.

(c) LOSS PAYABLE. Said insurance shall be for the benefit of the Council and the Owners and their Mortgagees as their interests may appear; provided, however, all proceeds payable by reason of said insurance shall be paid to the Council as trustee for the Owners and their Mortgagees as their interests may appear for the express purpose of reconstruction and repair or as otherwise provided in Section 10 of Article IX hereof. The Board shall have exclusive authority to negotiate with the insurance carrier and to adjust losses, make settlements and give releases to the insurance carrier. The Board is irrevocably appointed agent for each Owner subject to the provisions contained herein, to adjust all claims arising under insurance policies selected by the Board and to execute and deliver releases of claims, and the Board has full and complete power to act for the Council in this regard. The foregoing provisions of this Section are without prejudice to the right of any Owner to obtain individual Unit insurance; but no Owner shall be entitled to exercise his right to maintain

individual Dwelling insurance in such a way as to decrease the amount which the Council may realize as trustee under any insurance policy required hereunder. Each policy obtained by the Council shall contain a "severability of interest" endorsement and a standard mortgagee clause endorsed to provide that the proceeds are payable to the Council for the use and benefit of the mortgagees as their interests may appear and requiring not less than ten (10) days written notice to the Council and to any Mortgagees listed with such insurer prior to any cancellation or modification.

(d) COUNCIL LIABILITY INSURANCE. In addition to the hazard insurance coverage provided above, the Board shall obtain comprehensive general public liability insurance in such amounts equal to or exceeding One Million Dollars (\$1,000,000.00) for a single occurrence covering all of the Common Elements or property owned by the Council. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements and legal liability arising out of actions related to employment contracts of the Council. Such policy must provide that it may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Council and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy. The Board may also obtain such other insurance as it shall determine from time to time to be desirable or as is required by FNMA, including without limitation directors and officers errors and omissions coverage.

(e) COST; WAIVER. All insurance premiums for any insurance coverage obtained by the Board shall be a common expense of the Council. The Council and each Owner hereby expressly waive any claim it or they may have against the other for any loss insured under any policy obtained by the Board, however caused, including such losses as may be due to negligence of such other party, its agents or employees. All such policies of insurance shall contain a provision that they are not invalidated by the foregoing waiver, but such waiver shall cease to be effective if the existence thereof precludes the Council from obtaining any such policy. No policy shall provide (i) that contributions or assessments may be made against the Council, the Owners or FNMA or its designees or may become a lien on any Dwelling or Common Elements superior to the lien of any Mortgage or (ii) that payments are contingent upon the action of the carrier's board of directors, policyholders or members or (iii) that proceeds are restricted by any other non-insurance condition clause. All policies must

provide that they are not prejudiced by any act or neglect of individual Owners which is not in the control of the Council. In all other respects, all policies must comply with and be acceptable to FNMA under its established policies from time to time.

(f) EXCLUSIONS FROM COVERAGE. Notwithstanding anything to the contrary herein, the insurance coverage obtained by the Board shall exclude (i) any coverage on any personal property located within or appurtenant to the exclusive use of a Dwelling, including but not limited to, appliances, patio door and window glass, drapes, carpeting and wall coverings, such as wallpaper, mirrored walls and paneling and (ii) any liability coverage on an Owner, its guests, invitees, employees or any other occupants of such Dwelling, arising out of any and all occurrences and happenings within a Dwelling and/or relating in any way whatsoever to said personal property. It is the sole responsibility of each Unit Owner to obtain such insurance coverages as are excluded from the insurance coverage obtained by the Board. Notwithstanding the foregoing, the Council's hazard insurance policy shall state that it is primary in the event any Owner has other insurance covering the same loss.

Section 17. COMPLIANCE WITH TERMS, CONDITIONS AND USE RESTRICTIONS OF MASTER CC&R AND TRACT DECLARATION. Notwithstanding anything to the contrary contained herein or in any instrument or document, recorded or not, including, without limitation, in any Matter of Record, relating to the Property, no person shall use or cause to be used any portion of the Property in any manner which would violate any of the covenants, conditions, restrictions and reservations, of easements and rights set forth in Article IV, Section 2, of the Master CC&R. Any person owning, using or having any interest in the Property or any portion thereof shall comply with all of the conditions on use of the Property set forth in the Master CC&R and the Association shall have the right, independently of or in conjunction with the Master Association, as the same may be regulated pursuant to the Master CC&R, to enforce any and all of the covenants of the Master CC&R relating to use of the Property or any portion thereof, all of which are specifically incorporated by reference as if fully rewritten herein.

Without restricting the generality of the foregoing, all of the covenants, conditions and restrictions set forth in Section 3 of the Tract Declaration relating to the Property shall be applicable to the Property and shall be complied with by all Owners and are incorporated by reference as if fully rewritten herein.

ARTICLE IXMASTER ASSOCIATION AND MASTER DECLARANT RIGHTS

Section 1. RIGHTS OF MASTER ASSOCIATION. Any provision herein to the contrary notwithstanding, the Master Association shall have all rights described in Article XIII, Section 1 of the Master CC&R to take temporary control of the Council for such period of time as shall be necessary to bring about collection of assessments or to otherwise cause the Council to meet the standards and obligations described in Article XIII, Section 1 of the Master CC&R. Such control may be effected by the Master Association removing such officers of the Council and directors of the Board as the Master Association deems appropriate and substituting therefor other individuals, including, if the Master Board so elects, individuals who are also officers and directors of the Master Association. The Master Association shall also have the right to add to the Master Association's assessment against each Unit (a) any assessments against such Unit levied by the Council which are not paid in a timely manner, and (b) all sums owing to the Master Association by the Council pursuant to Article X, Section 4, and Article XIII, Sections 1 and 2 of the Master CC&R which are not paid to the Master Association in a timely manner, such sums to be allocated among the Units which have not paid assessments to the Council.

The Council shall be permitted to regain control of its own affairs and its Board and officers, as the case may be, shall be reinstated subject to the further rights of the Master Association to take control at a later time if the reasons for which the Master Association assumed control of the Council as set forth above have been corrected to the Master Association's reasonable satisfaction.

Section 2. RIGHTS OF MASTER DECLARANT. If Master Declarant becomes the owner of all or any part of the Property by reason of any option or right of first refusal held by Master Declarant to purchase all or any part of the Property, Master Declarant shall have the right to elect to become Declarant under this Declaration and to succeed to all rights, options and duties of Declarant hereunder; provided, however, that: (i) Master Declarant shall not become Declarant hereunder and shall not succeed to any of the rights, options or duties of Declarant unless Master Declarant so elects by written instrument recorded in the Office of the Maricopa County Recorder; (ii) if such an election is recorded, Master Declarant shall have no liability for any actions taken by Declarant prior to the recording of such election; and (iii) if

at the time of the recording of such election, Declarant, its successors or assigns, still own any unimproved part of the Property, Declarant shall not be required to obtain the approval of the Board for the construction of Buildings and Units thereon.

ARTICLE X

RIGHTS OF DECLARANT

Section 1. RIGHTS. Notwithstanding anything to the contrary contained herein, pending the sale of all of the Units on the Condominium, Declarant, or its successors and assigns, acting alone but subject to the prior written approval of the Master Board:

(a) reserves the right to make minor alterations and changes to the design or exterior materials of a Building or any part thereof subsequent to construction; and

(b) reserves the right to amend this Declaration to correct technical deficiencies or omissions the correction of which will not materially affect the substantive content of this Declaration as initially recorded.

ARTICLE XI

SECURITY

Section 1. MASTER SECURITY SYSTEM. Each Owner and the Association shall become a part of the Master Security System operated by the Master Association. Each Owner shall abide by the provisions of the Master CC&R regarding the Master Security System and easements are hereby reserved for entry of security personnel, installation and maintenance of security systems and any other items or things which may be necessary or desirable to operate the Master Security System in an efficient manner as contemplated by the Master CC&R. No Owner nor the Association shall take any steps which will impair, hinder or otherwise disrupt the efficient operation of the Master Security System, it being the intent hereof that the existence of the Master Security System is a material inducement for each and every Owner to purchase his Unit. Pro rata costs of the

Master Security System shall be included as part of the assessments payable by Owners, if not separately billed by the Master Association.

ARTICLE XII

CONSTRUCTION AND EFFECT

Section 1. ENFORCEMENT. The Council or any Owner shall have the right to enforce, by a proceeding at law or in equity or in accordance with By-Laws, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Council or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. SEVERABILITY. Should any covenant or restriction herein be held invalid or void, such invalidity shall not affect the other provisions of this instrument or the valid covenants or restrictions contained herein.

Section 3. DURATION, AMENDMENT. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. Except for the rights of Declarant to amend this Declaration pursuant to Articles III and X hereof, and the special rights of Mortgagees set forth below, this Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Unit Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Unit Owners. No amendment shall change the rights of the Declarant contained in this Declaration. Any amendment to this Declaration approved by the Master Association shall become effective when recorded in the records of Maricopa County, Arizona, and no action to challenge the validity of an amendment under this Article may be brought more than one (1) year after the amendment is recorded.

Section 4. VIOLATIONS AND NUISANCE. Every act or omission whereby any provision of this Declaration is violated may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Council or any Owner. However, only Declarant, the Council or the Board, or their duly authorized agents may enforce by self-help any of the provisions of this Declaration.

Section 5. VIOLATION OF LAW. Any violation of any state, municipal, or local law, ordinance, or regulation, pertaining to the ownership, occupation or use of any Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 6. BINDING EFFECT. (a) By acceptance of a deed or by acquiring an ownership interest in any of the Property included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, agrees to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendment thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Real Estate and thereby evidences his intent that all the restrictions, conditions, covenants, rules and regulations contained or authorized herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

(b) Any of the special rights or privileges granted or reserved herein to Declarant shall be assignable by Declarant to any person or persons in a writing specifically designating such effect.

Section 7. LEASING. Every Lease, by its terms, shall require the lessee to abide by all requirements of the Declaration, Articles and By-Laws, as they may be amended from time to time. This provision shall be deemed to be a part of every Lease, whether oral or written. No Lease shall be granted for a term of less than thirty (30) days.

Section 8. EXEMPTION OF OWNER. No Owner may exempt himself from liability for his assessed contribution towards the common expenses by waiver and non-use of any of the Common Elements or by the abandonment of his Dwelling.

Section 9. OWNER'S RESPONSIBILITY. Each Owner shall be responsible for compliance by said Owner's agent, tenant, guest, invitee, lessee, licensee, their respective servants and employees with the provisions of this Declaration, Articles, By-Laws and Council rules, as they may be amended from time to time. The Owner's failure to require compliance by such

persons shall be grounds for action by the Council as if noncompliance was by the Owner.

Section 10. DAMAGE OR DESTRUCTION. If an Improvement is damaged or destroyed by fire or other casualty or disaster, such Improvement shall be promptly repaired, restored or reconstructed 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, with each Dwelling and the Common Elements having the same vertical and horizontal boundaries. Such repairs, restoration or reconstruction shall be paid for out of any insurance proceeds received on account of the damage or destruction; provided, however, that if the insurance proceeds are not sufficient for such purpose, the deficiency shall be assessed as a common expense.

Section 11. CONDEMNATION. In the event of a taking by eminent domain of part or all of the Common Elements, or for the sale made under threat thereof, or for the termination of the horizontal property regime, the award made for or proceeds from such taking or termination shall be payable to the Council for the use and benefit of the Owners and their Mortgagees as their interests may appear. The Council shall exclusively represent the Owners in any such proceedings, negotiations, settlements and agreements. The Board on behalf of the Council shall arrange for the repair and restoration of such Common Elements to such condition that the Common Elements are usable. The Board shall disburse proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. If any excess funds remain after repair and restoration, such funds shall be deposited in the Council's operating reserves account. Any deficiency of funds shall be assessed as a special assessment under Article VI hereof.

Section 12. REDUCTION IN NUMBER OF UNITS. If any Dwelling is taken by eminent domain proceedings or is destroyed and not rebuilt, so that a Unit ceases to exist, the undivided fractional interest of each Co-Owner in the entire Horizontal Property Regime shall be adjusted proportionately pursuant to Article 1, Section 3(e) hereof.

Section 13. MORTGAGEE PROTECTION. (a) Upon written request of a holder, insurer or guarantor of a first Mortgage, identifying the name and address of such party and the Unit affected, the Council shall give timely written notice of:

- (1) Any condemnation or casualty loss that affects either a material portion of the Property or the Unit securing its Mortgage;

(2) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the Mortgage;

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

(4) Any proposed action that requires the consent of a specified percentage of Mortgagees as specified below.

(b) In addition to complying with Section 3 of this Article, the approval of holders of Mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to Mortgages shall be required to add or amend any material provisions of this Declaration, the Articles, By-Laws or Rules and Regulations which establish, provide for, govern or regulate any of the following:

- a. Termination of the Horizontal Property Regime after substantial destruction or condemnation occurs or, with the approval of sixty-seven percent (67%) of the Mortgagees as above, under any other circumstances;
- ✓ b. Voting Rights;
- c. Assessments, assessment liens or subordination of assessment liens;
- d. Reserves for maintenance, repair and replacement of the Common Elements;
- e. Insurance or fidelity bonds;
- f. Responsibility for maintenance and repairs;
- g. Expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property;
- h. Boundaries of any Dwelling;
- i. Reallocation of the interests in the Common Elements or rights to their use;
- j. Convertibility of Dwellings into Common Elements or of Common Elements into Dwellings;

- k. Leasing of Dwellings;
- l. Imposition of any restriction on an Owner's right to sell or transfer his or her Unit;
- m. Requirement of professional management of the Property;
- n. Restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than as specified in this Declaration;
- n. Any provisions which are for the express benefit of Mortgage holders, insurers or guarantors of first Mortgages on Units.

(c) No breach of any provision herein contained nor the enforcement of any Assessment lien as provided herein shall defeat or render invalid the lien of any prior Mortgage made in good faith and for value encumbering any Unit but all of the provisions hereof shall be binding upon and shall be effective against any Owner whose title is derived through judicial foreclosure or trustee's sale or otherwise; however, any first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage will not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the Mortgagee.

(d) A Mortgage holder or an Owner who receives a written request to approve additions or amendments of a non-material nature who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 14. INTERPRETATION.

(a) **DESCRIPTIVE HEADINGS.** The descriptive headings of the several sections of this instrument are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

(b) **CAPITALIZATION.** Capitalization of a common noun indicates the noun is used as defined in the Article titled "Definitions," unless the context requires otherwise.

(c) **GOVERNING LAW.** This instrument and the rights and obligations of the parties hereunder shall be construed in

accordance with and shall be governed by the laws of the State of Arizona.

(d) CONFLICTS. In the event of conflicts among this Declaration, the Articles, By-Laws and Rules of the Council, the Declaration, Articles, By-Laws and Rules of the Council shall prevail, in that order.

Executed at SCOTTSDALE, ARIZONA, this 15 day of FEBRUARY, 1985.

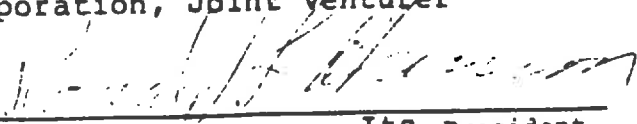
THE PAVILIONS, an Arizona joint venture

By: TPGR-1 Limited Partnership, an
Arizona limited partnership, Joint
Venturer

By: Life Style Concepts, Ltd., a
Wisconsin corporation, General
Partner

By: 
Richard J. Felker
President

By: Metropolitan Service Mortgage
Corporation, a North Dakota
corporation, Joint Venturer

By: 
Ronald L. Hanson, Its President

(Signatures and Acknowledgments continued
on next page following)

STATE OF ARIZONA)
) SS.
 COUNTY OF MARICOPA)

Personally came before me this 15 day of FEBRUARY, 1985, the above-named Richard J. Felker, to me known to be the President of Life Style Concepts, Ltd., and to me known to be the person who executed the foregoing instrument as such officer of such corporation, by its authority, and acknowledged the same.

Steph M. Paul

Notary Public, State of Arizona
 My Commission: My Commission Expires Dec. 15, 1987

STATE OF Arizona)
) SS.
 COUNTY OF Maricopa)

Personally came before me this 15th day of February, 1985, the above-named Ronald L. Hanson, who acknowledged himself to be the President of Metropolitan Service Mortgage Corporation, and to me known to be the person who executed the foregoing instrument as such officer of such corporation, by its authority, and acknowledged the same.

Diane Quenell aka
Diane Quenell

Notary Public, State of Arizona
 My Commission: My Commission Expires Oct. 25, 1986

The foregoing Declaration is approved this 28th day of FEBRUARY, 1985.

THE GAINES RANCH COMMUNITY
 ASSOCIATION

By: Stephen J. Blum
STEPHEN J. BLUM, Its SECRETARY

Attest: [Signature] V.P.
J.A. Woods, Its _____

(Acknowledgments continued on next page following)

STATE OF ARIZONA)
) SS.
COUNTY OF MARICOPA)

Personally came before me this 28th day of February, 1985, the above-named Stephen J Brumm and James A Woods to me known to be the Secretary and Vice President of The Gainey Ranch Community Association, and to me known to be the person who executed the foregoing instrument as such officers of such corporation, by its authority, and acknowledged the same.

Linda K. Segura

Notary Public, State of Arizona

My Commission: My Commission Expires July 31, 1988

This instrument was drafted by:
Robert A. Teper and Richard E. Petershack
Herz, Levin, Teper, Sumner & Croysdale, S.C.
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
(414) 273-4333

Please return to drafters
at the above address.

85-120639

Collar, Williams & White Engineering, Inc.

DONALD H. COLLAR, P.E.
President
ROBERT R. WAGONER, P.E., R.L.S.
Vice President

Consulting Engineers
2702 N. 44th Street, Suite 205-B
Phoenix, Arizona 85008
(602) 957-3350

GEORGE J. TEPLY, P.E.
ROBERT E. MOHNING, P.E.
WM. ROSS NELSON, R.L.S.
GERALD RASMUSSEN, R.L.S.
DAVID H. HORNOR, R.L.S.

Legal Description

for

CWW No. 840119

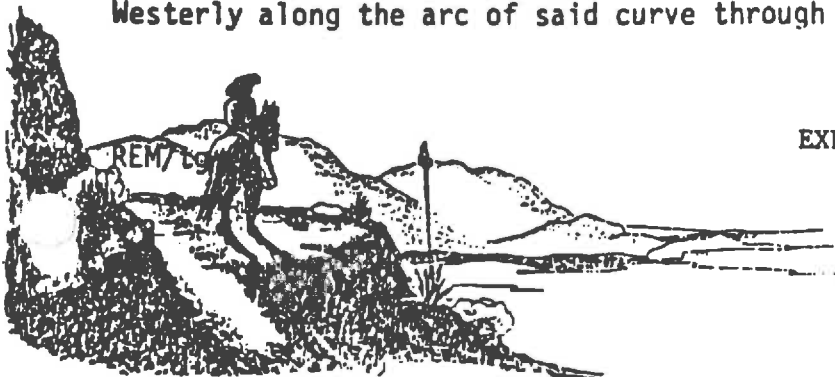
GAINEY RANCH PARCEL 1

February 25, 1985

Being a portion of the S $\frac{1}{2}$ of Section 26, T. 3 N., R. 4 E., G. & S. R. B. & M., Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Southwest corner of said Section 26; THENCE N 00°29'47" W, along the West line of the S $\frac{1}{2}$ of said Section 26 for a distance of 1035.07 feet; THENCE N 89°30'13" E, for a distance of 138.00 feet to the True Point of Beginning; THENCE continuing N 89°30'13" E, for a distance of 181.25 feet; THENCE S 50°13'28" E, for a distance of 23.22 feet; THENCE S 02°10'12" E, for a distance of 30.07 feet; THENCE S 22°48'03" E, for a distance of 14.96 feet; THENCE S 02°34'34" E, for a distance of 17.17 feet; THENCE S 67°11'57" W, for a distance of 5.76 feet; THENCE S 02°10'12" E for a distance of 54.23 feet; THENCE S 72°09'33" E, for a distance of 127.55 feet; THENCE N 88°00'49" E, for a distance of 102.68 feet; THENCE N 26°43'16" E, for a distance of 186.20 feet; THENCE N 07°01'25" E, for a distance of 66.52 feet; THENCE N 65°34'52" E, for a distance of 69.23 feet; THENCE S 71°12'03" E, for a distance of 79.94 feet; THENCE S 29°41'36" E, for a distance of 71.06 feet; THENCE S 03°10'52" E, for a distance of 100.85 feet; THENCE S 43°59'45" E, for a distance of 61.30 feet; THENCE S 21°39'32" W, for a distance of 53.30 feet; THENCE S 07°19'00" W, for a distance of 26.26 feet; THENCE S 06°43'11" E, for a distance of 61.85 feet; THENCE S 17°56'11" W, for a distance of 81.39 feet; THENCE S 04°56'04" E, for a distance of 89.54 feet; THENCE S 19°34'04" W, for a distance of 89.54 feet; THENCE S 30°01'26" E, for a distance of 50.77 feet; THENCE S 07°39'54" W, for a distance of 368.08 feet to a point on a curve the center of which bears S 10°24'56" W, a distance of 1930.01 feet; THENCE Westerly along the arc of said curve through a central angle of 06°06'00" and a

EXHIBIT "A"



Scottsdale Office.
2922 N. 70th Street
Scottsdale, Arizona 85251
(602) 947-5433

distance of 205.48 feet; THENCE N 85°41'05" W, for a distance of 160.00 feet to the beginning of a tangent curve to the right having a radius of 220.00 feet; THENCE Northwesterly along the arc of said curve through a central angle of 85°11'18" and a distance of 327.10 feet; THENCE N 00°29'47" W, for a distance of 463.72 feet to the beginning of a tangent curve to the right having a radius of 1163.33 feet; THENCE Northerly along the arc of said curve through a central angle of 02°54'36" and a distance of 59.08 feet to the point of tangency with a reverse curve to the left having a radius of 1163.33 feet; THENCE Northerly along the arc of said curve through a central angle of 02°54'36" and a distance of 59.08 feet; THENCE N 00°29'47" W, for a distance of 96.64 feet to the TRUE POINT OF BEGINNING.

EXCEPT THE FOLLOWING DESCRIBED PARCEL:

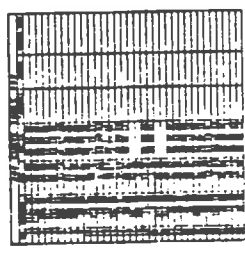
COMMENCING at the Southwest corner of said Section 26; THENCE N 00°29'47" W, along the West line of the S½ of said Section 26 for a distance of 673.84 feet; THENCE N 89°30'13" E, for a distance of 181.04 feet to the True Point of Beginning; THENCE N 74°40'17" E, for a distance of 11.00 feet; THENCE N 39°08'01" E, for a distance of 17.20 feet; THENCE N 15°19'43" W, for a distance of 5.00 feet; THENCE N 29°40'17" E, for a distance of 4.24 feet; THENCE N 74°40'17" E, for a distance of 14.00 feet; THENCE S 15°19'43" E, for a distance of 39.33 feet; THENCE S 74°40'17" W, for a distance of 23.00 feet; THENCE N 15°19'43" W for a distance of 3.33 feet; THENCE S 74°40'17" W for a distance of 19.00 feet; THENCE N 15°19'43" W, for a distance of 18.00 feet to the TRUE POINT OF BEGINNING.

Parcel, less Exception, contains 522,859± Square Feet (12.003± Acres).

85-120639

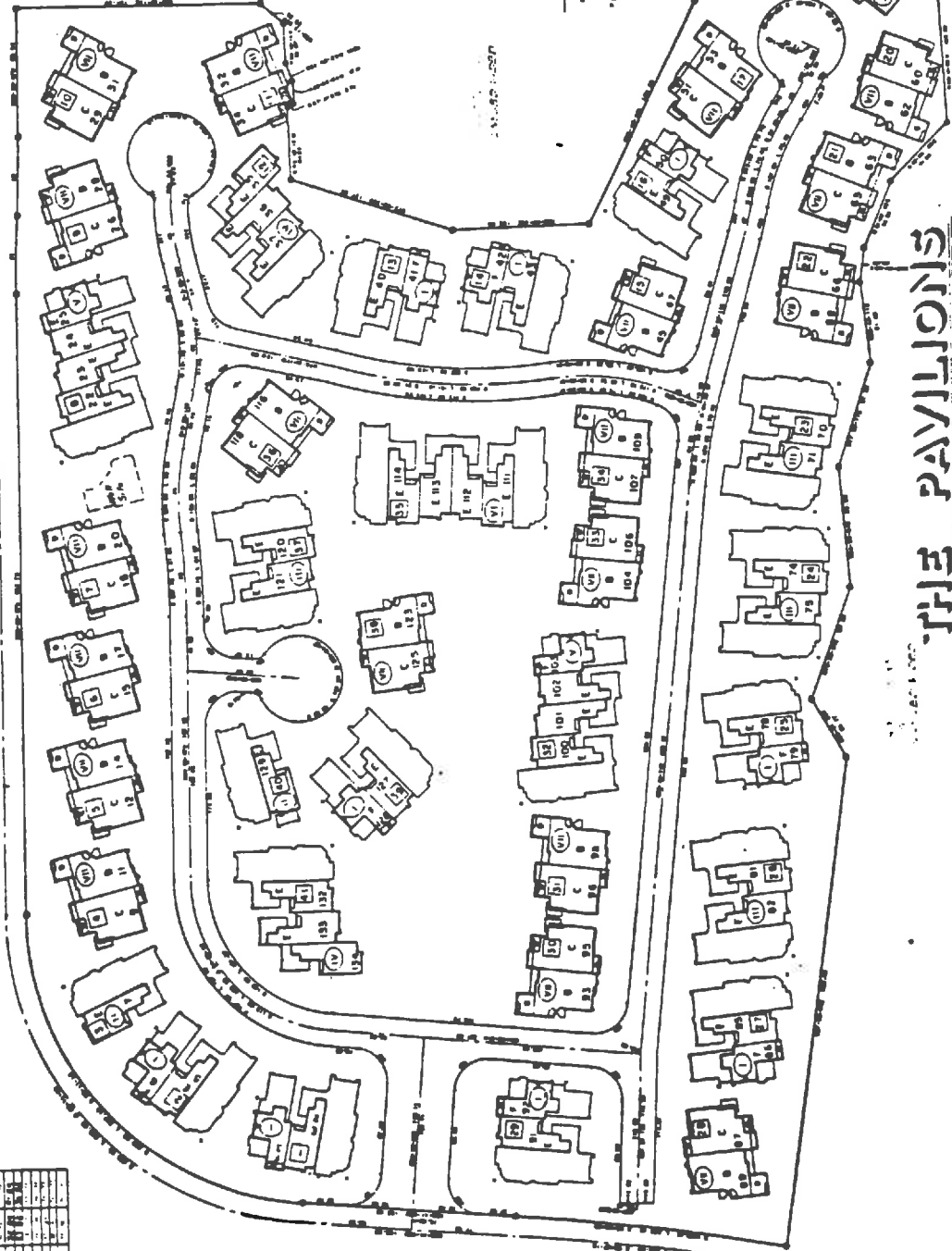
THE PAVILIONS AT GAIMEY RANCH HORIZONTAL PROPERTY REGIME SHEET 2 OF 4

SECOND FLOOR LEVEL



LEGEND

- [illegible]



THE PATTONS

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GAINES RANCH ROAD

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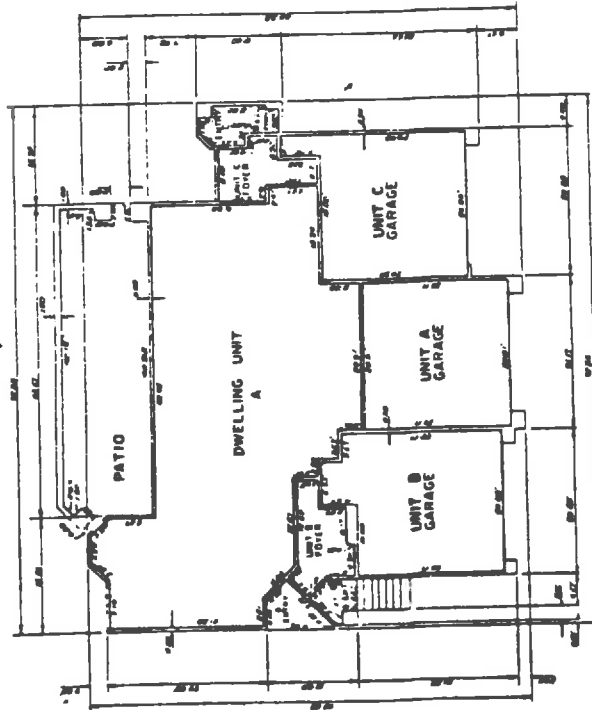
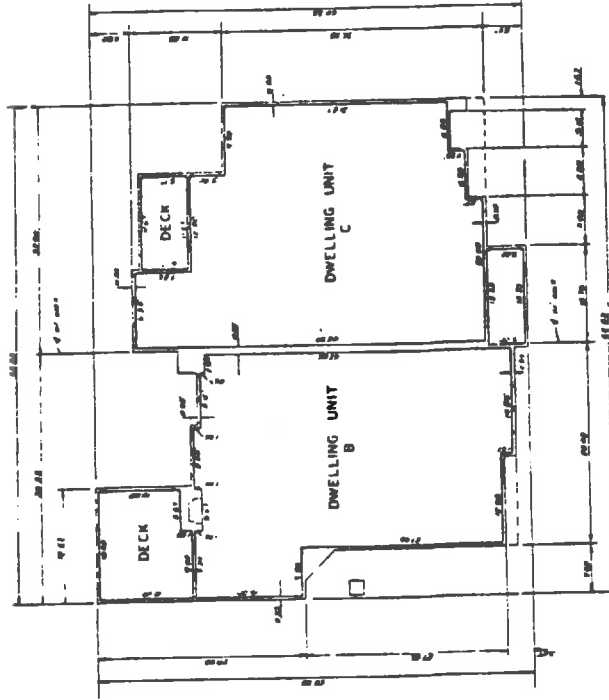
EXHIBIT "B"

85-120639

SECOND FLOOR LEVEL

TYPE VII BUILDING

FIRST FLOOR LEVEL



NOTE: Also include common and master/tenant units adjacent to existing garages and existing unit and master/tenant unit adjacent to existing garages. See Sheet 7 of 8, individual unit drawings.

THE PAVILIONS

HORIZONTAL PROPERTY REGIME

THE PAVILIONS AT GAUNEY RANCH HORIZONTAL PROPERTY REGIME SHEET 3 OF 4