

BYLAWS
OF
THE OASIS AT GAINNEY RANCH CONDOMINIUM
ASSOCIATION, INC.

I. ARTICLES OF INCORPORATION

1.01 Articles. Any reference herein made to this Association's Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto at any given time on file with the Arizona Corporation Commission, together with any and all certificates theretofore filed by the corporation with the Arizona Corporation Commission.

1.02 Seniority. The Articles will in all respects be considered senior and superior to these Bylaws with any inconsistency to be resolved in favor of the Articles, and with these Bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

II. DECLARATION

2.01 Declaration. Reference is made to that certain Declaration of Condominium and Declaration of Covenants, Conditions, and Restrictions Establishing and Governing The Oasis at Gainney Ranch Condominium recorded December 20, 1989, as Instrument No. 89-584682, in the Office of the County Recorder, Maricopa County, Arizona (the "Declaration"). All capitalized terms as used in these Bylaws shall have the same meanings as set forth in the Declaration. The Declaration, as it may be amended or supplemented from time to time, is incorporated herein by reference.

III. MEMBERSHIP

3.01 Annual Meetings. Each annual meeting of the Owners shall be held in the Scottsdale, Arizona, metropolitan area on the second Wednesday of March of each year at the principal office of the Association, or on such other day during the first calendar quarter of each year and/or at such other place as may be fixed by the Board of Directors and set out in the notice of the meeting; provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next

succeeding business day. If the only agenda item for the annual meeting is the election of the Board of Directors, then the Board of Directors may be elected by mail ballot in lieu of the annual meeting.

3.02 Special Meetings. Special meetings of the Owners may be held at such places and at such times as may be fixed by the Board of Directors whenever called in writing by the President, a majority of the Board of Directors or by the Owners holding twenty per cent (20%) or more of the total votes entitled to be cast by all Owners.

3.03 Notices. Each member of the corporation shall be notified by the Secretary by written notice not less than ten (10) days nor more than sixty (60) days before the date of the annual meeting, stating the place, day and hour of the meeting. Special meetings may be called in like manner after ten (10) days' notice, but any such notice also shall designate the purpose of the meeting and the items on the agenda (including the general nature of any proposed amendment to the Declaration, Articles, or Bylaws, and any proposal to remove a director or officer). Notices may be hand-delivered or sent prepaid by United States Mail. In all such cases the date of hand-delivery or the date of mailing of the notices shall be considered the date such notices were given. Notices need only be given to Owners appearing as such on the books of the Association at the time of the delivery or mailing of the notices.

3.04 Waiver. No call or notice of any meeting of the Owners shall be necessary if waiver of call and notice is signed by all the Owners.

3.05 Quorum. At any regular or special meeting of the Owners, the Owners holding more than twenty-five per cent (25%) of the total votes entitled to be cast by all members shall constitute a quorum for the transaction of business. A quorum shall be necessary to elect directors and transact any other business. In the absence of a quorum, a majority of the Owners present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

3.06 Qualification. Membership shall be limited to every Owner. The foregoing does not include persons or

entities who hold an interest merely as security for the performance of an obligation.

3.07 Voting. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all Owners (including the Declarant). Class A Members shall be entitled to one (1) vote for each Unit owned. When more than one Person owns an interest in a Unit, each such Person shall be a member of the Association but the vote for such Unit shall be exercised as provided in the Act, but in no event shall more than one (1) vote be cast with respect to any Unit. The Association shall not be required to recognize the vote or written assent of any such co-Owner except the vote or written assent of the co-Owner designated in a writing executed by all of such co-Owners and delivered to the Association.

Class B. The Class B Member shall be the Declarant. The Declarant shall be entitled to control the Association to the extent of having the exclusive right (either directly or through a person designated by the Declarant) to elect, appoint and remove the members of the Board and the officers of the Association until the Termination Date (as hereinafter defined). The special control rights of the Declarant, as the Class B Member, shall cease and terminate upon the earlier of the following (the "Termination Date"):

(a) the date ninety (90) days after the conveyance by Declarant of seventy-five percent (75%) of the Units which may be created by the Declaration to Owners (other than Declarant);

(b) the date four (4) years after Declarant (or any successor) has ceased to offer Units for sale in the ordinary course of business; or

(c) the date which is the seventh (7th) anniversary of the first conveyance of a Unit by Declarant to an Owner other than Declarant.

Upon the Termination Date, Declarant shall retain the voting rights of the Class A Member even though the special voting and control rights of the Class B Member have ceased and terminated.

3.08 Proxies. Any Owner entitled to vote may vote by proxy at any meeting of the members (and at any adjournment thereof) which is specified in such proxy, provided that his or her proxy is executed in writing by such Owner or his or her duly authorized attorney in fact. No proxy shall be valid after twelve months from the date of its execution, unless such proxy specifically provides that it is coupled with an interest and is irrevocable. The burden of proving the validity of any undated, irrevocable or otherwise contested proxy at a meeting of the Owners will rest with the person seeking to exercise the same. A telegram or cablegram appearing to have been transmitted by an Owner or by his duly authorized attorney in fact may be accepted as a sufficiently written and executed proxy.

3.09 Election Inspectors. The Board, in advance of any meeting of the Owners, may appoint an election inspector or inspectors to act at such meeting (and at any adjournment thereof). If an election inspector or inspectors are not so appointed, the chairman of the meeting may, or upon request of any person entitled to vote at the meeting will, make such appointment. If any person appointed as an inspector fails to appear or to act, a substitute may be appointed by the chairman of the meeting. If appointed, the election inspector or inspectors (acting through a majority of them if there be more than one) will determine the Owners entitled to vote, the authenticity, validity and effect of proxies and the number of Owners represented at the meeting in person and by proxy; they will receive and count votes, ballots and consents and announce the results thereof; they will hear and determine all challenges and questions pertaining to proxies and voting; and, in general, they will perform such acts as may be proper to conduct elections and voting with complete fairness to all Owners.

3.10 Organization and Conduct of Meetings. Each meeting of the Owners will be called to order and thereafter chaired by the chairman of the Board if there is one; or, if not, or if the chairman of the Board is absent or so requests, then by the President; or if both the chairman of the Board and the President are unavailable, then by such other officer of the Association or such Owner as may be appointed by the board of directors. The Association's secretary will act as secretary of each meeting of the Owners; in his or her absence the chairman of the meeting may appoint any person (whether an Owner or not) to act as secretary for the meeting. After calling a meeting to order, the chairman thereof may require the registration of all Owners

intending to vote in person and the filing of all proxies with the election inspector or inspectors, if one or more have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies will be accepted. If directors are to be elected, a tabulation of the proxies so filed will, if any person entitled to vote in such election so requests, be announced at the meeting (or adjournment thereof) prior to the closing of election polls. Absent a showing of bad faith on his part, the chairman of a meeting will, among other things, have absolute authority to fix the period of time allowed for the registration of Owners and the filing of proxies, to determine the order of business to be conducted at such meeting and to establish reasonable rules for expediting the business of the meeting (including any informal or question and answer portions thereof).

3.11 Irregularities. All informalities and/or irregularities in calls, notices of meetings and in the manner of voting, credentials, and methods of ascertaining those present shall be deemed waived if no objection is made at the meeting.

IV. DIRECTORS

4.01 Management. The control and management of the Condominium, affairs and business of the Association shall be vested in a Board of Directors of not less than three (3) nor more than five (5) members. Except for Board members designated by Declarant, each Director shall be an Owner or spouse of an Owner (or if an Owner is a corporation, director, partnership, or trust, a Director may be an officer, partner, trustee or beneficiary of such Owner). The initial Board of Directors shall consist of three members and shall serve until the first annual meeting of the members. The Board of Directors will have the power to increase or decrease its size within the aforesaid limits and to fill any vacancies which may occur in its membership, whether resulting from an increase in the size of the Board or otherwise, and such appointed Board members shall hold office until the next annual meeting of the Owners.

4.02 Management Support from Master Association. Although the Association will be governed by the Board of Directors and the officers, in accordance with Article V, Section 5.07 of the Declaration, and Article XIII, Section 4 of the Master Declaration, the Master

Association shall provide administrative and management services to the Association, act as accountant for the Association, handle the collection of Assessments levied by the Association and enforce such collection, assist in the preparation of budgets, administer use of the Common Elements, negotiate contracts for services and enforce the Declaration. As provided in Article V, Section 5.07 of the Declaration and Article XIII, Section 1 of the Master Declaration, the Master Association shall have the right to take temporary control of the Association in the event the Association is failing to levy and collect Assessments in an amount sufficient to pay its obligations to the Master Association or otherwise failing, in the opinion of the board of directors of the Master Association, to perform its functions and duties in a manner consistent with the standards established by other Satellite Associations (as such term is defined in the Master Declaration) in Gainey Ranch or necessary for the maintenance of the high quality of residential development envisioned for the residential areas of Gainey Ranch.

4.03 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Declaration, the Articles or these Bylaws directed to be exercised and done by the Owners. The powers of the Board of Directors shall include but not be limited to the following:

(a) To provide the necessary management and accounting and other services required in connection with operation and maintenance of the Common Elements;

(b) To enforce liens against Units in the event of default by an Owner in payment of money under the Declaration, and to enforce any other provisions thereof;

(c) To authorize in their discretion refunds of excess Assessments; and

(d) To enforce such Association Rules pertaining to use and occupancy of the Units and Common Elements as may be adopted by the Association and which are consistent with these Bylaws, the Articles and the Declaration.

4.04 Election and term of Office. Commencing at the 1994 Annual Meeting, the term of two directors shall be for two years each and shall expire on the date of the Annual Meeting which is two years succeeding the date of such election or re-election. The term of the third director shall expire at the next Annual Meeting following the date of such election or re-election. Thereafter, the term of each director elected or re-elected in succession of this director shall be for TWO (2) years each and shall expire on the date of the Annual Meeting which is TWO (2) years next succeeding the date of such election or re-election providing their successors are elected and qualified.

4.05 Cumulative Voting. In any election of the members of the Board, every member shall have the right, in accordance with Article 14, Section 10 of the Constitution of the State of Arizona, to accumulate his votes and give one candidate, or divide among any number of the candidates, the number of votes equal to the total number of votes allocated to said member pursuant to Section 3.07 of these Bylaws, multiplied by the number of Directors to be elected. The candidates receiving the highest number of votes (up to the number of Board members to be elected) shall be deemed elected.

4.06 Quorum. A quorum for the transaction of business at any meeting of the Directors shall consist of a majority of the Board of Directors then in office.

4.07 Annual and Regular Meetings. An annual meeting of the Directors shall be held immediately after the adjournment of , and at the place of, the annual meeting of the members. Additional regular meetings of the Directors may be held without notice at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

4.08 Special Meetings. Special meetings of the Board of Directors shall be held at such times and places as may be designated by the Board of Directors whenever such meetings are called orally or in writing by the President or a majority of the Board. Notices of special meetings shall be given by the Secretary to each Director, orally or in writing, at least three (3) days before the time fixed for the meeting. Such notices shall advise each Director of the time, place and general purpose of the meeting, and shall be delivered personally, or shall be given by telephone or telegram, or, if sent by mail, such three (3) days' notice shall be deemed to have been given if the notice is postmarked at least five (5) days before the date of the meeting. By unanimous consent of the Directors, special meetings of the Board may be held at any time without call or notice, or waiver of call and notice.

4.09 Unanimous Consent. Any action which could be taken by the Directors at a duly convened annual or special meeting of the Board may be taken without a meeting if all of the Directors consent thereto in writing. Such consent shall have the same effect as a unanimous vote of the Directors.

4.10 Vacancies. In the event of the death, resignation, or discharge of a Director for any reason, such vacancy shall be filled by vote of the majority of the Directors present at a properly called meeting of the Board of Directors, and the Director elected to fill such a vacancy shall complete the term of office of the Director so replaced.

4.11 Expenses. No Director shall receive compensation for any service he may render to the Association as a Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

V. OFFICERS

5.01 Designation of Officers. The Directors shall elect the officers of the Association at an annual meeting of the Directors; provided, however, that elections of additional officers may be held at any other meeting of the Board of Directors specifically called for such purpose. The officers of the corporation shall consist of a President, Vice President, Secretary and Treasurer, any two of which offices, other than President and Secretary, may be held by one person. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers, which officers shall have authority to perform such duties as may be prescribed by the Board of Directors or the President. The elected or appointed officers of the Association must be Owners.

5.02 President. The President shall be the chief executive of the Association. He shall preside at all meetings of the Board of Directors; shall be ex officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association all contracts and other written instruments to be executed by the Association; shall execute, certify and record amendments to the Declaration on behalf of the Association; shall be the Association's appointee to the Council of Presidents as created by the Master Declaration; and shall see that all resolutions of the Board are carried into effect. He shall do and perform such other acts and duties as may be required of him by the Board of Directors, but authority shall be subject to the control and direction of the Board of Directors at all times.

5.03 Vice President. The Vice President, in the absence or disability of the President, shall perform the duties and exercise the powers of the President (except the execution, certification and recordation of amendments to the Declaration which shall be performed personally by the President) and shall perform such other duties as the Board of Directors shall prescribe.

5.04 Secretary. The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the Owners and each meeting of the Board of Directors; shall give or cause to be given, when required, notice of all meetings of the Owners and/or the Board of Directors; shall keep an accurate list of all members of the Association and their addresses; shall execute, certify and record amendments to the Declaration on behalf of the Association; shall furnish copies of the minutes of the meetings of the Board of Directors of the Association and of the Association to the board of directors of the Master Association after each such meeting; and shall perform such other duties as may be prescribed by the Board of Directors or the President. An Assistant Secretary, or Executive Secretary, if appointed, shall, in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary (except the execution, certification and recordation of amendments to the Declaration which shall be performed personally by the Secretary).

5.05 Treasurer. The Treasurer shall have custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board, demanding proper vouchers for such disbursements. He shall prepare and submit a written financial report at each annual meeting of the Owners, and shall render to the President an account of all his transactions as Treasurer and such additional reports of the financial condition of the Association as the Board may require. The Treasurer may be required to furnish a surety bond in an amount determined by the Board, the premium of which shall be paid by the Association. An Assistant Treasurer, if appointed, shall, in the event of the Treasurer's absence or inability to act, perform the duties and functions of Treasurer.

5.06 Other Employees. The Board of Directors may engage the services of such other employees and

professionals, including but not limited to an Executive Secretary and/or Manager, attorneys, accountants and contractors, as may from time to time be deemed necessary or advisable to accomplish the objects, purposes and duties of the Association.

5.07 Removal of Officers; Vacancies. All officers, agents and employees shall be subject to removal at any time by the affirmative vote of the majority of the members of the Board of Directors then in office. Any vacancy caused by removal, resignation, death or for any other reason whatsoever may be filled by the Board of Directors as the Board may deem appropriate.

5.08 Committees. The Board of Directors shall from time to time appoint committees as deemed appropriate in carrying out its purpose.

5.09 Compensation. The President, Vice President, Secretary and Treasurer shall not receive any compensation for their services rendered to the Association as such officers. However, such officers may be reimbursed for their actual expenses incurred in the performance of their duties. The Board of Directors may fix and pay such compensation for other officers or employees of the Association as the Board deems proper.

5.10 Certification of Amendments. In accordance with the Declaration, any amendment to the Declaration which requires affirmative written assent or vote of the Owners shall be executed, certified, and recorded on behalf of the Association by the President and Secretary of the Association.

VI. ASSESSMENTS

6.01 Regular Assessments. Regular Assessments against each Unit for which construction has been substantially completed shall commence on the first day of the month following the conveyance of the first Unit by Declarant to an Owner. Thereafter, regular and other Assessments shall commence as to newly completed Units on the first day of the month following the substantial completion of construction for each respective building. Until the Association makes an Assessment, the Declarant shall pay all Common Expenses of the Association. Assessments on Units for which construction has not been substantially completed shall be twenty-five percent (25%) of the Assessment for Units which have been substantially completed. Declarant shall be obligated to pay to the

Association any deficiencies in monies available to pay Common Expenses due to the Declarant having paid a reduced Assessment and which are necessary for the Association to be able to pay all Common Expenses in a timely manner. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall adopt a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expenses to be incurred for such fiscal year. The budget shall not be effective until it has been approved by the board of directors of the Master Association. The Board may, but is not required to, send a written summary of the budget to all Owners within thirty (30) days after the adoption of the proposed budget. At least twenty (20) days prior to commencement of each fiscal year, the Board shall notify each Owner of the amount of the regular Assessment to be paid by each Owner during the forthcoming fiscal year (and of the amount of monthly installments to be paid).

6.02 Special Assessments. In addition to regular Assessments, the Board may levy special Assessments and capital improvement Assessments as provided in the Declaration.

6.03 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Declaration.

6.04 Non-Payment of Assessments. Any Assessment which is not paid within thirty (30) days after it becomes due shall be delinquent. Whenever an Assessment is delinquent, the Association may, at its option, invoke any or all of the sanctions provided for herein in order to compel its prompt payment:

(a) Late Charge. If any Assessment is delinquent, the Owner shall be obligated to pay a late charge equal to ten percent (10%) of the delinquent Assessment.

(b) Interest. If any Assessment is delinquent, the Assessment shall bear interest from the date of delinquency at the rate of 18% per annum or such other rate as may be established by the Board of Directors pursuant to a duly adopted resolution or Association Rule.

(c) Enforcement of Lien. The Association may proceed as authorized in the Declaration to enforce the lien securing the Assessment.

VII. AMENDMENTS

7.01 Amendments. The Board, at any regular or special meeting, shall have the power to make, amend, and repeal the Bylaws of the Association by vote of a majority of the Board, provided that written notice of intention to make, amend or repeal the Bylaws in whole or in part shall have been given in the notice of the meeting, and provided further that no amendment shall be effective without the prior written approval of the board of directors of the Master Association.

VIII. FISCAL MANAGEMENT

8.01 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31. The commencement date of the fiscal year herein established shall be subject to change by the Board should corporate practice subsequently dictate.

8.02 Books of Account. Books of account of the Association shall be kept under the direction of the Treasurer on a consistent basis in accordance with good accounting practices.

8.03 Contracts. Unless otherwise provided herein or by the Board, all contracts shall be executed on behalf of the Association by either the President or Vice President and may be countersigned by either the Secretary or the Assistant Secretary.

IX. CONSTRUCTION

9.01 Discrepancies. Any discrepancies or conflicts between the provisions of the Arizona Revised Statutes, the Declaration, the Articles and Bylaws, and the Association Rules shall, unless otherwise provided, be resolved by giving priority first to the statutes, second to the Declaration, third to the Articles, fourth to the Bylaws, and fifth to the Association Rules.

APPROVAL BY MASTER ASSOCIATION

The Gainey Ranch Community Association hereby approves the terms and provisions of the Bylaws of The Oasis at Gainey Ranch Condominium Association, Inc. and confirms that the aforesaid Bylaws comply with all required terms of the Master Declaration.

DATE: MARCH 28, 1990

THE GAINNEY RANCH COMMUNITY
ASSOCIATION, an Arizona
nonprofit corporation

By Fred B. Thiele

Its PRESIDENT

OASIS SECOND STORY DECK MAINTENANCE PROGRAM

Realizing the importance of maintaining the large second story decks that function both as a patio and a roof to the unit below in a water tight condition, the Oasis Condominium Association has adopted a maintenance program covering the second story patio decks at the following 23 units:

202, 204, 205, 208, 210, 212, 214, 215, 218, 220, 221, 224, 225, 228, 230, 232, 233, 236, 238, 239, 241, 244, 245.

These patios either have the standard waterproofing membrane surface or a tile surface installed on top of the membrane surface. The following is the maintenance program that applies to the above listed tile and membrane decks:

A. TILE DECKS

At six (6) month intervals the Gainey Ranch Community Association (GRCA) maintenance staff will inspect each deck for cracked, broken or loose tile and grout or any conditions allowing water to migrate through the deck. Conditions of the decks will be noted and appropriately documented and a copy of the inspection report will be mailed to each owner. The Association will put the affected owner on notice regarding any maintenance requirement and make immediate arrangements to have the appropriate repairs or replacements made. The work will be performed by a competent licensed contractor and each homeowner will be invoiced at the GRCA's cost including the cost of the inspection.

It is important each owner of a tile deck perform certain maintenance on a strict routine basis in order to prevent water penetration and failure of the deck. The following maintenance activity is intended to mitigate each tile deck owner's exposure arising from his or her responsibility for any damage to the deck caused by water migrating through the tile surface:

1. Cracked, loose or broken tile must be removed, the membrane surface checked for any penetration or pin holing and lastly reset the tile in a waterproof bed and mortar system. No broken or cracked tile can remain as part of the deck after repairs.
2. Since grout is a porous material, it must be sealed periodically on an as needed basis, with a water resistant solution. There are a number of commercial products available for this process which can easily be applied with a brush, like paint.
3. Cracked, loose, porous grout must be repaired or replaced with a moisture resistant mortar. The water proof membrane should be checked for penetrations or pin holing and repaired prior to repairing or replacing tile and/or grout and sealed with a water resistant solution.
4. The perimeter edges of the tile deck floor where the surface interfaces with the stucco wall should be caulked on a regular basis with a HIGH GRADE urethane elastomer caulk.
5. Wind blown leaves, trash, etc., must be removed and the deck swept and cleaned on a regular basis.

6. The drains must be cleaned and free of debris at all times and flushed on a regular basis.
7. Potted plants, trees, etc. should be moved occasionally to prevent eventual deck damage. A raised dolly may be required to move any large pots.

B. MEMBRANE DECKS (Decks without tile surface)

The GRCA maintenance staff will inspect each deck annually for breaks, tears, wear spots, rips, or any conditions allowing water to migrate through the deck. Conditions of each deck will be noted and appropriately documented. Any standard membrane decks that require repairs or replacement of the water proofing material will be scheduled for repair and the owner will be notified. The cost of such repairs and inspection will be the responsibility of the Oasis Condominium Association. However, the owner shall be responsible for the cost to repair if the damage was caused by the owner's negligence or such owner's family members, tenants, guests or invitees. The owner is also responsible for the following good housekeeping practices which plays a major role in preventing water penetration problems and failure of the deck:

1. The decks should be washed down on a regular basis using a mild detergent and warm water.
2. Wind blown leaves, trash, etc., must be removed on a regular basis.
3. The drains must be kept cleaned and free of debris at all times and flushed on a regular basis.
4. Potted plants, trees, etc. should be moved occasionally to prevent deck damage. A raised dolly may be required to move any large pots.
5. All patio furniture must have rubber skids in order to prevent damage to the membrane.

C. TILE AND MEMBRANE DECKS

1. Both the tile and standard membrane decks will be inspected bi-annually by a qualified deck and water proofing consultant. The consultant will provide insight into any premature membrane failure, the cause of such failure and describe how to economically make repairs. The consultant will identify possible chemical or environmental changes that may effect the deck and provide imperative information in planning for repair and replacement budgets. The bi-annual deck inspection by the consultant will be at the cost of the Oasis Condominium Association.

APRIL 1995

MEMORANDUM

TO: All Oasis Members

FROM: Oasis Board of Directors

SUBJECT: Respective Maintenance Responsibilities of the Association and the Homeowners

DATE: Amended April 1995

Your Board of Directors has undertaken a review of all the Oasis condominium documents in order to clarify and delineate the respective maintenance responsibilities of the Oasis at Gainey Ranch Condominium Association, Inc. ("Association") and its members ("Homeowners"). To this end, the Master Declaration, Tract Declaration, and Oasis Declaration (commonly referred to as the CC&R's) were reviewed. In addition, those statutes ("the statute") pertaining to the creation and management of a condominium in the State of Arizona were reviewed for compliance.

This review has led your Board to conclude that maintenance responsibility needs to be allocated differently than was previously the practice. Accordingly, the previously enacted rules on this subject, namely the rules entitled "Common Element Maintenance Responsibility Rule" and "Second Story Patio Maintenance Rule" have been revoked. In the future, we will be guided by the statement of respective responsibilities set forth below.

The allocation of maintenance responsibilities has been organized according to the parts which make up the Condominium, namely, Units, Limited Common Elements and Common Elements. A summary of each part follows.

Unit: The Unit is the part of the condominium you independently own. Although defined in detail in the CC&R's, for purposes of this memorandum it can be thought of as that which comprises your interior living space. Generally speaking, the structural components and exterior of the building in which your Unit is located are not part of the Unit, but are Common Elements.

Limited Common Element: Limited Common Elements are not owned by Unit owners (hence they are part of the Common Elements), but are appurtenant to and for the exclusive use of designated Unit owners (hence the Limited designation). The CC&R's designate the following as Limited Common Elements: garages, storerooms not within the Unit, driveways, entryways, patios, balconies, fireplaces (including firebox and flue) and any portion of the electrical, plumbing, mechanical and similar systems, within or without the Unit, serving only that Unit. In addition, the statute designates all exterior doors and windows as Limited Common Elements.

Common Elements: Common Elements consist of every element of the entire Condominium that is not included within the definition of a Unit. For purposes of this memorandum, however, references to Common Elements do not include Limited Common Elements since these are considered separately.

The allocation of maintenance responsibilities for the foregoing elements of the Condominium is as follows:

I. Units

- A. Each homeowner is responsible for all of the maintenance, repairs and replacements within the homeowner's Unit. This includes but is not limited to the following:
 - 1. All interior doors and partitions, all materials constituting the finished surfaces of floors, ceilings and walls, and all other improvements within the Unit.
 - 2. All appliances, fixtures and equipment within the Unit, including without limitation lighting fixtures, plumbing fixtures, stoves, refrigerators, hot water heaters and heating and air conditioning components.
- B. The Association has no maintenance responsibility with respect to the Units.

II. Limited Common Elements

The CC&R's state that each homeowner is responsible for the routine cleaning and maintenance of all exclusive Limited Common Elements (except the driveways, as to which the CC&R's state that the Association shall provide all maintenance). In some instances, the CC&R's are more specific in regards to the maintenance of certain Limited Common Elements. On the other hand, the Tract Declaration states that the Association shall be responsible for the exterior and structural maintenance of the dwelling units, which is broad enough to encompass certain Limited Common Elements, and specifically reference painting and maintenance of roofs. Your Board has reconciled these documents by drawing distinctions between (i) those Limited Common Elements that require exterior maintenance and those that do not, (ii) building and landscape maintenance and (iii) those items that have been added by the homeowner, either as an option at the time of purchase or independently after purchase, and those that were standard. In addition, whenever possible specific language was given precedence over general language and, where necessary, the Tract Declaration was given precedence over the CC&R's (as required by the CC&R's). Thus, the maintenance responsibility for Limited Common Elements is as follows:

- A. The Association is responsible for all driveway maintenance.
- B. Homeowners are responsible for routine cleaning of entryways, patios and balconies, which includes keeping drains in an open and unobstructed condition. Except as otherwise provided in Paragraph II.H. below, the Association is responsible for all other exterior maintenance of these elements.
- C. Homeowners are responsible for routine cleaning and maintenance of garages, storerooms not within the Unit and fireplaces (including firebox and flue). The Association has no responsibility with respect to these elements.
- D. Homeowners are responsible for maintenance, replacement and repair of any of the items described in Paragraph I.A2. above which qualify as Limited Common Elements because they are not located within the Unit, and for maintenance of all other portions of the electrical, plumbing, mechanical and similar systems which qualify as Limited Common Elements. This includes the maintenance of, in an open and unobstructed condition, all sewer and drainage pipes, water and other utility lines between the points at which the same enter the Unit and the points where the same join the utility line serving other units. The Association has no responsibility with respect to such items.
- E. Homeowners are responsible for maintenance of all exterior doors, including such door system components as jambs, weather stripping, thresholds, tracks, screens and hardware. This includes repair and replacement and interior and exterior cleaning of all door glass. This also includes maintenance of the garage door, garage door opener and remote control device. The Association's responsibility with respect to these elements is limited to exterior painting and caulking.
- F. Homeowners are responsible for maintenance of all windows and skylights, including such window system components as frames, weather stripping, tracks, screens and hardware. This includes repair and replacement and interior and exterior cleaning of all window and skylight glass. The Association's responsibility with respect to these elements is limited to exterior caulking and maintenance of the flashing around skylights.
- G. Homeowners are responsible for maintenance of any landscaping within a Limited Common Element. The Association has no responsibility with respect to this item.
- H. Maintenance responsibility for any finished flooring added to a second story patio or balcony is as follows:

OASIS

1. Homeowners are responsible for maintenance of any finished flooring added to a second story patio or balcony after initial purchase. In addition, homeowners shall be held responsible if such surface or the failure to maintain such surface causes a premature failure of the underlying waterproof membrane.
2. Homeowners are responsible for maintenance of the tile surface installed by Markland as a decorator upgrade, including without limitation maintenance of grout and replacement of damaged tiles. The Association will perform inspections as stipulated in the attached Maintenance Program. Such activity performed by the Association is not intended to reduce the homeowner's overall responsibility for any damage to the deck structure resulting from either use or improper maintenance of the tile surface. The cost of the inspections and any required repairs shall be the homeowner's expense.
3. Homeowners with the standard membrane surface on the second story patios and balconies shall have no maintenance responsibility for such surface. Since it is also a roof element, this surface will be maintained by the Association.
4. In all such cases, homeowners are responsible for routine cleaning as set forth in Paragraph II.B. above and for negligent damage noted in Paragraph III. below.
 - I. Homeowners are responsible for maintenance of any awnings or other sun control devices added to the exterior. The Association has no responsibility with respect to these items.

III. Common Elements

The Association is responsible for maintenance of the Common Elements. Homeowners have no responsibility to maintain any of the Common Elements. However, homeowners are liable for any damage to the Common Elements, including the Limited Common Elements, that may be sustained by reason of the negligence of a homeowner or such homeowner's family members, tenants, guests or invitees.

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THE OASIS RULES

RESTRICTIONS

PARKING

1. Pursuant to the Oasis Homeowners Association Declaration, Article I, Section 1.07 "Association Rules," the Oasis Homeowners Association is granted the right to adopt rules and regulations. The adopted rules and regulations may cover any aspect the Oasis Homeowners Association's rights, activities and duties provided said rules and regulations are not inconsistent with the provisions of the Oasis Declaration.
2. The Oasis Homeowners Association Declaration, Article IX, Section 9.05 "Parking And Use of Garage/Visitor Parking" states that "Except for temporary parking, no parking is allowed on the driveways except as permitted by the Association." This intention is hereby further defined as follows:
 - a. Operable vehicles of guests and invitees shall be allowed to temporarily park on the driveway and also on the street whenever the driveway is already fully occupied. However, no over-night parking on the street shall be allowed except that the two on-street parking spaces located adjacent to unit #115 may be considered for over-night parking to accommodate any extenuating or hardship circumstances. Any such exception, however, must be approved by the Board of Directors upon registration of the vehicle with Gainey Ranch Security.
 - b. Overnight parking on the driveway by vehicles operated by residents is also not permitted. However, house guests and invitees may park on the driveway overnight on a temporary basis (not to exceed three consecutive nights) after first registering any such vehicle with Gainey Ranch Security. Whenever a vehicle registration to park on a driveway includes more than three consecutive nights, the Captain of security shall present the circumstances to the Board of Directors for possible approval to accommodate any extenuating or hardship circumstances.
 - c. Enforcement will be by the Gainey Ranch Community Association in accordance with the Master Association Rule, "Vehicle Parking Restrictions."

Amended. March, 1999

**THE OASIS CONDOMINIUM ASSOCIATION
AT GAINNEY RANCH
STANDARD FOR GUTTERS AND DOWNSPOUTS**

- 1) Gutters and downspouts for The Oasis at Gainney Club Drive must be unobtrusive and individually designed for each unit using the standard approved details. The downspouts must be a square shape with a smooth surface and located on the corners of side or secondary elevations, not on the front elevation. They may also be located at concave corners. The downspout must extend vertically, or in some other approved manner and discharged water must not cause erosion or a nuisance to the existing or neighboring properties. The gutter profile needs to be flat (not curving) to match the existing fascia design. (See sample in GRCA Administration Office.)
- 2) All proposed gutters and downspouts are considered as an add-on installation and will be reviewed and approved on an individual basis.
- 3) A complete elevation plan must be submitted showing the location of the gutter and downspout on each individual residence and will be reviewed on an individual basis.
- 4) All installations must use the standard gutter and downspout details, colors, materials and finishes. No corrugated metal will be approved. All support brackets must be blind mounted. Homeowners are responsible for overseeing the installation to confirm full compliance with this standard.
- 5) The color of the gutter and/or downspout will be determined by matching the surface it is mounted to. Gutters and downspouts will have a primer and rust-inhibiting paint of a semi-gloss or flat finish.
- 6) Gutters and downspouts must be kept in a clean, neat, properly painted and in good repair at all times.

THE OASIS AT GAINNEY RANCH CONDOMINIUM**RULE REQUIRING INSTALLATION OF
PRESSURE REGULATING VALVES AND BALL VALVES****Preamble**

A. Over the past several years, there has been water damage to the condominium units and common elements in The Oasis at Gainney Ranch Condominium resulting from leaking or broken water pipes, water heaters, water softeners and other appliances in the units.

B. The Board of Directors of The Oasis at Gainney Ranch Condominium Association, Inc. has consulted with Southwest Water Service and performed other research to determine what actions could be taken by the unit owners to reduce the potential for water damage from leaking or broken water pipes, water heaters, water softeners or other appliances within the units. Southwest Water Service conducted tests on the water lines to some of the units and those tests revealed that the water pressure in those lines reached 140 PSI which is very high.

C. Southwest Water Service recommended to the Board of Directors that all unit owners install a pressure regulating valve on the main water line to each unit so that the water pressure in the line can be regulated. The valve would allow the owner to set the maximum water pressure. The valve would then regulate the water pressure so that the water pressure never exceeds the maximum set by the owner. Southwest Water Service also recommended that the unit owners add a ball valve to the main water line to shut off the water when the unit will be vacant for any extended length of time. Using the ball valve to shut off water to the unit would not affect the water supply for the fire protection sprinkler system in the units.

D. Some unit owners have already installed pressure regulating valves and ball valves on the main water line to their unit. However, the Board of Directors has concluded that the installation of ball valves and pressure regulating valves on the main water lines to each unit is necessary in order to protect the common elements and the units from water damage resulting from leaking or broken pipes, water heaters, water softeners and other appliances.

E. Under the Declaration of Condominium and Declaration of Covenants, Conditions and Restrictions Establishing and Governing The Oasis at Gainney Ranch Condominium and the Arizona Condominium Act, the Board of Directors has the authority to adopt rules for the regulation and operation of the condominium and the protection of the common elements.

RULE

NOW, THEREFORE, the Board of Directors adopts the following rule regarding the installation of pressure regulating valves and ball valves:

1. On or before October 15, 1999, each unit owner shall install on the main water line to the owner's unit a pressure regulating valve to regulate the water pressure in the line and a ball valve to shut off water to the unit when the unit will be vacant for any extended period of time. The cost of the installation of the pressure regulating valve and ball valve shall be paid by the unit owner.
2. If any unit owner fails to timely install the pressure regulating valve and ball valve as required by Paragraph 1 above, the Association shall have the right, but not the obligation, to install the pressure regulating valve and ball valve and to assess the cost of such installation against the unit and its owner as a special assessment pursuant to Section 6.08 of the Declaration of Condominium and Declaration of Covenants, Conditions and Restrictions Establishing and Governing The Oasis at Gainey Ranch Condominium.
3. Each unit owner shall set the maximum pressure on the pressure regulating valve no higher than 70 PSI.

CERTIFICATION

The undersigned, being the duly elected Secretary of The Oasis at Gainey Ranch Condominium Association, Inc., hereby certifies that the foregoing Rule Requiring Installation of Pressure Regulating Valves and Ball Valves was adopted by the Board of Directors of the Association at a duly called meeting of the Board of Directors held on August 20, 1999.

Dated this 26 day of August, 1999.

Marianne DeLuca
Secretary, The Oasis at Gainey Ranch
Condominium Association, Inc.

THE OASIS AT GAINNEY RANCH

SUN CONTROL DEVICES

All sun control devices require Gainey Ranch Architectural Committee approval prior to any construction or installation. Additional information regarding submittal/approval can be obtained at the Gainey Ranch Community Association office. No other sun control devices are approved.

- A. FIXED AWNINGS are reviewed on an individual basis. Awnings over square or rectangular windows must be square or rectangular, respectively. Valances, if used, must be straight (not scalloped) and edge binding must match the awning color.

Approved Fabric: Sunbrella
Approved Color: Mocha #4616
Approved Frame: Bronze

Fixed awnings are constructed of fabric stretched and wrapped over an anodized metal frame which is permanently fixed to the exterior wall. No framework may be exposed.

- B. SUNSCREENS are reviewed on an individual basis.

1. FIXED SCREENS, including the frame and hardware, are to be constructed out of bronze-finished anodized metal to match the window frame. The approved screen color is bronze.
2. RETRACTABLE SCREENS must be bronze or beige in color. They are allowed only on the rear elevation. Retractable sunscreens will be track-mounted flush against the building within ½" of the window frame and all hardware will be concealed in a protective box matching the color/finish of the building exterior. No conduit or junction boxes may be exposed on the building exterior.

- C. UMBRELLAS, etc

Must be kept in good condition. Fabric may not display graphics of any kind and fabric colors that are highly contrasting to adjacent building or highly contrasting multi-colors on the umbrella are not permitted.

- D. RETRACTABLE ROLLING SHUTTERS are reviewed and approved on an individual basis prior to installation. Shutters must be track-mounted and constructed of pre-painted (baked enamel) slats. Slats and hardware must be housed in a protective box installed directly above the window or door. Box and all other hardware must be painted to match the exterior color of the building. No conduit or junction boxes may be exposed on the building exterior.

Approved Materials: Double-walled PVC Vinyl or
Aluminum Slats
Approved Color: Beige or Approved Equivalent
Location: Windows or Door Specifically Approved

E. GLASS TREATMENT

1. STAINED/COLORED GLASS will be reviewed on an individual basis for color, design and location.
2. TINTED GLASS will not be allowed beyond that which has been provided by the original installation of the builder.
3. NO REFLECTIVE MATERIALS including but not limited to aluminum foil, reflective screens or glass, mirrors or similar type items shall be permitted to be installed or placed on the outside or inside of any window or door.