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DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION made on this 22nd day of April, 1992, by FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as Trustee, and by DEL E. WEBB DEVELOPMENT CO., L.P., a Delaware limited partnership, and DEL WEBB HOME CONSTRUCTION, INC., an Arizona corporation, hereinafter collectively referred to as "Declarant."

W I T N E S S E T H:

WHEREAS, Del Webb Home Construction, Inc. is the equitable titleholder and Del E. Webb Development Co., L.P. is the "Optionee" of certain property in the County of Maricopa, State of Arizona, which is more particularly described as:

Lots 149 through 205 and Tract(s) C inclusive, Sun City West Unit 50, a subdivision recorded in Book 349 of Maps, Page 50, in the office of the Maricopa County, Arizona Recorder.

SAID ABOVE described real property shall hereinafter be referred to as the "Properties".

NOW THEREFORE, Declarant hereby declares that all of the Properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any rights, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. "Annual Homeowner Fee" or "Homeowner Fee" shall mean the charge levied and assessed each year against each Lot or Parcel for membership in the Recreation Centers of Sun City West, Inc.

SECTION 2. "Association" shall mean and refer to the Vista Casita Homeowners Association, Inc., an Arizona non-profit corporation, comprised of Owners of Lots covered by this Declaration as more particularly set forth at Article IX hereof.

SECTION 3. "Board of Management" shall mean and refer to the governing body of the Association.

SECTION 4. "Common Area" shall mean all property, including all shrubs, trees and other landscaping, public sidewalks, driveways, alleys, pavement, pipes, wires, conduits, public utility lines, and the improvements thereto owned or to be owned by the Association, for the common use and enjoyment of the Owners. The Common Area shown as Tract(s) C on the subdivision plat shall be exclusively for the use of the members of the Association.

SECTION 5. "Declarant" shall mean and refer to FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as Trustee, Del Webb Home Construction, Inc., an Arizona corporation and Del E. Webb Development Co., L.P., a Delaware limited partnership, its successors and assigns, but for the purposes of the foregoing, no individual, corporation, trust, partnership or other entity who or which has purchased property within the Project from Declarant, or whose title to such property is derived from a person who has purchased such property from Declarant, shall be deemed to be a successor or assign of Declarant, unless Declarant's rights have been specifically assigned by recorded instrument.

SECTION 6. "Deed" shall mean a deed or other instrument conveying the fee simple title in a Lot.

SECTION 7. "Declaration" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as the same may from time to time be amended.

SECTION 8. "Developer" shall mean and refer to DEL E. WEBB DEVELOPMENT CO., L.P., a Delaware limited partnership, and its successors and assigns, as more specifically set forth in Section 5 above.

SECTION 9. "Dwelling Unit" shall mean and refer to a Casita Home constructed by Developer upon a Lot designed and intended for use and occupancy as a residence by a Single Family.

SECTION 10. "First Mortgage" shall mean or refer to any unpaid and outstanding mortgage, deed of trust or other security instrument on real property in the Properties recorded in the Office of the Clerk and Recorder of Maricopa County, Arizona, having priority of record over all other recorded liens except those governmental liens made superior by statute.

SECTION 11. "First Mortgagee" shall mean and refer to any person named as a Mortgagee or Beneficiary under any First Mortgage or any successor(s) to the interest of any such person under such First Mortgage.

SECTION 12. "Governing Board of Directors" shall mean and refer to the Board of Directors of Recreation Centers of Sun City West, Inc.

SECTION 13. "Landscape Maintenance Easement" shall mean and refer to the easement more specifically discussed at Article XI, Section 2 of this Declaration. Said easement areas are to be maintained by the Association as installed and caused to be landscaped by the Developer.

SECTION 14. "Lot" shall mean and refer to the numbered residential Lot shown upon a recorded subdivision plat of the Properties together with all appurtenances, improvements and Dwelling Units constructed thereon.

SECTION 15. "Master Agreement" which shall mean and refer to the First Amended and Restated Master Agreement dated January 12, 1987, by and between Del E. Webb Development Co., L.P., a Delaware limited partnership and Recreation Centers of Sun City West, Inc., an Arizona non-profit corporation, as now in effect or duly adopted and amended, for so long as the same shall be in effect.

SECTION 16. "Member" shall mean and refer to every person or entity who holds membership in Rec Centers unless the context indicates membership in the Association.

SECTION 17. "Owner" shall mean and refer to the record Owner(s), whether one or more persons or entities, of equitable title in fee simple (or legal title if equitable title has merged) of any Lot which is a part of the Properties. Owner shall not include a person or entity having an ownership interest merely as security for the performance of an obligation. Lots where the fee simple title is vested, of record, in a Trustee pursuant to a Deed of Trust, shall be considered as having legal title vested in the Trustor.

SECTION 18. "PORA" shall mean and refer to SUN CITY WEST PROPERTY OWNERS AND RESIDENTS ASSOCIATION, an Arizona non-profit corporation, its successors and assigns.

SECTION 19. "Project" shall mean and refer to the entire development which is commonly known as Sun City West.

SECTION 20. "Properties" shall mean and refer to any and all of that certain real property hereinbefore described as subject to this Declaration.

SECTION 21. "Rec Centers" shall mean and refer to RECREATION CENTERS OF SUN CITY WEST, INC., an Arizona non-profit corporation, its successors and assigns.

SECTION 22. "Recreational Facilities" shall mean all real property (including the improvements thereto) owned by Rec Centers for the common use and enjoyment of the Owners. The Recreational Facilities currently owned by the Rec Centers are set forth below. Additional facilities may be conveyed by Developer to Rec Centers and upon any such conveyance, shall become a part of the Recreational Facilities as defined herein:

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

SECTION 23. "Single Family" shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not so related, together with their domestic servants, who maintain a common household in a Casita Home.

SECTION 24. "Single Family Residence" or "Casita Home" shall mean a building or house used as a residence for a Single Family, including any appurtenant garage.

SECTION 25. "Special Assessment" shall mean any assessment levied and assessed pursuant to Article IV.

SECTION 26. "Use and Maintenance Easement" shall mean and refer to a five (5) foot easement granted to each adjoining Owner, the uses and restrictions of which are more specifically set forth at Article XI, Section 1 of this Declaration. The Use and Maintenance Easement is to be used and maintained by each Owner in accordance with the provisions thereof.

SECTION 27. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person 5 ft. 10 in. tall, standing at ground level on any part of such neighboring property.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Recreational Facilities, subject to the following provisions:

- (a) The right of Rec Centers to impose fines and to suspend voting rights for nonpayment of homeowner fees or special assessments, or to impose the same sanctions for other breaches of this Declaration or Rec Center's published rules and regulations, subject to the terms of Article III, Section 7 hereof, and to amend Rec Center's Bylaws or its published rules and regulations after due notice.
- (b) The right of Rec Centers to establish uniform rules and regulations pertaining to the maintenance and upkeep of the Recreational Facilities.
- (c) The right of the Developer, and its sales agents and representatives, to non-exclusive use of the Properties and Recreational Facilities for display, sales and exhibit purposes, which right shall terminate upon closing of the sale of the last lot by Developer in the Project.
- (d) The right of the Association to levy assessments and establish uniform rules and regulations pertaining to the maintenance and upkeep of Common Area and landscape easement areas.

SECTION 2. Waiver of Use. No Member may exempt himself from personal liability for homeowner fees or special assessments duly levied by Rec Centers, nor release the Lot owned by him from the liens and charges hereof by abandonment of his Lot.

SECTION 3. Leasing Restrictions. All leases or rental agreements for individual Dwelling Units shall be in writing and specifically shall be subject to each and every

requirement, covenant and condition of this Declaration, the Master Agreement, and the Articles of Incorporation and Bylaws of Rec Centers.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. Membership in Rec Centers, except for membership of the Governing Board of Directors, shall be limited to Owners and residents of Sun City West as more specifically set forth in the Articles of Incorporation and Bylaws of Rec Centers, as such may be amended from time to time. An Owner of an improved Lot shall automatically, upon becoming the Owner of the Lot, be a Member of Rec Centers, and shall remain a member of Rec Centers until such time as his ownership ceases for any reason, at which time his membership in Rec Centers shall automatically cease. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation, and is not intended to include Declarant or Developer.

SECTION 2. A membership in Rec Centers shall not be transferred, pledged or alienated in any way, except upon the sale of such Lot and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Rec Centers shall record any such transfer upon its books and issue evidence of new membership to the purchaser or other new member, and thereupon the old membership outstanding in the name of the seller or other prior member shall be null and void. Any attempt to make a prohibited transfer is void and shall not be reflected upon the books and records of Rec Centers.

SECTION 3. Each and every membership shall be subject to payment of Rec Center homeowner fees and special assessments, and to all of the provisions of Rec Center's Articles of Incorporation, Bylaws, Master Agreement and the restrictions set forth in this Declaration, as now in effect or duly adopted or amended.

SECTION 4. Membership in Rec Centers shall be appurtenant to and may not be separated from ownership of any Lot which is subject to homeowner fees as described herein.

SECTION 5. Additional resident Rec Center cards may be purchased for non-titleholder Members of a Single Family Residence who actually reside therein, which cards shall entitle the holder(s) of said cards to use of Rec Center facilities without the right to actual voting membership in Rec Centers. Such cards shall be limited to persons nineteen (19) years of age and older.

SECTION 6. Tenant Activity Cards. Tenant Activity cards may be issued for any Dwelling Unit which shall entitle holders thereof to use of Rec Center facilities. The number of Tenant Activity cards issued for any Dwelling Unit shall not exceed the number of paid annual memberships for titleholders of the Dwelling Unit unless a Rec Center card fee is paid for each additional card which equals the current annual Lot assessment. Persons eighteen (18) years of

age or younger shall not be entitled to a Tenant Activity card. Rec Centers may charge such additional fees per Tenant Activity card as it deems necessary to cover its cost of administration and issuance of said cards.

SECTION 7. In the event a Member is in arrears in the payment of any amount due pursuant to any provision of this Declaration, for a period of thirty (30) days, or shall be in default in the performance of any provision of this Declaration or the rules and regulations of Rec Centers for a period of thirty (30) days, that Member's right to vote as a Member of Rec Centers and to use the Rec Center facilities shall, in accordance with the provisions of Rec Center's Bylaws, be suspended and shall remain suspended until all payments are brought current, or for a period not to exceed sixty (60) days in the case of other defaults.

ARTICLE IV

COVENANT FOR HOMEOWNER FEES

SECTION 1. Creation of the Lien and Personal Obligation of Homeowner Fees. Each Owner of any Lot other than Declarant and Developer, by acquiring an ownership interest therein, whether or not it shall be so expressed in the conveying document, is deemed to covenant and agree to pay to Rec Centers: (1) annual homeowner fees, and (2) special assessments as authorized by Rec Center's current operating Board of Directors or the Governing Board or Directors, such assessments to be established and collected as hereinafter provided in Sections 3 through 8.

The annual Homeowner Fee and any duly adopted special assessment, together with interest, costs of collection and reasonable attorney's fees, shall be a charge on the Lots and shall be a continuing lien upon any Lot against which each such fee, assessment or charge is made. Each such fee or assessment, together with interest, costs of collection and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of the Lot at the time when the fee or assessment fell due. The personal obligation for the delinquent fee or assessment shall not pass to an Owner's 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 fee or assessment shall have been filed or recorded with the County Recorder.

SECTION 2. Purpose of Homeowner Fee. The Homeowner Fee levied by Rec Centers shall be used exclusively to promote the health, safety and general welfare of the residents of Sun City West, and for the improvements and maintenance of the Recreational Facilities. The Homeowner Fees shall cover the costs of operating and maintaining all of Rec Center's properties, facilities, activities, landscaping, costs of additional improvements, taxes and insurance, as may, from time to time, be authorized by Rec Center's Articles of Incorporation and Bylaws.

SECTION 3. Establishment of Homeowner Fees. Each Owner covenants for himself and his heirs, successors and assigns, that his Lot shall be subject to a Homeowner Fee, in an amount to be determined by Rec Centers, as permitted by this Declaration, the Articles of Incorporation and the Bylaws of Rec Centers. The amount to be prorated among the Members of Rec Centers shall be established annually by the Board of Directors or Governing Board of Directors as the case may be, in accordance with the Articles of Incorporation and Bylaws.

SECTION 4. Minimum Annual Homeowner Fee. As of the date of recording of this Declaration, the annual Homeowner Fee is One Hundred Ten and No/100 (\$110.00) Dollars per record titleholder per year. This amount may be increased or decreased by Rec Centers in accordance with its Articles of Incorporation and Bylaws.

SECTION 5. Special Assessments for Capital Improvements. In addition to the annual Homeowner Fee authorized above, Rec Centers 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 repair, replacement, or addition of improvements to or upon the Recreational Facilities, provided that any such assessment shall have the assent of the Members who are voting in person or by proxy in accordance with Rec Center's Bylaws, at a meeting duly called for this purpose, or at an annual meeting.

SECTION 6. Uniform Rate of Assessment. The annual Homeowner Fee must be fixed at a uniform rate per titleholder for all Lots and may be collected on a monthly or yearly basis. Special assessments must be fixed at a uniform rate for all Lots and may also be collected on a monthly or yearly basis.

SECTION 7. Facilities Agreement, Payment of Annual Homeowner Fees, Due Dates. Each Owner shall execute and require successive Owners to execute a Recreation Centers of Sun City West Recreation Facilities Agreement, and such shall be binding upon and inure to each Owner's assigns and successors. Owner and all persons residing on said Lot shall abide by the Articles of Incorporation and Bylaws of Rec Centers and any amendments thereto. Initial payment of the annual Homeowner Fee shall be made at the time of closing of the purchase of a Dwelling Unit and shall be paid annually thereafter.

SECTION 8. Effect of Nonpayment of Homeowner Fee and Special Assessments: Remedies of Rec Centers. Any Homeowner Fee or special assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of fifteen percent (15%) per annum. Rec Centers may bring, without electing a remedy, any and all actions and seek any and all relief against the Owner personally obligated to pay the same, and/or foreclose the lien against the Lot in like manner as a mortgage on real property, and each such defaulting Owner hereby expressly grants to Rec Centers the power of sale in connection with said lien. No Owner may waive or otherwise escape liability for the Homeowner Fee or special assessments provided for herein by non-use of the Recreational Facilities or abandonment of his Lot. In any action taken against an Owner to collect a delinquent Homeowner Fee and/or special assessment, whether through lien foreclosure or otherwise, the Owner shall be obligated to pay, in addition to any and all other amounts required herein, all costs and all attorney's fees incurred by Rec Centers in such action.

SECTION 9. Subordination of the Lien to Mortgages. The lien of the Homeowner Fee and special assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. The sale or transfer of any Lot pursuant to a first mortgage foreclosure or a first deed of trust sale shall extinguish the lien of such Homeowner Fee or special assessment only as to such fees and/or assessments that have accrued up to the date of such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Homeowner Fee or special assessment thereafter becoming due or from any liens thereon.

ARTICLE V

PERMITTED USES AND RESTRICTIONS

SECTION 1. Single Family Residential Use. All Properties shall be used, improved and devoted exclusively to use for Single Family Residences. No gainful occupation, profession, trade, business or other non-residential use shall be conducted on any of the Properties. Nothing herein shall be deemed to prevent the leasing of any Dwelling Unit on a Lot to a Single Family from time to time by the Owner thereof, subject to all of the provisions of this Declaration. One (1) private Single Family Residence, together with a private attached garage, shall be erected on each Lot. No boat, truck, trailer, camper or recreational vehicle which is located on any of the Properties in accordance with Section 6 herein shall be used as a living area while located on such Properties. The Single Family Residence shall be of insulated frame, brick, cement block or substantial masonry construction.

SECTION 2. Animals. No swine, birds, fowl, poultry, livestock or other animals, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any of the Properties, and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No domestic pets shall be allowed to make an unreasonable amount of noise or become a nuisance. No structure for the care, housing, or confinement of any pets shall be constructed, placed or maintained upon any Lot so as to be Visible From Neighboring Property. Each Owner shall be responsible for the immediate removal and disposal of all solid animal waste of his pet from his Lot and the Properties. No pets shall be permitted on the Properties except as controlled on a leash or similar device held by its owner.

SECTION 3. Prohibition of Antennae, Satellite Dishes and Other Signal Reception Equipment. Ham radio antennae and satellite dishes are expressly prohibited on all Lots. Television antennae shall be maintained as originally mounted and installed by Developer in the attics of Dwelling Units on all Lots.

SECTION 4. Walls and Fences. No side or rear wall or fence other than the walls of the Dwelling Units and the fences originally constructed by Developer shall be permitted on any Lot. No fences of chain link or similar material, or wood or wood products of any kind shall be constructed or maintained on any Lot.

SECTION 5. Storage Buildings and Sheds. No temporary or permanent storage buildings, sheds or greenhouses, whether prefabricated, metal or of any other construction whatsoever, shall be moved, placed, assembled, constructed or otherwise maintained on any Lot.

SECTION 6. Recreational Vehicles. No mobile home, boat, trailer, remodeled bus, or other type of recreational vehicle of any kind, or commercial vehicle of any type shall be kept, placed, maintained, parked, or repaired upon any Lot, the Common Area or street (public or private); provided, however, that this provision shall not apply to minor repairs, cleaning, loading or unloading and/or short term parking of such vehicles, which activities shall be permitted for a cumulative period not to exceed seventy two (72) hours in any calendar month.

SECTION 7. Landscaping, Maintenance of Common Area. The Association shall at all times keep all shrubs, trees, grass, plantings of every kind, ground cover and other landscaped

areas of the Common Area and the Landscape Maintenance Easement trimmed, properly cultivated and otherwise maintained, and free of trash, weeds and other unsightly material.

SECTION 8. Maintenance and Repair of Dwelling Units. No Dwelling Unit shall be permitted to fall into disrepair, and each Dwelling Unit shall at all times be kept in good condition and adequately painted or otherwise finished. Each Owner shall maintain in good repair the exterior surfaces of his Dwelling Unit, including but not limited to walls, roofs, porches, patios and appurtenances. Nothing shall be done in or to any Dwelling Unit which will impair the structural integrity thereof except in connection with alterations or repairs specifically permitted pursuant to a validly issued building permit. Garages must be kept in a neat and tidy manner at all times when the interior of the same is Visible From Neighboring Property, or visible from the street or Common Area.

SECTION 9. Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Common Area, and no odors shall be permitted to arise therefrom, so as to render any of the Properties or any portion thereof unsanitary, unsightly, offensive or detrimental to any of the Properties in the vicinity thereof or to their occupants. No nuisance shall be permitted to exist or operate upon any of the such Properties so as to be offensive or detrimental to any other Properties in the vicinity thereof or to their occupants. Without limiting the generality of any of the foregoing provisions, no exterior loud speakers, horns, whistles, bells or other loud sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any of the Properties. The provisions of this Section shall not apply to Developer so long as Developer is building Dwelling Units on Lots of the Properties.

SECTION 10. Trash Collection. No garbage or trash shall be placed or kept upon the Lots or the Common Area except in covered containers. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and, then, only for the shortest time reasonably necessary to effect such collection. All rubbish, trash or garbage shall be removed from the Lots and Common Area and shall not be allowed to accumulate thereon.

SECTION 11. Outside Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on the Properties, and no occupant or Owner shall dry clothing so as to be Visible From Neighboring Property, or visible from the street, or Common Area.

SECTION 12. Encroachments. No tree, shrub, or planting of any kind shall be allowed to overhang or otherwise encroach upon any sidewalk, street or pedestrian way, from ground level to a height of twelve (12) feet. No fence, wall, hedge or shrub which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty five (25) feet from the intersection of the street property lines extended. No tree shall be permitted to remain within such intersection unless the foliage line is maintained at a sufficient height to prevent obstruction of such sight-lines.

SECTION 13. Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots or parcels by any Owner, and no portion less than all of any such

Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Developer. This provision shall not in any way, limit Developer from subdividing or separating into smaller Lots or parcels any property owned by Declarant or Developer. No portion of a Lot but for the entire Lot, together with the improvements thereon may be rented and then only to a Single Family.

SECTION 14. Signs. No sign of any kind shall be displayed to public view on any Lot or Landscape Maintenance Easement, other than one sign of not more than five (5) square feet advertising said Lot for sale or rent and signs used by Developer, its agents or nominees in connection with the development of the Properties or the construction or sale of Lots. Any sign advertising a Lot for sale or rent shall promptly be removed from the premises upon the close of escrow of any sale or upon the execution of any rental agreement therefore.

SECTION 15. Owner Landscaping and Maintenance of Yards. Each Owner shall, within ninety (90) days after the date he takes possession of a new Dwelling Unit and unlandscaped Lot, substantially complete all landscaping of the premises which is not otherwise landscaped by Developer and maintained by the Association, including, but not limited to side courtyard and rear yard areas, and shall cause the same to be maintained free of trash, weeds and other unsightly material.

ARTICLE VI

AGE RESTRICTION

Each Dwelling Unit, if occupied, shall be occupied by at least one (1) person fifty-five (55) years of age or older, and no person under nineteen (19) years of age or under shall reside in any Dwelling Unit for more than ninety (90) days. Applicable Federal law requires that at least eighty percent (80%) of the Dwelling Units be occupied by Single Families where at least one member of the Single Family is fifty-five (55) years of age or older.

ARTICLE VII

UTILITY EASEMENTS

There is hereby created a blanket easement upon, across, over and under the Properties for ingress and egress for installation, replacement, repair and maintenance of all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television and communication lines and systems, provided that said easement shall be limited to utility services to be provided to the Properties or the Project. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to erect and maintain the necessary facilities, equipment and appurtenances on the Properties and to affix either overhead or underground, or on, in and under the roofs and exterior walls of the Dwelling Units, and repair and maintain water, sewer and gas pipes, electric, telephone and television wires, circuits, conduits and meters. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electric lines, water lines, meters, gas lines, or other utilities or service lines may be installed or relocated on said premises except as initially planned and approved by Developer, or thereafter approved by Developer or the Déclarant. This easement shall in no way affect any

other recorded easements on the Properties. This easement shall be limited to improvements as originally constructed.

ARTICLE VIII

FREEHOLD ESTATE

Each residential Lot shall be a separately designated and legally described freehold estate consisting of said Lot and the improvements thereon.

ARTICLE IX

HOMEOWNER ASSOCIATION; BOARD OF MANAGEMENT; MONTHLY ASSESSMENT

SECTION 1. Membership. Each and every Owner shall be a member of the Vista Casita Homeowners Association, Inc., (the "Association"). Membership shall be appurtenant to and may not be separated from ownership of a Lot. Each Owner is obligated to promptly, fully and faithfully comply with and conform to the Articles and Bylaws and any amendments thereto, and the rules and regulations which may adopted from time to time by the Board of Management. When more than one person holds an interest in any one Lot, all such persons shall be members of the Association, but in no event shall more than one (1) vote be cast with respect to any Lot. Non-titleholder occupants, including renters, shall not be Association members.

SECTION 2. Purpose of the Association. The Association shall serve as the governing body for all Owners for the ownership, protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Common Area, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, maintenance of the Properties for their intended use, and for other matters as provided in this Declaration, and the Articles, Bylaws, and Association rules and regulations. The Association shall not be dissolved, nor shall it dispose of the Common Area by sale or otherwise.

SECTION 3. Board of Management, First Meeting of Members. The Association shall be governed by a Board of Management which shall consist of not less than three (3) persons nor more than seven (7) persons who shall, with the exception of the Initial Board of Management, each be an Owner. The Board shall choose a chairman from among them. The Initial Board of Management shall be appointed by Declarant in accordance with the Articles of Incorporation and Bylaws of the Association. The Initial Board of Management shall serve until the first meeting of the members of the Association which meeting shall be held within forty-five (45) days after the closing of the sale of fifty-one percent (51%) of the Lots covered by this Declaration, or ten (10) months after the closing of the sale of the first Lot, whichever first occurs, unless Developer determines that a quorum, as defined in the Bylaws, shall not be present, in which event the first meeting shall be held as soon thereafter as Developer determines that at least a quorum shall be present. Owner voting rights shall commence and the Board of Management shall be elected at the first meeting.

SECTION 4. Rights and Duties of the Association. The Association, through its Board of Management, shall have the following rights and powers with respect to each Owner and the Common Area:

- (a) To levy monthly assessments, payable in advance, against each residential Lot.
- (b) To use and expend the monthly assessments collected to maintain, care for and preserve the Common Area and improvements thereto.
- (c) To pay taxes and assessments levied and assessed against the Properties, equipment and tools, supplies, and other personal property owned by the Association for the common benefit of all Owners.
- (d) To pay for insurance, water, sewer, electricity and other utilities and expenses applicable to the Common Area.
- (e) To repair and replace common facilities, machinery and equipment, if any, as is necessary and convenient, in the discretion of the Board.
- (f) Contract for goods and/or services for the Properties, facilities and interests for the Association.
- (g) To collect delinquent assessments by suit or otherwise, and to enjoin or seek damages from the Owners for their violations of the covenants herein contained, or for violation of the Association rules hereinafter referred to.
- (h) To protect and defend the Properties from loss and damage by suit or otherwise.
- (i) To employ and dismiss workmen, maids, janitors, gardeners, lawyers, accountants and any other persons necessary to carry out the rights and powers herein granted, to purchase necessary supplies and equipment, to enter into contracts, and generally to have managerial powers in connection with the matters hereinabove set forth.
- (j) To make and enforce reasonable rules and to amend the same from time to time, which rules and amendments shall be binding upon the Owners after approval by a majority of such Owners by vote or written assent. Copies of such rules and all amendments thereto shall be delivered to all Owners.
- (k) To review, approve, or deny, Owners' requests for exterior changes to Lots, Dwelling Units and the Common Area. The Board of Management may appoint an architectural review committee which shall consist of Owners for this purpose.

- (l) To create an assessment fund into which the Board of Management shall place all sums collected by assessments or otherwise, the assessment fund to be used and expended for the purpose herein set forth.
- (m) To render to the Owners annual statements of receipts and expenditures.
- (n) To appoint officers and agents to carry out the business of the Association.
- (o) To carry out such other duties and powers as are set forth in this Declaration, the Articles, and the Bylaws of the Association.

SECTION 5. Articles and Bylaws. The manner in which the Association holds meetings and attends to other corporate formalities shall be controlled by the provisions of the Bylaws, the Articles of Incorporation, and this Declaration.

SECTION 6. Non-Liability of Officials and Indemnification. To the fullest extent permitted by law, every director, officer, or committee member of the Association shall be indemnified by the Association. Every other person serving as an employee or direct agent of the Association, or otherwise acting on behalf of, and at the request of, the Association may in the discretion of the Board of Management be indemnified by the Association.

SECTION 7. Initial Advisory Board of Owners. An initial Advisory Board of Owners, ("Advisory Board") shall be created and shall consist of three (3) Owners appointed by Declarant, one (1) representative who is willing and able to serve from each of the first Dwelling Units sold and transferred. The Advisory Board shall serve in an advisory capacity to the Board of Management and shall constitute a liaison between the first Board of Management and the Owners. Said Board shall serve until the first official meeting of the Association at which time it shall be dissolved and replaced by the Board of Management elected by the Owners at said meeting. The Initial Board of Management shall educate the Advisory Board as to the management and operation of the Association in an effort to afford the Owners a smooth transition into self-governance of the Association at the time of the first meeting of the Members.

SECTION 8. Conveyance of Common Area. The conveyance of the Common Area shall be concurrent with the transfer or conveyance of the first Lot. If the Common Area is not fully completed at the time of the conveyance, Developer shall post a Bond or other assurance for the benefit of the Association in an amount that is adequate to cover the cost to complete the Common Area and to secure Developer's obligation to complete the Common Area. The following provisions shall apply to the Association's enforcement of Developer's obligations secured by the Bond:

1. The Board of Management of the Association shall be directed to consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board of Management shall be directed to consider and vote on the aforesaid question if a Notice

of Completion has not been filed within thirty (30) days after the expiration of the extension.

2. A special meeting of Members for the purpose of voting to override a decision by the Board of Management not to initiate action to enforce the obligations under the Bond or on the failure of the Board of Management to consider and vote on the question. The meeting shall be required to be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the governing body of a petition for such a meeting signed by Members representing five percent (5%) or more of the total voting power of the Association.
3. A vote by Members of the Association other than the Developer at the special meeting called for the purpose set forth in (2) above.
4. A vote of a majority of the voting power of the Association residing in Members other than the Developer to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board of Management shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

SECTION 9. Limits of Board Authority. The Board of Management shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Members of the Association residing in Members other than the Declarant:

- (a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:
 - (1) A Management Contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.
 - (2) A contract with a public utility company if the rates charged for the materials or services are regulated by a government agency provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
 - (3) Prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits short rate cancellation by the insured.

ARTICLE X**COVENANT FOR MONTHLY AND SPECIAL ASSESSMENTS**

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, and Developer subject to the terms provided herein, is deemed to covenant and agrees to pay to the Association: (a) Monthly Assessments, and (b) Special Assessments, such assessments to be established and collected as provided herein and in the Bylaws.

SECTION 2. Purpose of Monthly Assessments. The Monthly Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of its Members, and to improve and maintain the Common Area and Landscape Maintenance Easement areas.

SECTION 3. Uniform Rate of Assessment; Use of Funds. Monthly Assessments and, except as otherwise provided in the Bylaws, Special Assessments must be fixed at a uniform rate for all Lots with Dwelling Units, which assessments shall be collected on a monthly or other periodic basis, in advance, as determined by the Board of Management of the Association. The Board may not, without the prior vote or written consent of a majority of the Members of the Association impose a Monthly Assessment per Lot which is more than twenty percent (20%) greater than the Monthly Assessment per Lot for the immediately preceding fiscal year. All funds budgeted, allocated, assessed and collected for contingencies, deferred maintenance and replacement of capital improvements shall be designated for those specific purposes. Said funds shall then be used solely for that specific purpose for which said funds have been designated. An Owner of a Lot shall be exempt from the payment of that portion of any Monthly Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a common facility that is not complete at the time assessments commence.

SECTION 4. The Initial Board of Management, shall collect a monthly assessment in an amount as estimated by the Developer, from each purchaser of a Dwelling Unit, beginning with the first day of the calendar month following each Dwelling Unit's scheduled closing and shall continue to collect such monthly assessment until at least fifty-one percent (51%) of the Lots have been sold and transferred, or ten (10) months after the closing of the sale of the first Lot, whichever first occurs, and a Board of Management is elected pursuant to Article IX, Section 3 hereof. Developer will pay the Monthly Assessment for each completed and constructed Dwelling Unit owned by Declarant that has not been conveyed, commencing on the first day of the calendar month following completion of construction of the Dwelling Unit. Developer shall use said Monthly Assessments exclusively for expenses incurred in maintaining the yard landscaping, including but not limited to, charges for insurance, water, sewer and landscape maintenance.

SECTION 5. Assessment Rate. The rate of the Monthly Assessment for each Lot owned by Declarant shall not include any amounts which are for the purpose of defraying expenses, such as trash disposal, that are attributable to the occupancy of a Dwelling Unit. Developer's liability for said Monthly Assessment for any such Lot shall cease upon transfer of title for such Lot to a buyer, or until the Dwelling Unit is occupied, whichever first occurs.

SECTION 6. Date of Commencement of Monthly Assessments. The Monthly Assessments provided for herein shall commence as to all Lots, subject to the provisions of Section 4, on the first day of the calendar month following the sale and transfer of the first Lot.

SECTION 7. Special Assessments. In addition to the Monthly Assessments, the Board of Management may levy, in any fiscal year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any acquisition, construction, reconstruction, repair or replacement of improvements or for capital improvements in or upon the Common Area, or for any other purpose which the Board of Management deems appropriate; provided that in any fiscal year the aggregate of such Special Assessments shall not exceed five percent (5%) of the budgeted gross expenses of the Association for said fiscal year without the assent of a majority of its Members, voting in person or by proxy, at a meeting duly called for this purpose. Written notice of such meeting setting forth such purpose shall be given to all Members at least thirty (30) days in advance of such meeting. Any such Special Assessment shall be levied in the same manner as that prescribed for Monthly Assessments.

SECTION 8. Effect of Non-Payment of Assessments, Lien and Power of Sale. The Monthly and Special Assessments, together with interest, costs of collection and reasonable attorneys' fees, shall be a charge on the Lots and shall be a continuing lien upon any Lot against which each such assessment is made. Each assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of fifteen percent (15%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Lot, and such Owner hereby expressly grants to the Association the power of sale in connection with said lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

SECTION 9. Subordination. Any Monthly and/or Special Assessment lien shall be subordinate to the lien of any First Mortgage or First Deed of Trust (hereinafter collectively called "First Encumbrance"). A sale or transfer of a Lot shall not affect a Monthly or Special Assessment lien; provided, however, the transfer of a Lot as the result of the exercise of a power of sale or judicial foreclosure involving a default under a First Encumbrance shall extinguish the lien of assessments that have accrued up to the date of such sale or transfer of the Lot. No sale or transfer of a Lot as the result of a foreclosure or exercise of a power of sale under a First Encumbrance shall relieve any new Owner or grantee from liability for any assessments thereafter becoming due or from any lien thereof.

SECTION 10. Subordination of the Lien to Lien of Rec Centers. The lien provided for in this Article, including, without limitation any fees, costs, late charges, or interest which may be levied by the Association in connection therewith, shall be subordinate to the lien of Rec Centers established in Article IV hereof.

SECTION 11. Liability Insurance. The Board of Management shall provide a comprehensive policy of public liability insurance covering the Common Area and Landscape Maintenance Easement, and the Board of Management's maintenance thereof. Such insurance shall contain a "Severability of Interest" clause which shall preclude the insurer from denying any

claim of any Owner provided for herein because of the negligent acts of the Board of Management or other Owners.

ARTICLE XI

USE AND MAINTENANCE AND LANDSCAPE MAINTENANCE EASEMENTS

SECTION 1. Use and Maintenance Easement. There is hereby created an exclusive and perpetual easement five (5) feet in width lying between the side Lot line and the side wall of the Dwelling Unit and extending from the front lot line to the rear lot line ("the Easement Area"), for the purpose of the installation and maintenance of landscaping material(s) and the related use and enjoyment thereof by the benefitted Owner (the "Use and Maintenance Easement"). Such easement shall be for the benefit of the Lot adjacent to such Easement Area and shall be appurtenant thereto. The easement created hereby shall not operate to in any way restrict the encumbered Owner's right to enter the Easement Area for the purpose of installation, alteration or repair of any mechanical or electrical systems which are a part of such Owner's Dwelling Unit or for other general maintenance of the Dwelling Unit. Nothing herein contained shall permit an Owner benefitted by this easement to construct any permanent improvement upon said Easement Area or to in any way impair such Owner's access for the purposes hereinabove described. A sketch showing a typical Easement Area is attached hereto as Exhibit "B" and incorporated herein by reference. Nothing herein contained shall permit an Owner of this Easement to affix or attach any object to the wall of the encumbered Owner's Dwelling Unit, or to alter, change, or modify said Owner's Dwelling Unit wall.

SECTION 2. Landscape Maintenance Easement. There is hereby created an exclusive and perpetual easement in favor of the Association for the limited purpose of watering, planting and maintaining the landscaping, and maintaining and repairing the water facilities used to water such landscaping located upon the Lots in the fronts of Dwelling Units lying between the Common Area and the front fences and walls thereof (the "Landscape Maintenance Easement"). A sketch showing a typical Landscape Maintenance Easement area is attached hereto as Exhibit "B" and incorporated herein by this reference.

ARTICLE XII

ENCROACHMENT

If any Dwelling Unit constructed upon any Lot shall actually encroach upon any other Lot, whether such encroachment results from the initial construction or from subsequent repair, reconstruction, settlement or shifting, there shall be deemed to be mutual easements in favor of the respective Owners involved to the extent of such encroachment so long as the same shall exist provided, however, that such easement shall not result from any alteration, addition or improvement made by an Owner, except Developer, without the prior written approval of the Board of Management.

ARTICLE XIII**PARTY FENCES**

SECTION 1. Any fence or column (excluding the exterior wall of any Dwelling Unit) constructed upon the boundary line between two (2) Lots, or between a Lot and an Easement Area as defined in Article XI, and any fence or column constructed upon the boundary line of a landscape easement, which fence specifically benefits the Owners of such adjacent lots shall be a Party Fence. Any fence constructed upon a Lot which is the boundary of a Landscape Maintenance Easement shall be treated as a Party Fence between the Owner of said Lot and the Association as Owner of said Landscape Easement. The rights and duties of Owners with respect to any Party Fence shall be as follows:

- (1) The Owners of contiguous Lots upon which a Party Fence has been constructed shall have the right, subject to the provisions of Article XI, to use such fence equally; provided, that such use by one Owner does not interfere with the use and enjoyment of such by the other Owner.
- (2) In the event any Party Fence is damaged or destroyed through the act of an Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair such Party Fence without cost to the Owner of the adjoining Lot.
- (3) In the event any Party Fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests or family, it shall be the obligation of both Owners whose Lots adjoin such Party Fence to rebuild and repair the same at their joint expense, such expense to be allocated equally between the owners.
- (4) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Fence without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.
- (5) In the event of a dispute between Owners with respect to the construction, repair or maintenance of a Party Fence, or with respect to the sharing of the cost thereof, or with respect to any other matter in connection therewith, then upon written request of the Owner(s), addressed to the Board of Management, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Board of Management. If no such rules have been adopted, then the matter shall be submitted to three (3) arbitrators, one chosen by the Board and one chosen by the Owner. The two (2) arbitrators shall then choose a third arbitrator. If the two (2) arbitrators cannot agree as to the selection of the third arbitrator, then selection of the third arbitrator shall be made by the Justice of the Peace of the precinct in which Sun City West is located. A

determination by any two (2) of the three (3) arbitrators shall be binding upon the Owner and the Board of Management. The Owner and the Board of Management shall share the cost of arbitration equally. In the event one (1) party fails to choose an arbitrator within ten (10) days after receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators.

- (6) Each Owner shall permit Owners of adjacent Lots and the Association or their representatives, when so required, to enter his Lot for the purposes of repairing or maintaining a Party Fence, and there is hereby created an easement for such purposes over each Lot; provided, that requests for entry to a Lot shall be made in advance and such entry shall be at a time reasonably convenient to the Owner of such Lot. In case of an emergency such right of entry shall be immediate.

SECTION 2. The provisions of Section 1 of this Article do not apply to any wall which is considered a part of the Dwelling Unit bordering a Landscape Maintenance Easement, or Use and Maintenance Easement area. It is expressly understood and agreed by and between adjacent Owners that the repair, maintenance and upkeep of any Dwelling Unit wall shall be at the sole discretion and expense of the Owner thereof, provided, however, that the following rights and duties shall apply with respect to said walls:

- (1) In the event that any Dwelling Unit wall is damaged or destroyed through the act of an Owner of an adjacent Lot, or any of his agents, guests or family members (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such adjacent Lot Owner to rebuild and repair such wall without cost to the wall's Owner.
- (2) In the event of a dispute between Owners with respect to the construction, repair or maintenance of a Dwelling Unit wall, or with respect to the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board of Management, the decision of which shall be binding.
- (3) Each Owner shall permit the Owner(s) of the adjacent Dwelling Units or his representatives, when so required, to enter his Lot for the purposes of repairing or maintaining said Dwelling Unit wall; provided, that requests for entry therein for purposes of said repairing or maintaining the same shall be made in advance and such entry shall be at a time reasonably convenient to the Owner of such Lot. In the case of an emergency such right of entry shall be immediate.

ARTICLE XIV

EASEMENTS

SECTION 1. Easement for Encroachment and Overhangs. If any portion of the Common Area shall actually encroach upon any Lot, or if any Dwelling Unit constructed upon any Lot shall actually encroach upon or overhang the Common Area, or if any Dwelling Unit constructed

upon any Lot shall actually encroach upon any other Lot, whether such encroachment results from the initial construction or from subsequent repair, reconstruction, settlement or shifting, there shall be deemed to be mutual easements in favor of the Association, as Owner of the Common Area, and the Owners of the respective Lots involved to the extent of such encroachment so long as the same shall exist, provided, however, that such easement shall not result from any alteration, addition or improvement made by an Owner, except Declarant, without the prior written approval of the Board of Management. The Association shall at all times have the right to maintain any Common Area now existing or hereafter constructed, regardless of any encroachment now or hereafter existing of said Common Area upon any Lot.

SECTION 2. Rights of Declarant Incident to Construction Easement. An easement is hereby retained by and granted to Declarant, its successors and assigns, for access, ingress, and egress over, in, upon, under, and across the Common Area, including but not limited to the right to store materials thereon and to make such other use thereof as may be reasonable, necessary, or incidental to Declarant's construction on the Properties; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his family members, guests, or invitees, of, to or from that Owner's Lot. This easement shall terminate immediately upon completion of construction by Declarant of the last Dwelling Unit to be constructed upon the Properties.

ARTICLE XV

COMMON AREA AND EXTERIOR MAINTENANCE - EASEMENTS

SECTION 1. Common Area Maintenance. The Association shall provide all maintenance, repair and replacement reasonably deemed necessary to the Common Area, including the landscaping, fences and other improvements located thereon. Said maintenance shall include, but shall not be limited to cutting and trimming, and otherwise caring for the grass, weeds, trees and vegetation located thereon. No Owner shall change, in whole or in part, the landscaping of any portion of the Common Area by the addition or removal of any items thereon without the prior written approval of the Board of Management.

SECTION 2. Exterior Maintenance. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance and repair reasonably deemed necessary to improvements and Dwelling Units located upon the Lots, with the exception of doors, windows, garage doors, driveways and walkways to front entries which shall be maintained by each Owner. Such exterior surfaces shall be painted with paint of the same finish, color, and hue as the original paint utilized by Developer in painting the same unless the Board of Management or Architectural Committee, if one has been created, authorizes the use of another color. Repair of roofs is expressly excluded in the exterior maintenance which shall be provided by the Association pursuant to this Article.

SECTION 3. Maintenance Easement. The Association shall have and is hereby granted an easement from each Owner on and across each Lot for the limited purposes of exterior maintenance of Dwelling Units and improvements, and as necessary for maintenance of Common Areas as set forth above.

SECTION 4. Access for Ingress and Egress, Maintenance and Easement. The paved driveway from the Common Area to each Lot, and the paved walkway to the front entry of each Dwelling Unit shall be maintained and repaired by each Owner served by said driveway or walkway. There is hereby created a non-exclusive easement, in favor of each individual Owner, upon, across and over the Common Area limited to the actual driveway and walkway for each Lot as constructed by Developer, for ingress and egress to and from each Lot and for the replacement, repair and maintenance of each Owner's driveway and front entry walkway.

SECTION 5. Damage by Owner. Notwithstanding anything to the contrary contained in this Article, in the event that the need for maintenance or repair of the Common Area, a Lot, or any improvements located thereon, is caused by the willful or negligent act or omission of any Owner, or by the willful or negligent act or omission of any of such Owner's family members, guests or invitees, the cost of such repair or maintenance shall be the personal obligation of such Owner. A determination of the negligence, willful act or omission of any Owner or any Owner's family members, guests or invitees, and the amount of the Owner's liability therefore, shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

SECTION 6. Use of Common Area.

- (a) No use shall be made of the Common Area which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Area.
- (b) No Owner shall place any structure whatsoever upon the Common Area, nor shall any Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Area to all members, other than on such parts thereof that maybe designated as exclusive use areas.
- (c) The use of the Common Area shall be subject to such rules and regulations as may be adopted from time to time by the Board of Management.

SECTION 7. Interior and Other Maintenance. Each Owner shall be responsible for the upkeep and maintenance of the interior of his Dwelling Unit and for the upkeep and maintenance of individual patios and all other areas, features, or parts of his Lot and Dwelling Unit not otherwise maintained by the Association. All fixtures and equipment installed within the Dwelling Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a Dwelling Unit, and including all heating and air conditioning equipment, shall be maintained and kept in good repair by the Owner thereof. Termite control shall be the responsibility of each Owner. An Owner shall perform no action which will impair any easement or hereditament, nor perform any act or allow any condition to exist which will adversely affect the other Dwelling Units or their Owners.

ARTICLE XVI

FIRST MORTGAGES

SECTION 1. Member and First Mortgagee Approval. Notwithstanding anything to the contrary set forth in this Declaration, after the first meeting of the Association pursuant to Article IX, Section 3, the Association shall not, unless it has obtained the prior written consent of at least sixty seven percent (67%) of the votes of the membership and fifty one percent (51%) of the votes of the Eligible Mortgage Holders of Lots (based upon one vote for each First Mortgage owned), add or amend any material provisions of this Declaration, the Articles of Incorporation, or Bylaws of the Association, which establish, provide for, govern, or regulate any of the following: (a) voting; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance, repair, and replacement of those elements of the Common Area which must be maintained, repaired, or replaced on a periodic basis; (d) insurance, including but not limited to, fidelity bonds; (e) rights to use of the Common Area; (f) responsibility for maintenance and repair of any portion of the Properties; (g) expansion or contraction of the Properties or the addition, annexation, or withdrawal of property to or from the Properties; (h) boundaries of any Lot; (i) interests in the Common Area; (j) convertibility of Lots into Common Area or of Common Area into Lots; (k) leasing of Lots or Dwelling Units constructed thereon; (l) imposition of any right of first refusal or similar restriction on the right of any Owner to sell, transfer, or otherwise convey his Lot; (m) any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages; (n) any decision to terminate professional management and assume self-management of the Association, when professional management has previously been required by any First Mortgagee of a Lot or insurer guarantor of such a First Mortgage; (o) restoration or repair the Properties, or any portion thereof, including but not limited to improvements located thereon, after a partial condemnation or damage due to an insurable hazard, other than if substantially in accordance with this Declaration and the most recent plans and specifications for the Properties and the construction of improvements thereon; or (p) termination of the legal status of the Properties after substantial destruction or a substantial taking in condemnation of the Properties.

An amendment shall not be considered material if it is made for the purpose of correcting technical errors or for clarification.

The Association shall not, unless it has obtained the prior written consent of at least sixty seven percent (67%) of the votes of the membership and sixty seven percent (67%) of the votes of the Eligible Mortgage Holders of Lots (based upon one vote for each First Mortgage owned), terminate the legal status of a portion of the Properties as a planned unit development, for reason of the Properties or improvements thereon.

The term "Eligible Mortgage Holders" as set forth in this section shall mean those Owners of First Mortgages who have requested the Association to notify them on any proposed action which requires the consent of a specified percentage of Eligible Mortgage Holders.

SECTION 2. Notice of Action. Upon written request to the Association identifying the name and address of the First Mortgagee, insurer or guarantor of the First Mortgage and the residence address of the property which is subject to such first mortgage, each such First

Mortgagee of a Lot, or insurer or guarantor of such a First Mortgage, shall be entitled to timely written notice of:

- (a) Any condemnation loss or casualty loss which affects a material portion of the Properties or any Lot subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or guarantor of a First Mortgage.
- (b) Any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Lot subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or guarantor; or any default by such Owner in any obligation under the Declaration, Articles of Incorporation, or Bylaws of the Association where the Board of Management of the Association has actual knowledge of such default and when such delinquency and/or default remains uncured for a period of sixty (60) days.
- (c) Any lapse, cancellation, or material modifications of any insurance policy or fidelity bond maintained by the Association.
- (d) Any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article XII.

SECTION 3. Financial Statement. The Association shall provide a financial statement for the immediately preceding fiscal year, free of charge to any First Mortgagee of a Lot, or any insurer or guarantor of such a First Mortgage, within a reasonable time after written request therefor by any such party.

SECTION 4. Association Books and Records. The Association shall make available to Owners, First Mortgagees of Lots, and insurers or guarantors of any such First Mortgage, current copies of this Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records, and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE XVII

DESIGN REVIEW

No building, fence, wall, antenna, satellite dish, tower, awning, sign or any other structure of any kind or character shall be constructed, erected, placed or maintained upon the Common Area or any Lot, nor shall any exterior addition, change or alteration (including, but not limited to painting, decorating, planting, grading, drainage, awnings and exterior window treatments) be made to any Dwelling Unit, Lot or the Common Area until plans and specifications showing the nature, kind, color, shape, height, materials, location and other physical attributes of the same shall have been submitted to and approved in writing by the Board of Management. The Board of Management shall have no longer than thirty (30) days after the proper plans and specifications have been received by it to review the same, and to approve as submitted,

conditionally approve or deny the same, in writing. In the event the Board of Management has not given its written approval or disapproval as specified herein, such approval will not be required, and this paragraph will be deemed to have been fully complied with. The restrictions contained in this paragraph shall not apply to the Developer or Declarant in any way.

ARTICLE XVIII

GENERAL PROVISIONS

SECTION 1. Enforcement. The Sun City West Property Owners and Residents Association (PORA), or its successor, and Rec Centers may, but shall not be obligated to enforce the restrictions in this Declaration upon receipt of a written request from the Owner(s) of one or more of the Lots. Rec Centers, PORA, the Board of Management or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, covenants, reservations, liens and charges now or hereinafter imposed by the provisions of this Declaration in any court of appropriate jurisdiction and shall be entitled to any other appropriate relief including money damages, reasonable attorney's fees and court costs. Failure by Rec Centers, PORA, the Board of Management 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. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid and unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

SECTION 3. Term, Termination, Amendment. 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. From and after said date, this Declaration, or Declaration as amended in accordance herein, shall be automatically extended for successive periods of ten (10) years, unless there is an affirmative vote to terminate the same by the then members of the Association casting 75% of the total votes cast at an election held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. This Declaration may be amended by an instrument evidencing approval of the Amendment by 1) The Owners of at least a bare majority of the Lots; and 2) At least a bare majority of Owners other than Declarant. Any amendment must be recorded.

SECTION 4. Violations and Nuisances. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, Developer, Rec Centers, PORA, the Board of Management or any Owner(s) of Lots within the Project.

SECTION 5. Violation of Law. Any violation of laws, ordinances or regulations of any state, county or other local authority having jurisdiction over the Properties is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration.

SECTION 6. Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

SECTION 7. Delivery of Notices and Documents. Any written notice or other document relating to or required by the Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered seventy two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to an Owner at the address of any Lot within the subdivision owned, in whole or in part, by him or to any other address last furnished by an Owner to the Developer or to Rec Centers.

SECTION 8. The Declaration. By acceptance of a deed, lease or document of conveyance, or by acquisition of any ownership interest in any of the Properties covered by this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendment thereto. In addition, each such person by so doing hereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Properties, and evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future owners, lessees, grantees, purchasers, assignees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration is mutually beneficial, prohibitive and enforceable by the various subsequent and future owners.

SECTION 9. Headings; Construction. All captions, titles or headings used in this Declaration are for convenience and reference only and do not constitute matter to be construed in interpreting this Declaration. Words of any gender used in this agreement shall be held and

construed to include any other gender; words in the singular shall include the plural, and words in the plural shall include the singular, unless the context requires otherwise.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 27 day of April, 1992.

FIRST AMERICAN TITLE INSURANCE COMPANY,
a California corporation, as Trustee

By: *Pamela Meyer*
Pamela Meyer
Its: Trust Officer

STATE OF ARIZONA)
)ss.
County of Maricopa)

On this 27 day of April, 1992, Pamela Meyer personally appeared before me, a Notary Public, known to me to be the Trust Officer of FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, and that she executed the within instrument and acknowledge to me that such corporation executed the same.

My Commission Expires:

Cynthia L. Gregor *formerly known*
Notary Public *as Cynthia L. Gregor*



REQUEST

The undersigned Beneficiary has requested said Trustee to execute and issue this Declaration of Covenants, Conditions and Restrictions for the purposes therein set forth.

DATED this 22nd day of April, 1992

DEL WEBB HOME CONSTRUCTION, INC.,
an Arizona corporation

By: *Randi Val Morrison*
Randi Val Morrison
Its: Assistant Secretary

STATE OF ARIZONA)
)ss.
County of Maricopa)

On this 22nd day of April, 1992, Randi Val Morrison personally appeared before me, a Notary Public, known to me to be the Assistant Secretary of DEL WEBB HOME CONSTRUCTION, INC., an Arizona corporation, and that being such officer and being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation, as Beneficiary, as such officer.

My Commission Expires:

Linda M. Cypher
Notary Public



CONSENT

The undersigned Optionee has consented to the execution and issuance by Trustee of this Tract Declaration of Covenants, Conditions and Restrictions for the purposes therein set forth.

DATED this 22nd day of April, 1992.

DEL E. WEBB DEVELOPMENT CO., L.P.,
a Delaware limited partnership, by
Del Webb Communities, Inc., an Arizona
corporation, its general partner

By: *Randi Val Morrison*
Randi Val Morrison
Its: Assistant Secretary

STATE OF ARIZONA)
)ss.
County of Maricopa)

On this 22nd day of April, 1992, Randi Val Morrison personally appeared before me, a Notary Public, known to me to be the Assistant Secretary of Del Webb Communities, Inc., an Arizona corporation, the general partner of DEL E. WEBB DEVELOPMENT CO., L.P., a Delaware limited partnership, as Optionee.

My Commission Expires:

Linda M. Cypher
Notary Public

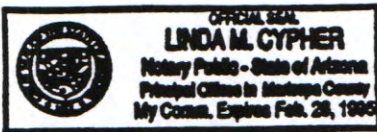


EXHIBIT "A"

R. H. JOHNSON RECREATION CENTER

BEARDSLEY PARK RECREATION CENTER

F. P. KUENTZ RECREATION CENTER

PEBBLEBROOK GOLF COURSE

STARDUST GOLF COURSE

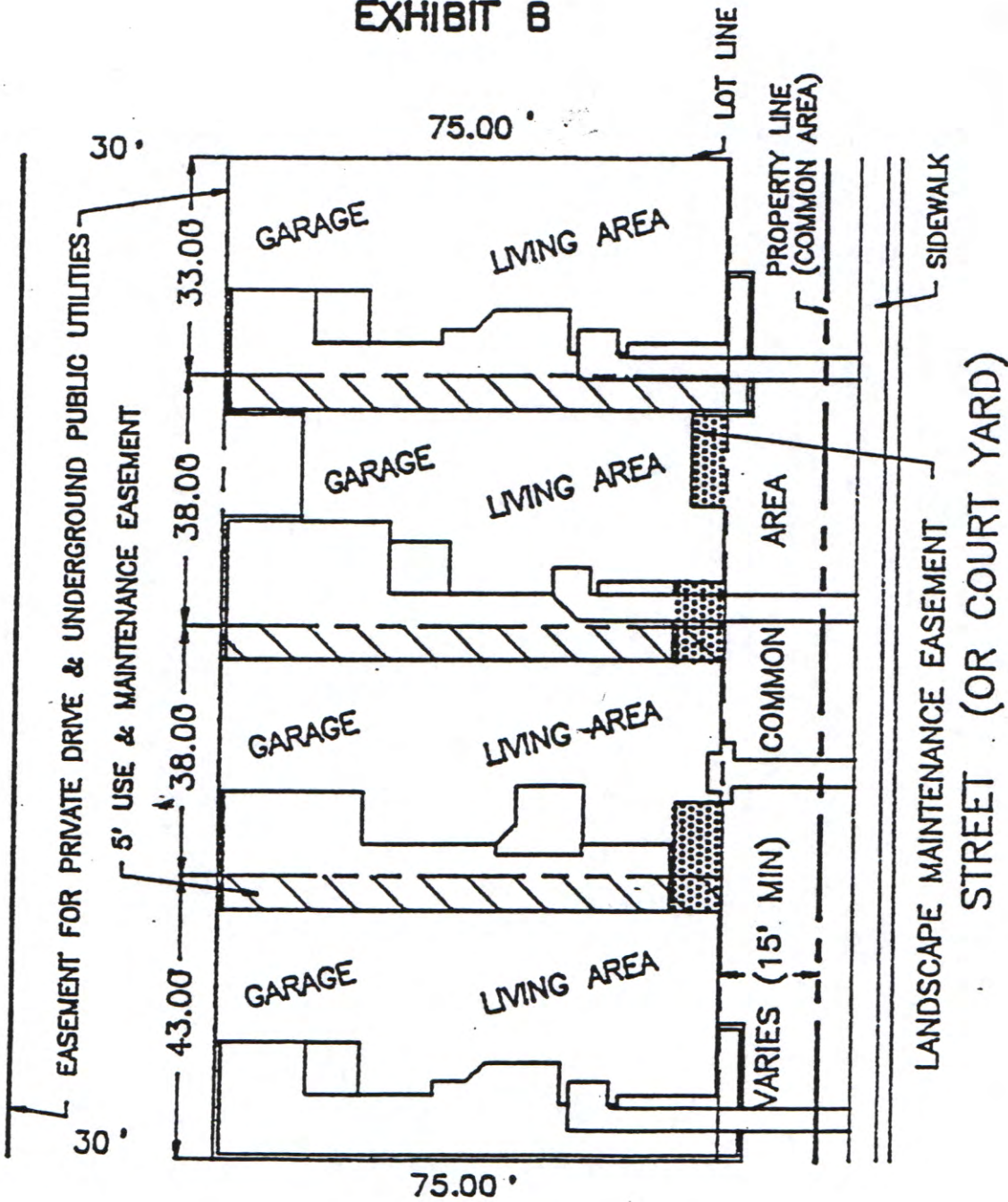
GRANDVIEW GOLF COURSE

ECHO MESA GOLF COURSE

TRAIL RIDGE GOLF COURSE

AGRICULTURE CLUB

EXHIBIT B



TYPICAL CASITA LAYOUT

copy

ARIZONA COMMISSION
FOR THE STATE OF ARIZONA

MAY 19 4 20 PM '92

APPROVED
DATE 5/22/92
TERMS
DATE

242582

**ARTICLES OF INCORPORATION
OF
VISTA CASITA HOMEOWNERS ASSOCIATION, INC.**

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, having associated herself for the purpose of forming a non-profit corporation under and by virtue of the laws of the State of Arizona, Title 10, Chapter 5, Article 2, Arizona Revised Statutes, 1979, does hereby adopt the following Articles of Incorporation.

ARTICLE I

NAME OF CORPORATION

The name of this corporation shall be VISTA CASITA HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association", and its principal place of business shall be Sun City West, Maricopa County, Arizona, but other offices, and places of business, may be established to maintain within or without the State of Arizona, at such place as the Board of Management of the corporation may designate, where meetings of the membership and/or Board of Management may be held.

ARTICLE II

NAME OF INCORPORATOR

The name and address of the incorporator is:

Randi Val Morrison
2231 E. Camelback Road, Suite 400
Phoenix, Arizona 85016

ARTICLE III

DATE OF INCORPORATION

The time of the commencement of this corporation shall be the day these Articles are filed, and the term thereof shall be perpetual.

ARTICLE IV
PURPOSES AND POWERS OF THE ASSOCIATION

Section 1. This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for maintenance and preservation of the structures, Lots and Common Area Tract(s) C and ownership and maintenance of the Common Area Tract(s) C as defined in that certain Declaration of Covenants, Conditions and Restrictions recorded at Instrument No. 92-0225465 in the Recorder's Office of the County of Maricopa, State of Arizona, (hereinafter called the "Declaration") on the following described real property and all structures and improvements located thereon:

Lots 149 through 205 inclusive, and Common Area Tract(s) C of Sun City West Unit 50, a subdivision recorded at Book 349 of Maps, Page 50 in the office of the Maricopa County, Arizona Recorder.

And to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereinafter be brought within the jurisdiction of this Association, and for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration, applicable to the property and recorded or to be recorded in the office of the Maricopa County, Arizona Recorder, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment, by any lawful means, of all charges and/or assessments of the Association pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of two-thirds (2/3) of the Members other than Del E. Webb Development Co., L.P. ("Developer"), mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area Tract(s) C to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the Members other than Developer, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the Members other than Developer; and

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Arizona by law may now or hereafter have or exercise.

Section 2. The foregoing statement shall be construed as a statement both of purposes and of power in each clause and shall be in no way limited or restricted by reference to or inference from the terms or provisions of any other clauses, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of powers and purposes, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE V

MEMBERSHIP

Section 1. The corporation shall be a non-stock corporation and shall be owned by its Members, who shall be collectively called the Members of the Association, and no dividends or pecuniary profits shall be paid to its Members. Membership in the Association, except for membership of the incorporator and the Initial Board of Management, shall be limited to record Owners of equitable title (or legal title if equitable title has merged) of the Dwelling Unit constructed or planned to be constructed on the property described above and any addition thereto as may hereafter be brought within the jurisdiction of this Association by annexation. An Owner of a Dwelling Unit shall automatically, upon becoming the Owner of the Dwelling Unit, be a Member of the Association and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. No certificates of membership shall be issued and membership shall be

evidenced by an official list of said Members, which list shall be kept by the Secretary of the Association. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to the new record Owners of equitable title (or legal title if equitable title has merged).

Section 2. In the event said Dwelling Unit is owned by a corporation, partnership or trust, or by two (2) or more persons whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to each Dwelling Unit shall be joint and a single membership for such Dwelling Unit shall be issued in the names of all and they shall designate to the Association, in writing, at the time of issuance, one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Management of the Association shall make such designation. In no event shall more than one (1) vote be cast with respect to any lot.

ARTICLE VI

BOARD OF MANAGEMENT

Section 1. The affairs of the Association shall be conducted by a Board of Management consisting of an odd number of not less than three (3) nor more than nine (9) members, and such officers as the Board of Management may select from time to time, including a President, a Vice President, a Secretary and a Treasurer. Any two (2) offices or more may be held by the same person, except the offices of the President and Secretary.

Section 2. The Board of Management shall be elected by the Members of the Association at the first annual meeting and each ensuing annual meeting thereafter, as provided for in the Bylaws of the Association. The Board of Management will adopt Bylaws for the corporation and such Bylaws may be amended, supplemented, repealed or suspended and new Bylaws may be adopted as provided for therein.

Section 3. A meeting was held at 13001 Meeker Boulevard, Sun City West, Arizona 85375, by the incorporator and an election of the Initial Board of Management was held, said Board to serve until fifty-one percent (51%) of the lots legally described herein have been conveyed to individual purchasers. Within forty-five (45) days after fifty-one percent (51%) of the lots have been sold and transferred, Developer shall call the first annual meeting of the Members of the Association, unless Developer determines that a quorum, as defined in the Bylaws, shall not be present, in which event the first meeting shall be held as soon thereafter as Developer determines that at least a quorum shall be present. Owner voting rights shall

**BYLAWS
OF
VISTA CASITA HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

NAME AND LOCATION

The name of the corporation is VISTA CASITA HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at Sun City West, Maricopa County, Arizona, but meetings of Members and Members of the Board of Management may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Management.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to VISTA CASITA HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, its successors and assigns, comprised of Owners of Lots covered by the Declaration.

Section 2. "Common Area" shall mean all property owned or to be owned by the Association as more specifically provided in the Declaration.

Section 3. "Declarant" shall mean and refer to FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, its successors and assigns, as Trustee for Del Webb Home Construction, Inc., an Arizona corporation and Del E. Webb Development Co., L.P., a Delaware limited partnership, and its successors or assigns, but, for purposes of the foregoing, no individual, corporation, trust, partnership or other entity who or which has purchased property within the Project from Declarant, or whose title to such property is derived from a person who has purchased such property from Declarant, shall be deemed to be a successor or assign of Declarant, unless Declarant's rights have been specifically assigned by recorded instrument.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the office of the Recorder of Maricopa County, Arizona, at Instrument No. 92-0225465.

Section 5. "Developer" shall mean and refer to DEL E. WEBB DEVELOPMENT CO., L.P., a Delaware limited partnership, and its successors and assigns.

Section 6. "Dwelling Unit" shall mean and refer to a Casita Home constructed by Developer upon a Lot within the Properties.

Section 7. "Lot" shall mean and refer to the numbered Lots 149 through 205 of Sun City West Unit 50 shown upon a recorded subdivision map of the Properties, together with the Dwelling Unit constructed thereon, as recorded at Book 349 of Maps, Page 50, records of Maricopa County, Arizona.

Section 8. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Lots where the fee simple title is vested, of record, in a trustee pursuant to a trust instrument, shall be considered as having legal title vested in the trustor.

Section 10. "Properties" shall mean and refer to that certain real property described in the Declaration.

Section 11. "Rec Centers" shall mean and refer to RECREATION CENTERS OF SUN CITY WEST, INC., an Arizona non-profit corporation, its successors and assigns.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members of the Association shall be held within forty-five (45) days after the Developer has sold and conveyed fifty-one percent (51%) of the lots within the premises, or ten (10) months after the closing of the sale of the first Lot, whichever first occurs, unless Developer determines that a quorum, as defined herein, shall not be present, in which event the first meeting shall be held as soon thereafter as Developer determines that at least a quorum shall be present. Thereafter, the annual meetings of the Members of the Association shall be held on the anniversary of the first annual meeting of the Membership. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday, or, the annual meeting shall be held at such other time as shall be specified by the Bylaws of this corporation duly adopted or amended. Any such amendment of the Bylaws, thus duly adopted, changing the date of the annual meetings shall be valid and effective without the necessity of

amending the Articles of Incorporation of the corporation. The annual meetings of the Board of Management and the Members of the Association shall be held at the office of the corporation or at such other office or offices at such other places within the County of Maricopa, State of Arizona, as may be designated by the Board of Management. There shall be no less than two (2) meetings of the Board of Management during each fiscal year.

Section 2. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by hand delivery or mailing a copy of such notice, postage prepaid, at least ten (10) days and not more than ninety (90) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the Developer, the President, a majority of the Board of Management, or upon written request of five percent (5%) of the Members who are entitled to vote.

Section 4. Quorum. The presence at the meeting in person or by proxy of fifty-one percent (51%) of the votes of membership entitled to vote, other than Developer, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting of the Members, a majority of the Members entitled to vote at such meeting shall have the power to adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable, and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Voting. For purposes of voting, each Lot shall constitute one (1) voting unit, it being understood that the Owners of each Lot shall be entitled to one (1) vote among them, regardless of the number of persons who may own such Lot. When a vote of the membership

requires a specific percentage of votes, the percentage shall be determined by reference to the aggregate number of votes of the membership.

ARTICLE IV

BOARD OF MANAGEMENT: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Management consisting of an odd number of not less than three (3) and no more than nine (9) members who, with the exception of the Initial Board of Management, must be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall, in the event there are to be three (3) Board Members, elect each to a term of one (1) year. In the event the Members choose to have five (5) Board Members, three (3) shall be elected for a term of two (2) years and two (2) shall be elected for a term of one (1) year. In the event the Members choose to have a Board of Management in excess of five (5) Members, then there shall be concurrent terms for no less than three (3) Members.

Section 3. Removal. Unless the entire Board is removed from office by the vote of the Members of the Association, no individual Board member shall be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Board member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board members authorized at the time of the most recent election of the Board members were then being elected. Notwithstanding the above, a Board member who has been elected to office solely by the votes of Members of the Association, other than Developer, may be removed from office prior to the expiration of his term of office by the vote of at least a simple majority of the voting power residing in Members other than Developer.

In the event of death or resignation of a Board member, his successor shall be selected by the remaining members of the Board, and shall serve for the remaining term of his predecessor.

Section 4. Compensation. No Board member shall receive compensation for any service he may render to the Association. However, any Board member may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Board members. Any action so approved shall have the same effect

as though taken at a meeting of the Board. Statement of the action or an explanation of the action taken shall be made available for review by the membership within three (3) days after the written consents of all Board Members have been obtained, in accordance with Article XI.

ARTICLE V

NOMINATION AND ELECTION OF BOARD OF MANAGEMENT

Section 1. Nomination. Except as provided in Section 3 below, nomination for election to the Board of Management shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall be appointed by the Board of Management prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Management as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from Members.

Section 2. Election. Election to the Board of Management shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted as prescribed in Section 10-033.D. of the Arizona General Corporation law.

Section 3. Initial Board of Management. Notwithstanding the above, until the first meeting of the Members is called in accordance with Article III, Section 1 hereof, Developer shall have the right to appoint all the members of the Board of Management without a meeting and without a vote of the Members. The Initial Board of Management shall consult with the Advisory Board of Owners provided for in the Articles of Incorporation and the Declaration prior to acting on all matters affecting the Owners.

ARTICLE VI

MEETINGS OF THE BOARD OF MANAGEMENT

Section 1. Regular Meetings. Meetings of the Board of Management shall be held at the discretion of the Board of Management, but at least twice annually, at such place and hour as may be fixed from time to time by the resolution of the Board. At least four (4) days notice of each meeting shall be given, and shall be posted or otherwise communicated to the Members.

Should a meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Management shall be held when called by the President of the Association, or by any two (2) Board members, after not less than three (3) days notice to each member of the Board. Notice may be waived at any time by the person entitled to such notice. Notice of the time and place of any special meetings, and the nature of any special business to be considered, shall be posted or otherwise communicated to the Members.

Section 3. Quorum. A majority of the Members of the Board shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Open Meetings. Regular and special meetings of the Board of Management shall be open to all Members of the Association provided, however, that Association Members who are not on the Board of Management may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of quorum of the Board of Management. The Board of Management may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall be first announced in open session.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF MANAGEMENT

Section 1. Powers. The Board of Management shall have power to:

(a) Adopt and publish rules and resolutions governing the use of the Common Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration, as the same may be amended from time-to-time, including but not limited to enforcement of restrictions contained therein;

(d) Employ a manager, an independent contractor, or such other employees as it deems necessary for a term not to exceed one (1) year, and to prescribe their duties; and

(e) Pay all taxes and/or assessments which are, or could become a lien on the Common Area or a portion thereof; and contract for casualty, liability and other insurance on behalf of the Association; and delegate its powers to committees, officers or employees of the Association as may be expressly authorized by these Bylaws, the Declaration or Articles of Incorporation; and prepare budgets and financial statements for the Association; and enter upon any privately owned lot or unit as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the membership.

(f) See that a summary of the budget for each fiscal year is distributed to the membership not less than forty-five (45) days before the beginning of the fiscal year and that copies of the full budget are available for copying, said budget to include at least the following information:

(1) Estimated revenue and expenses on an accrual basis.

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of any common facilities used for the benefit of all Owners, and for contingencies.

(3) An itemized estimate of the remaining life of, and the methods of funding to defray the costs of repair, replacement or additions to, major components of the Common Area and any facilities used for the benefit of all Owners for which the Association is responsible.

Section 2. Duties. It shall be the duty of the Board of Management to:

(a) Cause to be kept a complete record of all of its acts and corporation affairs, and to present a written statement thereof to the Members at the annual meeting of the Members, at which a quorum is present;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(d) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(e) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring action at law against the Owner personally obligated to pay the same;

(f) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(g) Procure and maintain adequate liability and hazard insurance on property owned by and activities of the Association.

(h) Cause the officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(i) Cause the Common Areas to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Multiple Offices. Any two (2) or more offices may be held by the same person except the offices of President and Secretary.

Section 3. Election of Officers. The election of officers shall take place at the first meeting of the Board of Management following each Annual Meeting of the Members.

Section 4. Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he shall resign sooner, or shall be removed, or otherwise disqualified to serve.

Section 5. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 6. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time, giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8. Duties. The duties of the officers are as follows:

a. President

The President shall preside at all meetings of the Board of Management and casual or special meetings of the Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments.

b. Vice President

The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

c. Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association, and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

d. Treasurer

The Treasurer shall direct the receipt and deposit in appropriate bank accounts of all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Management; see that proper books of account are kept; and shall supervise the preparation of an annual budget and a statement of income and

expenditures to be presented to the membership at its regular annual meeting, and, deliver a copy of each to the Members.

ARTICLE IX
COMMITTEES

SECTION 1. General. The Board of Management shall appoint a Nominating Committee, and other committees as deemed appropriate in carrying out its purpose, as provided in these Bylaws.

SECTION 2. Design Review. All Lots shall be subject to a limited design review process in favor of the Board of Management or a committee appointed by the Board for this purpose.

ARTICLE X
INDEMNIFICATION

Every officer or director of the Association may be indemnified by the Association against all expenses, liabilities and penalties, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be made a party or in which he may become involved by reason of any acts or omissions alleged to have been committed by him while acting within the scope of his employment as a director or officer of the Association, including any settlement thereof, provided that the Board of Management determines that such person acted in good faith and did not act, fail to act or refuse to act willfully with gross negligence, or with fraudulent or criminal intent with regard to the matter involved in the action or proceeding.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Board member or officer of the Association or was serving at the request of the Association as a Board member or officer against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have had the power to indemnify him against such liability under this Article.

The right of indemnification hereinabove provided shall not be exclusive of any rights to which any Board member or officer of the Association may otherwise be entitled by law.

ARTICLE XI
BOOKS AND RECORDS

The membership register, books of account and minutes of the meetings of the members of the Board of Management and of committees of the Board of Management of the Association

shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Properties as the Board of Management shall prescribe. The Board of Management shall establish reasonable rules with respect to prior notice to be given to the Custodian of Records, the hours and days of the week when any inspection may be made, and the payment of the cost of reproducing copies of documents requested by a Member. Every Board member shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Owner is obligated to pay to the Association Maintenance Assessments and Special Assessments, if any. Any assessments which are not paid within thirty (30) days of the due date shall be considered delinquent, shall constitute a lien on the Lot of the Owner who fails to pay them and shall bear interest from the date of delinquency at the rate provided in the Declaration. The Association may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against the Lot, and interest, costs, and reasonable attorneys' fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal bearing the name of the Association.

ARTICLE XIV

AMENDMENTS

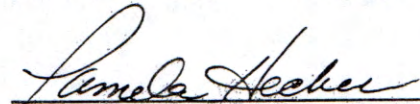
Section 1. These Bylaws may be amended at a regular or special meeting of the Members at which a quorum is present, by a vote of a majority of Members at the meeting and at least a bare majority of the votes of Members other than Developer.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XV
FISCAL YEAR

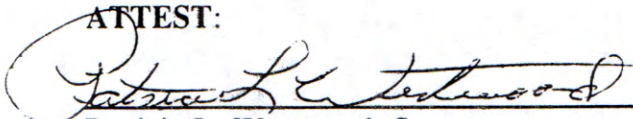
The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, I have executed these Bylaws this 12th day of May, 1992.



Pam Hecker, President

ATTEST:



Patricia L. Westwood, Secretary