

men recorded return to:  
rico Western  
845 McCulloch Blvd.,  
uite A-103  
lake Havasu City, AZ 86403

DECLARATION OF HORIZONTAL PROPERTY REGIME  
TOGETHER WITH  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
THE ISLES

This Declaration, made this 28 day of February, 1978 by the  
London Bridge Racquet Club, an Arizona corporation, hereinafter referred to as  
the "Declarant".

ARTICLE 1

Description

WHEREAS, Declarant is the owner of that certain real property in  
Mohave County, Arizona, described as follows:

- (a) Lot B Block 1, Tract 2336, Lake Havasu City, Mohave  
County, Arizona, recorded at Reception No. 78-13367  
on MAY 15, 1978, Records of Mohave County  
Recorder.
- (b) The Isles Condominiums, a plat of record recorded on  
MAY 15, 1978, at Reception No. 78-13380,  
in the Office of the Mohave County Recorder, Arizona.

DECLARATION

WHEREAS, Declarant has established a general plan for the development  
and improvement of said property and the division thereof into condominiums  
under all applicable laws of the State of Arizona; and

WHEREAS, it is the desire and intention of Declarant to impose upon  
all portions of said property (including every lot, parcel, part or condo-  
minium thereof) mutual and beneficial restrictions in accordance with said  
general plan of improvement for the benefit of all portions of said property  
and all future owners thereof and to insure the uniform development of said  
property in accordance with said plan;

NOW, THEREFORE, Declarant hereby declares that said property and each  
and every condominium therein, lot, part or parcel thereof or pertaining  
thereto is and shall be owned, held, transferred, conveyed, sold, leased,  
rented, hypothecated, encumbered, used, occupied, maintained, altered and  
improved subject to the covenants, conditions and terms hereinafter set forth

(hereinafter collectively referred to as "said Covenants") for the duration hereof, all of which are declared to be part of, pursuant to and in furtherance of a common and general plan for the development, protection, maintenance, improvement and sale of said property and the division thereof into condominiums. Said Covenants are expressly intended to and shall run with the land, and shall until their expiration in accordance with the provisions hereof, bind, be a charge upon and inure to the benefit of all of said property and each condominium, lot, part or parcel thereof or therein, Declarant and its successors or assigns and all persons having or acquiring any right, title or interest in said property or any condominium, lot, part or parcel thereof, or any improvement thereof and all of their heirs, successors, executors, administrators and assigns for the benefit of each such condominium, lot, part or parcel and for the mutual benefit of all such condominiums, lots, parts, and parcels and the respective owners thereof. It is the intent of Declarant that each of said Covenants shall be covenants running with said property and mutual and equitable servitudes upon and in favor of each condominium, lot, part or parcel of or in said property and the present or future owner or owners thereof and its, his, or their heirs, successors, administrators, executors and assigns, all as a part of a common and general plan and scheme for the purpose of developing, improving, enhancing and perfecting the value, desirability and attractiveness of said property and any division thereof into condominiums pursuant to Arizona Revised Statutes, Sections 33-551 through 33-561 inclusive.

#### DESCRIPTION OF THE PROJECT

Description of the Land: The land shall be as described in the recorded plat referred to in Article I.

Description of the Space of the Buildings: The Isles, being a subdivision of airspace upon Lot B, Block 1, Tract 2336, Lake Havasu City, Mohave County, Arizona, as described in Article I above, shall consist of 14 multi-unit buildings in the Horizontal Property Regime, 12 of which shall contain four (4) Units and the remaining two (2) buildings shall contain six (6) Units.

Each Unit shall be identified by letters of the alphabet A through H, J through N, and building P. The cubic content space of each building with reference to its location on the land is as more fully set forth and described in the recorded plat referred to in Article I (b), above.

Description of the Space of the Apartments: The Horizontal Property Regime shall be composed of Sixty (60) individual Units. Each Unit within each building shall be separately identified numerically as shown on Exhibit "A" hereto. Each Unit in the Horizontal Property Regime shall include an individual apartment unit, patio, garage, carport, stairways and balconies where applicable, and each bearing a numerical number as shown on Exhibit "A". The cubic content space of each Unit located within the building and of each patio, carport, garage, stairway and balcony, if any, and any other area subject to individual ownership and exclusive control as is more fully set forth and described in the recorded plat referred to in Article I (b) above.

DESCRIPTION OF THE GENERAL COMMON ELEMENTS

The general common elements shall include all of said real property referred to in Article I above, including the land upon which the Units are located, and the buildings, all bearing walls, columns, floors, roofs, slabs, all pools, equipment, seawalls, walkways, pumps, landscaping, pavements, private streets, all waste, water and gas pipes, ducts, chutes, conduits, wires, drainage lines, other utility and installation lines, the foundations of the Units, the foundations of the buildings, perimeter walls, security systems, street lights, signs, building signs, lamps, and all other devices and premises designed for common use or enjoyment by more than one owner or owners of a single Unit, all as is more fully set forth and described herein and in the recorded plat referred to in Article I above, and except for a Unit defined, and except for the outlets of utilities when located within a Unit, and those areas allocated for use by a Unit for parking, patio, stairway, and balcony purposes, as shown on said plat. The common elements shall remain undivided; and no owner shall bring any

action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the common elements.

Fractional Interest: The percentage of undivided ownership of the common elements shall be in accordance with Schedule I to Exhibit "A" attached hereto and made a part hereof.

Vertical Dimension: All reference to vertical dimension made in this document or on the recorded plat referred to in Article I (b) above shall be based on the elevation described below.

Bench Marks: Bench mark elevation 482.77 feet, being a chisel mark on the top of nut at collar of fire hydrant located at the northeast corner of intersection of the driveway to the London Bridge Racquet Club and the parking lot.

#### DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

- A. "Association" shall mean and refer to THE ISLES ASSOCIATION, An Arizona non-profit corporation, its successors and assigns, formed as an entity through which the owners may act, in accordance with Arizona Revised Statutes, Sections 33-551 through 33-561.
- B. "Board" shall mean the Board of Directors of the Association.
- C. "Building" shall mean and refer to the structures designated as buildings on the recorded plat referred to in Article I (b) above in accordance with Arizona Revised Statute, Section 33-551.2.
- D. "Bylaws" shall mean the Bylaws of the Association as such Bylaws may be amended from time to time.
- E. "Common Area" sometimes referred to as "Common Elements", shall mean the entire properties except Units as defined in M. below.

- F. "Declaration" shall mean this entire document, as the same may from time to time be amended.
- G. "Declarant" shall mean the London Bridge Racquet Club, an Arizona corporation, or any successor or assignee thereof to whom any rights and duties hereunder are transferred.
- H. "Improvement" shall mean all physical structures, including, but not limited to, the buildings, private streets, private drives, parking areas, walls, and all landscaping, including, but not limited to, hedges, plantings, trees and shrubs of every type and kind found on the real property as the same is described in the recorded plat as referred to in Article I above.
- I. "Member" shall mean any person, corporation, partnership, joint venture or other legal entity who is a member of the Association.
- J. "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, of equitable or beneficial title (or legal title if same has merged) of any Unit. "Owner" shall include the purchaser under an executory contract for the sale of real property. The foregoing does not include persons or entities who hold an interest in any Unit merely as security for the performance of an obligation. Except as stated otherwise herein, "Owner" shall not include a lessee or tenant of a Unit. For the purposes of Article 6 only, unless the context otherwise requires, "Owner" shall also include the family, invitees, licensees, and lessees of any Owner, together with any other person or parties holding or possessing any interest granted by such Owner in any Unit.
- K. "Project" shall mean the entire parcel of said Property, including all structures and improvements thereon, divided or to be divided into Units and Common Area.
- L. "Property" shall mean and refer to the land whether committed to the Horizontal Property Regime in fee or as a leasehold interest, the buildings, all other improvements located thereon, and all easements, rights, and appurtenances belonging thereto.

M. "Unit" shall be synonymous with condominium and shall mean and refer to a separately designated and legally described freehold estate consisting of the apartment units in each multi-family structure, each separately shown, numbered and designated on the recorded plat referred to in Article 1 (b) above, and shall be a separate freehold estate consisting of the space bounded by and contained within and includes the interior surfaces of the perimeter walls, floors, roofs, and windows of each apartment unit, each of such spaces being defined and referred to herein as a "Unit". Each Unit shall include both the portion of the building so described and the airspace so encompassed, including a carport, garage, patio and/or balcony. Each such Unit shall also include the heating and air conditioning unit, range, carpeting, dishwasher, oven compactor, ice maker, garbage disposal unit, water heater, and other household appliances lying within said boundaries and/or appurtenant areas, and including driveways and garage doors.

The following are not part of a Unit: Bearing walls, columns, vertical supports, roofs, floors, foundations, pipes, ducts, flues, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the Unit. In interpreting deeds, plats, declarations, and plans, the existing physical boundaries of a Unit or a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, plat, plan, or declaration, regardless of settling or lateral movement of the building, and regardless of minor variances between the boundaries as shown on the recorded plat referred to in Article 1 (b) above, or in the deed and declaration and those of the building. Each of Four (4) or Six (6) Units in each building, as the case may be, shall be deemed to be a separate and distinct Unit.

N. "Visible from Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation no

greater than the elevation of the base of the object being viewed.

ARTICLE 2

PROPERTY RIGHTS, RIGHTS OF ENJOYMENT AND PARTITION

Owner's Easements of Enjoyment: Every owner shall have a right of non-exclusive enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to a Unit, subject to the following provisions:

- (a) The right of the Association to charge reasonable admission and other fees for the use of any and all recreational facilities which are on or may hereafter be situated upon the Common Elements;
- (b) The right of the Association to suspend the voting rights and right to use of any and all recreational facilities by an Owner for any period during which any assessment against his Unit remains unpaid; and for a period not to exceed Thirty (30) consecutive calendar days for any single infraction of this Declaration;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility, for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Owners agreeing to such dedication or transfer has been recorded;
- (d) The right of the Association in accordance with its Articles and Bylaws to borrow money for the purpose of improving the Common Elements and facilities thereon;
- (e) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Elements and any and all recreational facilities thereon;
- (f) The right of the Declarant to the non-exclusive use of the Common Elements and the facilities thereof, for display and exhibit purposes in connection with the sale of Units which right Declarant hereby reserves. No such use by the Declarant shall otherwise restrict the Members in their use and enjoyment of the Common Elements and facilities

thereon.

(g) The right of the Association to limit the number of guests of Members.

Delegation of Use: Any Owner may delegate his rights of enjoyment of the Common Elements, his garage and any private streets to the members of his family who reside in his Unit, to contract purchasers, or to any of his tenants who reside therein under a leasehold interest for a term of one (1) month or more and to his guests; subject, however, to any Bylaws and applicable rules and regulations of the Association. Such Owner shall notify the Secretary of the Association in writing of the name of such person and of the relationship of such person to the Owner. The rights and privileges of the person are subject to suspension in the same manner as Owners as more fully provided hereafter in this Declaration.

Easements of Encroachment: There shall be reciprocal appurtenant easements of encroachment as between each Unit and such portion or portions of the Common Area adjacent thereto or as between adjacent Units due to the unwillful placement or settling or shifting of the improvements constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Said easements of encroachment shall be valid so long as they exist, and the rights and obligations of Owners shall not be altered in any way by said encroachments settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts of said Owner or Owners. In the event a Unit is partially or totally destroyed and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments over adjoining Units shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Drainage and Utility Easement: Notwithstanding anything expressly or impliedly contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarant for the installation and maintenance of utilities and drainage facilities that are necessary for the development of the Property.



Sewer and Water Easement: The rights and duties of the Owners with respect to sanitary sewers and water facilities shall be governed by the following:

- (a) Wherever sanitary sewer house connections or water house connections are installed within the Property, which connections or any portions thereof lie in, under or upon Units owned by other than the Owner of the Unit served by said connections, the Owner of the Unit served by said connections shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon or to have his agent enter upon the Unit or Units in, under or upon which said connections or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary.
- (b) Whenever sanitary sewer house connections and/or water house connections are installed within the Property, which connections serve more than one Unit, the Owner of each Unit served by said connections shall be entitled to full use and enjoyment of such portions of said connections as service his Unit.
- (c) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board who shall decide the dispute and make an assessment against any or all of the Owners involved, which assessment shall be collected and enforced in the manner provided hereinafter in this Declaration.

Other Easements: There shall be an exclusive easement appurtenant to each Unit for overhanging eaves and for any projections from the buildings, which projections shall not extend beyond the "eave line".

Limitation Upon Partition: There shall be no judicial partition of the Project or any part thereof, nor shall Declarant, any Owner or any person acquiring any interest in the Project, or any part thereof, seek any such judicial partition, except as expressly permitted by Article 10 of this section

or applicable provisions of law; provided, however, that if any Unit shall be owned by two (2) or more cotenants, nothing herein contained shall be deemed to prevent a judicial partition as between or among such cotenants.

ARTICLE 3

NON-PROFIT CORPORATION

Declarant has deemed it desirable for the efficient preservation of the value, desirability and attractiveness of said Project, pursuant to the provisions of this Declaration, to create a non-profit corporation to which should be delegated and assigned the powers of maintaining and administering the Common Elements, the recreational facilities located thereon, if any, and administering and enforcing the terms, covenants and conditions of this Declaration and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to; and The Isles Association, a non-profit corporation, has been incorporated under the laws of the State of Arizona for such purposes.

ARTICLE 4

THE ASSOCIATION

1) It is recognized that at the date hereof construction of all the Common Elements and the proposed dwelling units contemplated by the recorded plat referred to in Article 1 (b) hereinabove have not been completed, and that the Association envisioned herein is not operative. In order that said Units be constructed and sold, and said Common Elements be installed and protected, and that the said Association become stabilized and operational in the support and promotion of the objectives of this Declaration, London Bridge Racquet Club, hereinafter referred to as "Declarant", hereby reserves unto itself, at its option, the sole and exclusive right to manage the affairs of the Association. The Declarant shall have the sole and exclusive right to make contracts or agreements on behalf of the Association for maintenance of Common Elements and operation of the Association, and do all other things as authorized by this Declaration.

- 2) The Isles Association, a non-profit corporation organized under and by virtue of the laws of the State of Arizona governing non-profit corporations shall accept responsibility for and provide such necessary and appropriate action for the proper maintenance, repair, replacement, operation, management, beautification, and improvement of that certain property and improvements to be used in common by and for the benefit of the Owners of Units constructed on said properties.
- 3) Until such time as Ninety percent (90%) of the Units in the above described properties have been conveyed to the purchasers thereof, all right, discretion, power and authority herein granted to said Association and said Owners through said Association, including the right to collect assessments (excepting reserves for replacement) shall, at the option of the Declarant remain with the Declarant directly or through said Association. Capital improvements or additions to the Common Elements may be achieved by an affirmative vote of a majority of the Owners. Upon such affirmative vote said improvement or addition will be installed by the Declarant and the Declarant shall prorate such costs to each Owner and collect such costs as if it were an assessment as provided for herein. Upon sale of not less than Ninety Percent (90%) of said Units, or unless earlier required by Declarant, all such right, discretion, power and authority shall be assumed by the Owners who are then Members of the Association, through their Officers and Directors who shall be duly elected at such time.
- 4) Until such time as Ninety Percent (90%) of the Units have been conveyed or transferred from the Declarant to the purchasers thereof, Declarant shall not be liable for any assessment referred to herein for any unoccupied Units. In lieu of liability for the payment of such assessments, the Declarant will assume responsibility for month-to-month maintenance, repair, and management of Common Elements adjacent to any unsold Units until such time control of the Association is assumed by the Owners. For purposes of this paragraph assumption of control of the Association is defined as having passed conclusively to the Owners collectively upon completion of the

following requirements:

- A. The London Bridge Racquet Club, shall notify the Owner of each Unit that the Board of Directors of the Association has resigned effective Thirty (30) days after date of notice.
- B. Delivery of the Association corporate minutes and seal, if any, to any one of the Owners of record receiving such notice, or committee organized for such purpose.

There shall be no outstanding or accrued debts against the Association at the time of assumption of control by the Owners. Beginning with the date of control of the Association by the Owners, the London Bridge Racquet Club, shall be assessed at a rate of one-half ( $\frac{1}{2}$ ) of the assessment established by the Board of Directors for each Unit available for habitation and unsold and said assessment shall be paid monthly. The Declarant or its successor shall at no time be responsible for any assessment against Units or land not available for habitation.

#### ASSOCIATION - MEMBERSHIP

1. Qualifications: Each Owner, including Declarant, shall be a Member of the Association and shall be entitled to one membership for each Unit owned. Ownership of a Unit shall be the sole qualification for membership in the Association. Each Owner shall remain a Member until such time as his ownership of a Unit ceases for any reason, at which time his membership in the Association shall automatically cease. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation.
2. Members' Rights and Duties: Each Member shall have the rights, duties and obligations set forth in this Declaration, any Bylaws or Articles adopted by the Association, the Association rules, and the Architectural Committee rules, as the same may from time to time be amended.
3. Transfer of Membership: The Association membership of each Owner (including Declarant) shall be appurtenant to the Unit giving rights to such

membership and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon a transfer of title to said Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

ASSOCIATION - VOTING

1. Number of Votes: The Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be all the Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person is the Owner of a Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any one Unit.

Class B: Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Unit owned. Class B membership shall cease and automatically be converted to Class A membership on the happening of any one of the following events, whichever occurs earliest:

- (a) When the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or
- (b) The expiration of three (3) years from and after the issuance by the Arizona Department of Real Estate of a Final Subdivision Public Report covering said property; or
- (c) March 31, 1982.

2. Voting Rights: Those Owners appearing of record in the office of the Mohave County Recorder at 8:00A.M. on the day immediately preceeding the date of any meeting of the Owners required or permitted to be held hereby shall be entitled to vote at said meeting. Except as otherwise set forth above for Units owned by Declarant, there shall be one (1) vote for each Unit, and any

Owner owning or representing more than one Unit shall be entitled to cast one vote for each Unit which he may own or represent. If there is more than one record Owner for any Unit, any and all of such Owners may attend any meeting of the Owners, but the vote attributable to the Unit so owned shall not be increased by reason thereof. The vote attributable to such Unit, and to the Owners thereof, shall be cast only by the Owner holding a majority interest in such Unit, or if there is no such majority Owner, then by the Owner representing a majority interest in said Unit, provided that written notice of such representation signed by Owners holding a majority interest in such Unit has been filed with the Board prior to such meeting. All votes must be cast as a unit and fractional votes shall not be allowed. If a Unit is owned by a husband and wife, then unless the parties agree and notify the Board in writing to the contrary, the husband shall represent and vote for such Unit. In the event of any dispute as to entitlement of any Owner to vote or the results thereof, the Board shall act as arbitrators and a decision of the disinterested majority of the Board (including a decision to disregard or void all votes where there is no agreement or a dispute as to the voting rights of joint Owners) shall, if rendered in writing, be final and binding as an arbitration award; provided, however, that the Board shall have no jurisdiction to determine any matters relating to Declarant's entitlement to vote or the manner of Declarant's exercise thereof. All voting may be viva voce or by secret ballot, provided that all elections for Members of the Board must be by secret ballot upon demand by any Owner prior to the commencement of voting.

3. Cumulative Voting: Every Owner, including Declarant, entitled to vote at any election of Members of the Board shall be allowed to cast its votes cumulatively and give one candidate the number of votes equal to the number of Members to be elected multiplied by the number of votes to which such Owner or Declarant is entitled, or distribute its vote on the same principle among as many candidates as it thinks fit. The candidates receiving the highest number of votes up to the number of Members to be elected shall be deemed elected.

4. Proxies: Every Owner, including Declarant, entitled to vote or to exercise consents may do so either in person or by one or more representatives authorized by an instrument in writing filed with the Board. Any designation of a representative to act for an Owner or Declarant may be revoked at any time by written notice to the Board or by the attendance by said Owner or Declarant at the meeting for which such designation was given and his election to vote in person.

Initial Meeting: The Initial Meeting of the Association shall be held at 9:00A.M. on the third Monday in September, 1978 or at Declarant's option, after ninety percent (90%) of the Units are conveyed to purchasers, or on such date within five (5) business days thereof as may be designated by the Board.

Place of Meeting: All annual, special and other meetings of the Owners shall be held at such place within the Project or as close as practicable thereto, as may be designated for that purpose from time to time either by the Board or by the written consent of all persons entitled to vote at such meeting, given either before or after the meeting and filed with the Secretary of the Board. In the absence of any such designation or written consent, such meetings shall be held at said Property. In no event shall any meeting be held more than ten (10) miles from said property without the prior written consent of all Owners.

Annual Meetings: Commencing with the Initial Meeting, the Owners shall meet annually on the third Monday in September, at the hour of 9:00A.M. or at such other time, and at such place as shall be designated in writing to the Owners by the Secretary of the Board; provided, however, that such other time may not be more than sixty (60) days before or after the date herein established as the date for the annual meeting. At the annual meeting, the Owners shall elect the Board of Directors, consider reports of the Board, including a report of the common expenses for the past year, an allocation of such expenses to each of the Owners and an estimate of common expenses for the coming year, and transact such other business as may be brought before the meeting.

Special Meetings: Special Meetings of the Owners, for any purpose or purposes whatsoever, may be called at any time by any two or more Members of the Board or by the Owners of a majority of the Units, by delivery to the President or Secretary of the Board, either by registered mail or personally, a written request to call a meeting of the Owners. Business considered shall be limited to that stated in the notice of the special meeting. Upon the receipt of such request, it shall be the duty of such officer forthwith to cause notice of said special meeting to be given to each Owner that a meeting will be held at such time as such officer may fix, but in any event not less than ten (10) days nor more than sixty (60) days after the receipt of such request. If such notice shall not be given within seven (7) days after the date of delivery of such request, the person or persons calling such meeting may fix the time thereof and give notice thereof in the manner provided, by giving at least ten (10) days written notice thereof.

Notice of Meetings: Notice of any annual, special or other meeting of Owners shall be given in writing to each Owner. Such notice shall be given by the Secretary of the Board or other Officer as may be designated by the Board except as herein otherwise provided. Such notice may be delivered either personally or by United States mail, addressed to the Owner to whom it is directed at the address of the Unit owned by such Owner, or at such other address as may be supplied to the Board by said Owner, not less than ten (10) days prior to the date of the meeting. Any notice so given by United States Mail shall be deemed to have been delivered twenty-four (24) hours after said notice has been deposited in the United States mail, postage prepaid, addressed to the person to whom notice is directed. All such notices shall specify the place, day and hour of the meeting and in the case of special meetings, the general nature of the business to be transacted thereat.

Waiver of Notice: The transactions at any meeting of Owners, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written



waiver of notice, a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the Board and made a part of the minutes of any meetings of the Owners for which the same is made.

Action without Meeting: Any action which may be taken at a meeting of the Owners may be taken without a meeting if consent thereto is given in writing by all of the Owners who would be entitled to vote at a meeting for such purpose, and such consent is filed with the Board.

Quorum: The presence of the Owners representing a majority of Units, whether in person or represented by proxy, shall constitute a quorum at any meeting of the Owners required or permitted to be held hereby. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of a majority of Owners representing Units voting thereat. If a quorum shall not be present or represented at any meeting of the Owners, those present in person or by proxy and who are entitled to vote shall have the power to adjourn such meeting from time to time until a quorum is present. Notice of the time and place of the holding of any meeting after adjournment need not be given except at said adjourned meeting. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed.

Order of Business: The order of business at all meetings of the Owners shall be as follows:

- (a) Roll Call;
- (b) Proof of Notice of Meeting;
- (c) Reading of Minutes of Preceding Meeting;
- (d) Reports of Officers;
- (e) Report of Board of Directors;
- (f) Reports of Committees;
- (g) Election of Inspectors of Election (when required);
- (h) Election of Members of the Board of Directors (when required);
- (i) Unfinished Business;
- (j) New Business; and
- (k) Adjournment

Parliamentary Rules: Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with this Declaration, Articles of Incorporation or the bylaws.

Waiver of Irregularities: All inaccuracies and/or irregularities in calls, notices of meeting and in the manner of voting, form of proxies, credentials and method of ascertaining those present shall be deemed waived if no objection is made at the meeting.

#### POWERS AND DUTIES OF THE ASSOCIATION

1. Powers: The Association shall have all the powers of an incorporated association organized under Arizona law, subject only to such limitations upon the exercise of such powers as are expressly set forth in any Articles or Bylaws which may be adopted and this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under this Declaration and any such Articles or Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to the proper management and operation, of the Project, including without limitation:

(a) Covenants: The power to take all steps necessary to enforce any covenants or restrictions imposed under the terms of this Declaration and to operate the Project on behalf of and for the benefit of the Owners in accordance with the provisions hereof.

(b) Assessments: The power to establish and levy assessments on Owners and to force payment of such assessments, all in accordance with the provisions of this Declaration.

(c) Contracts: The exclusive power to contract for all services, goods, capital improvements, repairs and insurance, payment for which is to be made from the maintenance fund, as hereinafter described, provided, however, that such exclusive powers may be delegated as herein provided.

(d) Delegation to Manager: The authority to delegate any and all of its duties, powers or functions hereunder to the Board of Directors, committees, officers, employees or to any person, firm or entity who it may choose to act as manager of the Project. Neither the Association, the Board nor any Member

thereof shall be liable for any act or omission of the manager in the exercise of any such duty or power so delegated, provided that such persons exercise reasonable care in the selection of and delegation of duties to the manager. Any manager named or employed by Declarant shall act only until the Initial Meeting, at which time the Owners shall have the right to retain or discharge such manager.

(e) Rules and Regulations: The power to adopt reasonable rules and regulations to govern the operation of the Project and the duties and responsibilities of the Owners with respect thereto, provided that said rules and regulations do not conflict with this Declaration. The rules and regulations may be amended or repealed by a vote of the majority of the Board of Directors or of the Owners at any regular or special meeting thereof. If there should be a conflict between any rules and regulations adopted by the Owners and those adopted by the Board, those rules and regulations adopted by the Owners shall govern. Said rules and regulations shall govern, among other things, the use of the Common Elements, including, but not limited to, the recreational facilities and the private streets, by the Owners, their families or any invitee, licensee, lessee or contract purchaser of an Owner; provided, however, that said rules and regulations shall not discriminate among Owners and shall not be inconsistent with this Declaration. A copy of said rules and regulations as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said rules and regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of any conflict between said rules and regulations and any provision of this Declaration, the provisions of said rules and regulations shall be deemed to be superseded by the provisions of this Declaration to the extent of such inconsistency.

(f) Entry for Repairs: The power to cause the manager, if any, or any person so authorized, to enter upon or into any Unit and perform such work as may be necessary when, in the Association's discretion, it is reasonably necessary to do so in connection with the management, maintenance, repair or construction of any Common Element or the making of alterations, additions or improvements thereto, provided that reasonable notice be given to the Owner of such Unit unless an emergency makes it impracticable to do so. In addition, such entry for the maintenance or repair of any Unit may be authorized if such maintenance or repair is necessary in the discretion of the Association to protect said Common Element or a portion of any Building or Buildings, or to protect the appearance and value of the Project, and the Owner or Owners of said Unit or Units have failed or refused to perform such maintenance or repair or to contract for the completion thereof within fifteen (15) days after written notice of the necessity of performing said maintenance or repair has been given to said Owner or Owners. In such event, said Owner or Owners shall be jointly and severally liable for the cost of such maintenance or repair, including reasonable attorneys' fees for collecting the same and may be specifically assessed for the same. Any such entry shall be made with as little inconvenience to the Owner or Owners as is practicable, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

(g) Entry for Emergency Purposes: The power to authorize any local, County, State or Federal Agency to enter the Project in case of a public nuisance or emergency. This right to enter includes emergency vehicles and personnel responding to the public nuisance or emergency.

(h) Receipt and Payment of Money: The power to receive or sue for all money that may at any time become due and owing to the Association, to pay all just debts or obligations of the Association, to compromise or arbitrate any claims by or against the Association and to do such other things and acts and incur such other obligations as may be necessary and proper to carry out its duties hereunder.

Duties of the Association: In addition to powers delegated to it by its Articles and without limiting the powers generality thereof, the Association or any authorized agent on its behalf shall have the obligation to operate the Project and to conduct all business affairs of common interest to all Owners, and, in connection therewith, to perform each of the following duties:

1. Enforcement: To take all reasonable steps to enforce the provisions of this Declaration and all rules and regulations and to employ attorneys, accountants and other persons in connection therewith, to the extent that the Association deems it necessary or proper to do so. Notwithstanding the foregoing, no Association funds or Association financial resources shall be used to hire attorneys, legal counsel, or other experts, to challenge or contest in any manner the Declarant's general plan of development.

2. Operation and Maintenance of Common Elements: To operate, maintain and otherwise manage or provide for the operation, maintenance and management of all Common Elements, and all facilities, improvements and landscaping thereon, and all other property acquired by the Association.

3. Taxes and Assessments: The Association shall promptly pay all taxes, federal, state or local, levied against the Association. Such taxes may be contested or compromised by the Association; provided, however, that they are paid or a bond insuring payment is posted prior to the sale or the disposition of any property to satisfy the payment of such taxes.

4. Water and Other Utilities: To obtain, acquire, provide and/or pay for (to the extent the same is not separately metered or charged to individual Units) water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other necessary utility services for the Common Elements and sewer and rubbish collection services for the individual Units.

5. Insurance: To obtain and maintain such policy or policies of insurance on the Project as the Association shall, in its discretion, deem proper. Notwithstanding the foregoing, the Association shall at all times

maintain at least the following policies of insurance on the Project:

(a) For the Common Elements:

- (i) Fire insurance with special form all risk endorsement covering, to the extent available, all improvements, equipment, fixtures, furnishings, walls, fences, foundations and other property located in or on the Common Elements, in an amount not less than the full insurable replacement value thereof, payable to the Association. All proceeds of said insurance shall be applied as provided in Article 10.
- (ii) Comprehensive public liability insurance insuring the Association, the Board, the Owners (including Declarant while it remains an Owner) and the manager, if any, against any liability to or claims by the public, the Owners, their invitees, guests, licensees or tenants or any other person, firm or entity which are in any manner based upon, incident to or arise out of (a) the ownership, occupancy or use of the Common Elements or any part thereof, and (b) the activities of the Association. Such insurance, which shall be in such amounts as the Association shall select but shall be for not less than \$500,000.00 for bodily injury for any one person in any one accident, \$1,000,000.00 for bodily injury arising from any one accident, and \$50,000.00 for each occurrence of property damage, shall be issued on a comprehensive coverage basis, and shall provide cross-liability endorsements wherein the rights of the named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured. Such policy or policies shall provide, if possible, that upon the sale of a Unit, the new Owner shall automatically become a named insured.
- (iii) For such other insurance, including workmen's compensation insurance to the extent necessary to comply with any appli-

cable law, and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association's functions or to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property.

(b) For the Benefit of Owners:

To obtain, in form satisfactory to the mortgagee or holders of all first trust deeds covering Units, a blanket fire insurance policy with special form all risk endorsement insuring all the Units, together with all improvements thereon, in an amount equal to the full insurance replacement value of said Units and the improvements thereon, or such other fire insurance as is acceptable to the Board, the Owners and all first trust deed holders which provides substantially equal or greater protection, all as provided in Article 10 hereof. Any such policy or policies shall contain a separate lender's loss payable endorsement in favor of each Owner and the mortgagee, holders of the trust deed, or deeds on each Unit, if any, and shall be payable to all such parties as their respective interests may appear. Such policy or policies shall provide, if possible, that upon the sale of a Unit, the new Owner and mortgagee or trust deed holder, if any, shall automatically become a named insured. In addition, such policy or policies shall provide, to the extent possible, that all holders of a mortgage or first deed of trust on any Unit shall receive at least ten (10) days' prior written notice of the reduction in or cancellation of any such policy.

All of the aforementioned insurance policies shall contain a provision requiring the insurer, at the inception of the policy and on each anniversary date thereof, to provide the Board with a written summary, in layman's terms, of the policy. The summary shall include the type of policy, a description of the coverage and the limits thereof, amount of annual premium and renewal dates. The Board shall provide this information to each Owner requesting same.

The Board shall at least annually review all insurance maintained by it pursuant to the foregoing and shall make such adjustments thereto as may be required.

With respect to insurance coverage under this insurance provision, any mortgagee of record shall have the option to apply insurance proceeds payable to it in reduction of the obligation secured by its mortgage.

6. Manager: To obtain the services of a manager, if deemed advisable by the Association, as well as such other personnel as the Association shall determine are necessary or proper for the operation and maintenance of the Common Elements, whether such personnel are employed directly by the Association or are furnished by or through the manager. Declarant or any agent selected by the Declarant shall manage the Project until the Initial Meeting of the Owners at which time the Owners, by a majority vote, shall determine whether to continue such management arrangements or to select another manager or management agent. The Association may contract with the management company as agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association.

7. Operation of Project: To obtain any item and furnish any service which the Association deems necessary or proper for the operation, maintenance, continuation or benefit of the Project or to comply with any law or to implement or enforce said Covenants, including, but not limited to, materials, supplies, furniture, labor, maintenance, repairs, renovations, gardening, utilities, landscaping and structural alterations.

8. Recordation: To record or cause to be recorded such instruments, documents and other information as may be required or provided for hereby or which may further or assist in the enforcement of this Declaration.



9. Payment of Liens: To pay any amount necessary to discharge any lien or encumbrance levied against or which may in the opinion of the Board constitute a lien against the Common Elements.

10. Rule Making: To make, establish, promulgate, amend and repeal the rules and regulations of the Association.

11. Architectural Committee: To appoint and remove members of the Architectural Committee, all subject to the provisions of this Declaration.

Board of Directors and Officers: The affairs of the Association, including the exercise of its powers and duties, shall be conducted by a Board of Directors and such officers as the Directors may elect or appoint, in accordance with the provisions hereof. The Board shall have no authority to perform any act which could not be performed by the Association.

Limitations on the Power of the Association: The Association shall have no authority to acquire, or pay for out of the maintenance fund, any capital improvements or additions having a cost of more than five percent (5%) of the annual maintenance budget for such year, except as expressly provided herein or as approved by a majority of the Owners, excluding the vote of the Declarant. For purposes of this section, any repairs and replacements shall not be deemed to be capital improvements or additions.

Personal Liability: No Member of the Board, or any committee of the Association, or any officer of the Association, or the Declarant, or the manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of the Association, the Board, the manager, if any, or any other representative or employee of the Association, the Declarant or the Architectural Committee, or any other committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith without willful or intentional misconduct. Each such director, officer or committee member shall be indemnified by the Association against all reasonable expenses and liabilities, including court costs and attorneys' fees, incurred by or imposed on him in connection with any proceeding to

which he may be a party, or in which he may become involved, by reason of his being or having acted in such capacity, or any settlement thereof, whether or not he is acting in such capacity at the time such expenses are incurred, except in such cases where such person is adjudged guilty of willful malfeasance or misfeasance in the performance of his duties, provided that in the event of settlement the indemnification shall apply only when the Association approves such settlement as being in the best interest of the Project and the Association.

Payment of Expenses: All expenses of the Association in the performance of its duties and the exercise of its powers shall be paid from the maintenance fund as herein provided.

Allocation to Individual Owner or Unit: In the event that any costs or expenses are incurred by the Association for the benefit of a particular Unit or Units, then the cost thereof (including any costs of the Association in connection therewith) shall be specially assessed to the Owners of such Unit or Units.

Power to Contract for Services: The Association shall have the exclusive right to contract for items or to incur costs and expenses, payment of which is to be made from the maintenance fund; provided, however, that notwithstanding anything herein to the contrary, no contract or agreement for services shall extend beyond a period of one (1) year without the approval of a majority of Owners.

## ARTICLE 5

### BOARD OF DIRECTORS

Creation: There is hereby created a Board of Directors which shall consist of three (3) Members, each of whom must at all times during his tenure, subject to the provisions hereof relating to the Interim Board, be an Owner.

Interim Board: Until the Initial Meeting of the Board of Directors, Declarant shall appoint the members of same who shall constitute and function as the Board of Directors. Such appointees need not be Owners. Prior to the election held at the Initial Meeting, Declarant may, from time to time, remove all or any of the Board members, fill vacancies and exercise all of the rights which are hereby reserved or delegated to the Owners with respect to the Board. The Interim Board and Declarant's powers with respect thereto (except those that Declarant possesses by virtue of being an Owner) shall immediately cease upon the election of the new

Board at the Initial Meeting.

Election and Tenure: The initial term of office of one-half ( $\frac{1}{2}$ ) of the Board members (or if such number is not an even number, then the term of one-half ( $\frac{1}{2}$ ) of one less than the number of Board members) shall be one (1) year and the term of the remaining Board members shall be two (2) years. At the expiration of the initial full term of office of each Board member, his successor shall be elected to serve for a term of two (2) years. For purposes of this paragraph, the period of time between the Initial Meeting of the Owners and the first annual meeting shall be deemed to be one (1) year. Notwithstanding the foregoing, in the event that the Owners shall reduce the number of Board members below three (3) pursuant to Article 5 hereof, then the term of office of each Board member elected after the time of such reduction shall be one (1) year only.

Board members shall serve for a term of two (2) years (except for those elected at the Initial Meeting whose term shall be as hereinabove provided) without compensation, and until their successors are duly elected or until their death, resignation or removal. The term of office of the members of the Board of Directors shall begin immediately after election. If any Unit shall be owned by a corporation, any officer, director, employee or agent of said corporation may serve upon the Board and any such corporation owning more than one Unit may hold more than one seat upon the Board.

Notice of Election: After the first election of the Board at the Initial Meeting, Declarant or its representative shall execute and acknowledge an affidavit stating the names of the persons elected to membership on the Board which shall be filed with the minutes of such meeting. Thereafter, any two (2) persons who are designated of record as being members of the most recent Board (regardless of whether or not they shall still be members) or any two (2) Board members may execute and acknowledge an affidavit stating the names of all of the members of the then current Board and file such affidavit with the minutes of the meetings of the Owners. The affidavit most recently filed shall be prima facie evidence that the persons named therein are all of the incumbent members of the Board and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

Vacancies: Vacancies on the Board may be filled by the remaining members of the Board or by the sole remaining Board member if such be the case, or by a vote of the Owners, and the member or members filling such vacancy shall hold office for the duration of the term of the member which he or she is replacing and until his or her successor is elected by the Owners. A vacancy or vacancies shall be deemed to exist in the case of the death, resignation, removal or incapacity of any member of the Board; if any Board member is declared of unsound mind by an order of court; if any Board member is convicted of a felony; if within sixty (60) days after his election, a member does not accept his or her office either in writing or by attending a meeting of the Board; if the Owners shall increase the authorized number of members, and shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional member or members of the Board so provided for; in the event that the Owners fail at any time to elect the full number of authorized Board members; or if any member ceases to be an Owner, in which case his or her membership on the Board shall thereupon terminate. If the Board accepts the resignation of a Board member tendered to take effect at a future time, the Board or the Owners, as the case may be, shall have the power to elect a successor to take office when such resignation shall become effective. No reduction of the number of Board members shall have the effect of removing any Board member prior to the expiration of his term of office.

Removal of Board Members: The entire Board or any individual Board member may be removed from office by the vote of a majority of all Owners entitled to vote at any meeting (regardless of the number of Owners present at such meeting); provided, however, that unless the entire Board is removed, an individual member shall not be removed if the number of votes against the resolution for his or her removal exceeds the quotient arrived at when the total number of votes actually cast is divided by one plus the authorized number of Board members. If any one or all members are so removed, new members may be elected at the same meeting or at any time thereafter. Any member of the Board whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting prior to the vote on the resolution for his or her removal.

Increase in Number of Board Members: The Owners may, by the vote of a majority of all Owners entitled to vote at any meeting (regardless of the number of Owners present at such meeting) increase or decrease the number of members of the Board, provided that the Owners may not fix the number of Board members at less than three (3) or more than five (5).

By-Laws: The Board is hereby authorized to adopt Bylaws to govern the affairs of the Owners with respect to the Project and the Association thereof, which Bylaws shall not conflict with the terms of this Declaration. Bylaws may be amended adopted or repealed by the vote of the majority of the Board or by a majority of the Owners present at any regular or special meeting thereof. In the event of any conflict between any decision of the Board and the Owners, the decision of the Owners shall be binding.

Organization Meeting: An organization meeting of the Board shall be held immediately following adjournment of the Initial Meeting of the Owners and thereafter following adjournment of the annual meeting of the Owners at which time the Board shall elect officers of the Board.

Officers: The officers of the Board shall be and consist of a President, Vice President, Secretary and Treasurer, and such other officers as the Board may from time to time create by resolution. Any two offices may be held by the same person, provided that the same person may not hold the office of President and Vice President or the office of President or Vice President and Secretary.

Duties of Officers:

(a) President: The President shall preside at all meetings of the Board as well as Owners meetings; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments authorized to be executed by the Board, as otherwise provided herein; shall have the power to appoint committees from among the Owners or Board from time to time as he may, in his discretion, decide appropriate to assist in the conduct of the affairs of the Project; and shall discharge such other duties as may be required of him by the Board.

(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 minutes of all meetings and proceedings of the Board and of the Owners; shall serve notice of all meetings of the Board and of the Owners; shall keep, or cause to be kept, appropriate current records showing the names of the Owners and the Owner representing any Unit which does not have an Owner with a majority interest therein; and shall perform such other duties as may be required by the Board.

(d) Treasurer: The Treasurer shall hold and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board; and shall keep proper books of account; shall prepare an annual budget of receipts and expenditures to be presented to the Owners, and shall cause a copy thereof to be delivered to the Owners; and shall perform such other duties as may be required by the Board. The Board may authorize that some of said functions of the Treasurer shall be performed by others.

Regular Meetings: Regular meetings of the Board shall be held on such days and at such times as the Board may hereafter fix by resolution. If said day shall fall upon a holiday, such meeting shall be held on the next succeeding business day thereafter. No notice need be given of such regular meeting.

Special Meetings, Notices, Waiver of Notice: Special meetings of the Board of Directors for any purpose or purposes may be called by the President or by any other two (2) members of the Board. Notice shall be given in the manner provided in Article 4 hereof for the giving of notice to Owners of a meeting of Owners except that such notice may be given upon twenty-four (24) hours' written notice. Notice of a meeting may be waived at any time by any member of the Board in writing or by attendance in person at such meeting. All such waivers shall be filed with the Board and made a part of the minutes of such meetings,

and the transactions of such meetings shall be deemed as valid as if having taken place at a meeting regularly called and noticed. Any meeting may be adjourned and notice of the time and place to which such meeting is adjourned need not be given if the time and place be fixed at the meeting adjourned.

Place of Meetings: Meetings of the Board shall be held at said property or any other location within the County of Mohave, which shall not be more than ten (10) miles from said property without the consent of all Board members, as shall be designated in the notice of meeting.

Quorum: A majority of the Board shall constitute a quorum and in the presence of a quorum, the decision of the majority of those present shall be the act of the Board. If a quorum shall not be present at any such meeting, those present shall have the power to adjourn such meeting from time to time until a quorum is present but shall not have the power to transact any other business. Notice of the time and place to which such meeting is adjourned need not be given if the time and place be fixed at the meeting adjourned. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed.

Consent: Any action which may be taken by the Board at a meeting thereof may be taken without a meeting if all Members of the Board shall individually consent in writing to such action and such consents are filed with the minutes of the proceedings of the Board.

Rules and Regulations: The Board is hereby authorized to adopt reasonable rules and regulations to govern the operation of the Project and the duties and responsibilities of the Owners with respect thereto, provided that said rules and regulations do not conflict with the terms of this Declaration. The rules and regulations may be amended or repealed by a vote of the majority of the Board or of the Owners at any regular or special meeting thereof. If there should be a conflict between any rules and regulations adopted by the Owners and those adopted by the Board, those rules and regulations adopted by the Owners shall govern.

ARTICLE 6

OBLIGATIONS OF OWNERS

Compliance with Declaration: Each Owner shall fully comply with the terms of this Declaration and with such rules and regulations governing the use of the Project as may be adopted by the Board or the Owners.

Maintenance of Units: Every Owner shall, at his or her sole cost and expense, maintain and keep his own Unit in good, orderly and sanitary condition and in a good state of repair and shall promptly perform all maintenance, replacement and repair work within his Unit, which if omitted would adversely affect the Project in its entirety or any portion thereof, and each Owner shall be responsible for the damages and liabilities what his failure to do so may engender. An Owner shall reimburse the other Owners for any expenditure incurred in repairing or replacing any and all Common Element facilities or utilities damaged through his or her fault, whether of commission or omission, or resulting from his or her failure to perform the maintenance work provided for herein, by payment to the Board for deposit into the maintenance fund of the amount of the expenditure by the Board therefor. Should an owner fail to promptly do so, then the Board shall levy a special assessment against such Owner in the manner herein provided.

Negligence: Any Owner whose negligence or other culpable conduct, or that of his guests, invitees or permittees, results in the necessity of repair or rebuilding of any part of the Project, shall, except to the extent that the cost of the same is covered by insurance held by the Board, bear the cost thereof. Should an Owner fail to pay the cost of such repair or rebuilding to the Board for deposit into the maintenance fund, then the Board shall levy a special assessment against such Owner for such cost in the manner herein provided.

Maintenance of Unit Courtyards: Except for such initial landscaping done and performed by Declarant, each Owner shall have responsibility for the timely landscaping and maintenance of the courtyard area of his or her Unit as said courtyard area is described and depicted on the recorded plat referred to in Article I (b) above. Said landscaping and maintenance shall at all times be done and accomplished in a neat, orderly and astetically pleasing manner compatible both in



design and flora with all other Units and Common Elements of the Project. In the event any Owner shall fail or refuse to timely and properly maintain said courtyard area in accordance with the foregoing, the Association shall perform same for an on behalf of Owner and said Owner shall be responsible for all reasonable costs and expenses incurred by the Association in accomplishing same. The Owner shall promptly reimburse the Association for all such reasonable costs and expenses incurred by payment to the Board for deposit into the maintenance fund of the amount of the expenditure by the Association therefor. Should an Owner fail to promptly do so, then the Board shall levy a special assessment against such Owner in the manner provided herein.

To assist Owner in the selection of appropriate design and flora to be utilized in the landscaping of said courtyard areas, Declarant shall deliver to each Owner, on or before the date of initial transfer or conveyance of a Unit from Declarant to the Owner thereof, a manual of approved and acceptable design and flora titled and referred to as the "The Isles Landscaping Manual". At all times subsequent to the Initial Meeting of the Board, the Association Secretary shall keep and maintain said "The Isles Landscaping Manual", as the same may from time to time be amended and revised by the Board, for the use and inspection of the Owners.

Ad Valorem Taxation, Assessments: Each Unit shall be assessed separately for all taxes, or other charges of or imposed by the State of Arizona, political subdivisions, or other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Elements shall be apportioned among the Owners based upon the percentage assigned to each of them by the Schedule of Ownership of Common Elements which is attached hereto as Schedule 1 to Exhibit "A" and incorporated herein by this reference. The Board shall furnish to the County Assessor or other responsible official of any such taxing or assessing authority all necessary information with respect to the apportionment of such assessments, and shall request that each Unit, together with the fractional undivided interest in the Common Elements apportioned to said Unit in accordance with said Schedule 1 to Exhibit "A", to be carried on the tax records

as a separate and distinct parcel of property. No forfeiture or sale of any Unit for delinquent taxes, assessments or other governmental charges shall divest or in any way effect the title to any other Unit. Each Owner shall be obligated to pay his or her pro rata portion of any taxes or assessments, if any, imposed or levied by the County Assessor, the Lake Havasu Irrigation District or any other governmental authority against the entire Project or any part of the Common Elements or personal property thereof, such payment to be made prior to delinquency of such tax or assessment.

Execution of Documents: Each Owner shall, within ten (10) days after receiving a written request therefor, execute and have acknowledged any document reasonably required by the Board for the implementation of this Declaration, including, but not limited to, applications for insurance policies and powers of attorney.

Leasing: Any lease executed by an Owner pertaining to his or her Unit must let his or her entire Unit, and any lease covering less than the whole Unit shall be void and a violation of this Declaration. Any such lease must comply in all respects with all rules and regulations of the Board. Without limiting the foregoing, no Owner shall lease or permit any person to use any of the Common Elements except for the occupants of a Unit and the occasional guests thereof.

#### ARTICLE 7

##### MAINTENANCE FUND AND ASSESSMENTS

Creation of the Lien and Personal Obligation of Assessment: Declarant, for each Unit owned by it within the Project, hereby covenants and agrees, and each Owner of any Unit by acceptance of a contract for purchase therefor, whether or not it shall be so expressed in such contract for purchase, is deemed to covenant and agree, for each Unit owned, to pay the Association:

- (a) Regular annual assessments or charges; and
- (b) Special assessments, which assessments are to be established, made and collected as hereinafter provided.

The regular and special assessments, together with interest thereon, and the cost of collection thereof (including reasonable attorneys' fees) shall be a charge on the land and shall be a continuing lien upon the Unit against which each such assessment is made. Each such assessment, together with such interest, costs and attorneys' fees, shall also be the personal obligation of each person, firm or entity who was an Owner of such Unit at the time when such assessment became due and payable. The personal obligation for delinquent assessments shall not pass to an Owner's successor in interest unless expressly assumed by him.

Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, welfare and enjoyment of the Owners, the improvement, operation and maintenance of the Common Elements, and the performance of the duties of the Association as more fully set forth in this Declaration.

County Enforcement of Maintenance Provisions: The County is hereby granted the right to enforce the maintenance provisions of the Association if the Association fails to do so, and shall have the right to recover all costs incurred by the County in a shared, prorata basis, in accordance with Schedule 1 to Exhibit "A" hereof, by all Units, collected as an assessment along with the County property taxes.

Regular Annual Assessments: At least fifteen (15) days prior to the beginning of each calendar year, the Board shall estimate the total charges to be paid out of the maintenance fund during the ensuing year (including a reasonable reserve for contingencies) and the amount of said estimate shall be collected by a regular assessment against all Owners. Said amount shall be divided into twelve (12) equal monthly installments. The Owners shall promptly thereafter be notified of the amount of such assessment. Each Owner shall pay to the Board his portion of each said installment on or before the first day of each month without any prior notice or demand, commencing with the first month of each calendar year. Prior to the holding of the Initial meeting of the Owners, the Board shall levy and collect a monthly assessment.

Date of Commencement of Regular Annual Assessments: The regular annual assessments provided for herein shall commence as to each Unit on the first day of the month following the conveyance of each Unit. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year in which said conveyance occurs. The Declarant shall pay all assessments for Unit owned by it in the manner and amount as provided in Article 4 hereof.

Uniform Rate of Assessments: Both regular annual and special assessments must be fixed at a uniform rate for like Units and shall be collected on a monthly basis. The following regular annual assessment, having been established before all landscaping and other common facilities of the Common Elements were installed, is a reasonable estimate based upon existing conditions at the time of levy. Included within said assessment is a membership into the London Bridge Racquet Club. At a later date, actual maintenance procedures may reveal that increasing costs of labor, material and other services may create a deficit in the Association maintenance fund. In such event, this provision shall not preclude the Association from making a separate or additional charge to an Owner for and on account of increased costs incurred or special services or benefits rendered, conferred or obtained. The initial maximum uniform rate of regular annual assessments shall be as follows:

- (a) All floor plan Units numbered 101 ..... \$ 1,044.00 per year.
- (b) All floor plan Units numbered 202 ..... \$ 1,164.00 per year.
- (c) All floor plan Units numbered 303 ..... \$ 1,284.00 per year.

From and after January 1 of the year immediately following conveyance of the first Unit to an Owner, the maximum regular annual assessment shall be as outlined above.

From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum regular annual assessment may be increased each year up to Ten percent (10%) above the maximum regular annual assessment for the previous year without an authorizing vote of the Members.

From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum regular annual assessment may be increased above Ten percent (10%) by a vote of Two-thirds (2/3) of all Members voting at an

annual or special meeting of Owners duly called for such purpose.

Membership in the London Bridge Racquet Club: Each Owner of a Unit shall enjoy full membership rights and privileges in and to the London Bridge Racquet Club in consideration for the payment of membership dues. Membership in said London Bridge Racquet Club shall be considered appurtenant to and shall pass with the title to each Unit. Any transfer of ownership of any Unit shall automatically transfer said membership in the London Bridge Racquet Club. The lessee or guests of an Owner may enjoy the same rights and privileges of membership in said London Bridge Racquet Club as would otherwise be accorded the Owners.

Promptly upon receipt of each monthly installment of the regular annual assessments received by the Association for each Unit, the Association Treasurer shall remit to the London Bridge Racquet Club such portion of said monthly installment of the regular annual assessment as may be necessary to fully pay the monthly dues of each Owner for membership in said London Bridge Racquet Club.

Any monthly installment of the regular annual assessment of any Unit delinquent for a period of thirty (30) days or more shall suspend Owner's membership rights in said London Bridge Racquet Club until such time as all delinquent monthly installments of regular annual assessments shall have been paid in full. The London Bridge Racquet Club shall only accept payment of an Owner's membership dues from the Treasurer of the Association and no Owner shall remit or otherwise tender any London Bridge Racquet Club membership dues except through the Association by means of the payment of monthly installments of regular annual assessments as hereinbefore provided.

#### RESERVE FUND

By appropriate action the Association may establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund an amount to be designated from time to time by the Board. Such fund shall be a depository, and may be in the form of cash deposits or invested in obligations of, or fully guaranteed as to principal by the United States of America. The reserve fund is for the purpose of effecting replacement or repair because of damage, depreciation or obsolescence to the Common Elements.

By appropriate action of the Board, the Association may establish and maintain a general operating reserve by allocation and payment thereto monthly of a sum equivalent to not less than Three percent (3%) of the monthly assessments chargeable to the Owners in the Project pursuant to this Declaration. Upon accrual in said General Operating Reserve Account of an amount equal to Twenty-five percent (25%) of the current annual amount of assessments chargeable to the Owners in the Project pursuant to this Declaration, the rate of such monthly assessments may, by appropriate action of the Association be reduced from Three percent (3%) to Two percent (2%) provided, however, that in the event withdrawals from such account reduce it below said Twenty-five (25%) percent accrual, the rate of such monthly deposits shall immediately be restored to Three percent (3%); at any time thereafter upon accrual in said General Operating Reserve account of an amount equal to Twenty-five percent (25%) of the current annual amount of assessments chargeable to the Owners in the Project pursuant to this Declaration, such monthly deposits may by appropriate action of the Association, be discontinued and no further deposits need be made into such General Operating Reserve so long as said Twenty-five percent (25%) level is maintained and provided, further, that upon reduction of such reserve below said Twenty-five percent (25%) level, monthly deposits shall forthwith be made at the Three percent (3%) rate until the Twenty-five percent (25%) level is restored. This reserve shall remain in a special account and may be in the form of cash deposits or invested in obligations of, or fully guaranteed as to principal by the United States of America, and shall at all times be under the control of the Association. This cumulative reserve is intended to provide a measure of financial stability during periods of special stress and may be used to meet deficiencies from time to time as a result of delinquent payments of assessments by Owners, and other contingencies. Reimbursements shall be made to the account upon payment of delinquencies for which funds were withdrawn from the reserve.

In the event that assessments received during any year are in excess of the actual expenditures for such year for common expenses of the Project, the Board may determine in its sole discretion that such excess shall be: designated in whole or in part as a capital contribution to the Association to be used for future capital improvements and replacements; segregated and held in whole or in part as a Custodial Fund to be expended solely for specifically designated capital improvements and replacements; or segregated and added in whole or in part to the Maintenance Reserve fund. The proportionate interest of each Owner in said capital contributions, Custodial Fund or Maintenance Reserve Fund, cannot be withdrawn or separately assigned but shall be deemed to be transferred with such Unit even though not expressly mentioned or described in the conveyance thereof. In case the Horizontal Property Regime hereby created shall be terminated or waived, said capital contributions, Custodial Fund or Maintenance Reserve Fund, remaining after full payment of all common expenses of the Association shall be distributed to all then Owners in their respective proportionate shares except for the Owners of any Units then reconstituted as a new horizontal property regime.

Special Assessments: One or more special assessments may be levied by the Board upon all Owners, in the same manner as regular annual assessments, upon the occurrence of any of the following:

- (a) The Board determines that the regular annual assessment is insufficient to enable the Board to operate the Project;
- (b) The Board determines that it is necessary to make an unusual expenditure, regardless of cause, the necessity for which was not contemplated at the time the estimate of the total charges was made and for which there are not sufficient funds available in the maintenance fund. However, such special assessments against any Owner for each Unit owned by him shall not exceed the sum of Five Hundred Dollars (\$500.00) in any one calendar year without the prior approval of a majority of all Owners (excluding the vote of the Declarant).
- (c) One or more special assessments may be levied by the Board upon less than all Owners in such cases as are permitted by this Declaration by a vote of a majority of the Board.

Notification of Special Assessments: Each Owner shall be promptly notified in writing by the Board of all special assessments levied against him. Unless the Board notifies the Owner or Owners against whom a special assessment has been levied that the same is payable in total on a date certain, in which event said assessment shall be paid on or before said date, the Owner or Owners will pay such special assessment or assessments without notice or demand in the same manner and at the same time that the remainder of the regular annual assessment for that year is to be paid, with the initial payment thereof to commence with the payment of the next installment of the regular annual assessment when due or at such other time or times as may be specified in the notice of the special assessment. In the event that any regular annual or special assessment is not paid within ten (10) days of its due date, a late charge of Ten Dollars (\$10.00), together with interest at the maximum rate permitted by law calculated from the date of delinquency to and including the date full payment is received by the Association, shall be charged. The Association shall have the right to waive such late charge.

Failure to Fix Assessments: The omission by the Board, before the expiration of any fiscal year of the Association to fix the assessments provided for herein for the next year shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration, or a release of the liability of any Owner to pay said assessments, or any installment thereof, for such or any subsequent year, and in such event the assessment fixed for the then expired year shall continue until a new assessment is fixed. No Owner may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No diminution or abatement of common expenses or assessment shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Elements, or from any action taken to comply with any law, ordinance or order of a governmental authority, or any determination of the Board.



Operating Statement and Budget: The Board shall cause an annual balance sheet as of the end of each fiscal year of the Association and an operating statement for such year to be furnished to the Owners at the same time that the notice of the annual meeting of the Owners is given, or in any event not later than sixty (60) days after the end of such year. In addition, the Board shall cause a balance sheet as of the end of the month closest in time to six (6) months from the date of the first sale of a Unit, as well as an operating statement for such period, which operating statement shall include, among other things, a schedule of assessments received or receivable itemized by Unit and the name of the person or entity assessed, to be prepared and furnished to all Owners within sixty (60) days of the end of such period. Such statements shall be prepared by an independent accountant and shall contain a reasonably detailed itemization of receipts and disbursements made by the Board within the preceding applicable period, the balance of cash on hand at the end of said period and the budget of income and expenses for the succeeding fiscal year that has been adopted by the Board. The approval of such report and approval of the budget shall be one of the items of business at the annual meeting of the Owners. The Owners shall have the right to revise said budget at the annual meeting or any special meeting thereof by a vote of a majority of all Owners (whether or not all of the Owners are present at any such meeting). In the event of any such revision, the Board shall recompute the amount of the remaining assessments to be levied upon the Owners in accordance therewith and shall promptly notify the Owners of the same. Upon receipt of such notification, the Owners shall pay the remaining installments of the assessments against them, as revised, in the manner specified in this Article 7 hereof.

Assessments: All assessments upon any Unit made in accordance with this Declaration shall be a debt of the Owner thereof at the time such assessment is made.

Right to Enforce Assessments: The right to collect and enforce the assessments created hereby is vested in the Association. Each Owner of a Unit upon becoming an Owner of such Unit is and shall be deemed to covenant and agree to pay the Association each and every assessment provided for in this Declaration and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees together with any other relief or remedy obtained against said Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay the assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity or the Board may exercise the power of sale pursuant to this Article 7 to enforce the liens created hereby. A suit to recover a money judgment for an unpaid assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

Assessment Liens: (a) Creation: The Association shall have a claim of lien with power of sale on each and every Unit to secure payment to the Association of any and all assessments levied against any and all Units in the Project pursuant to this Declaration, together with interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective Units upon recordation of a claim of lien or other appropriate notice with the county recorder as hereinafter provided. Said lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Unit and assessments on any Unit in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

(b) Claim of Lien: Upon default of any Owner in the payment of any monthly installment of the regular annual assessment or special assessment required hereunder; the Association may cause to be recorded in the office of the county recorder in the county in which the Project is situated a notice of any delinquent sums due the Association from the Owner, and a claim of lien. Said notice and claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Unit against which the same has been assessed, and the name of the record Owner or Owners thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien but any number of defaults may be included within a single notice and claim of lien. Such lien may be subordinated, extended and enforced by the Board in the manner provided by law. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and relief of such delinquent sums and charges. The Association may demand and receive the cost of recordation of such release before recording the same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction and relief as conclusive evidence of the full satisfaction of the sums paid in the notice of delinquent sums.

Remedies for Default: In addition to the remedies provided by statute and common law and the remedies elsewhere provided herein, a default in the timely compliance and fulfillment of the provisions of the Horizontal Property Regime this Declaration, Articles of Incorporation, Bylaws and the regulations and rules promulgated by the Association or its Board of Directors, shall entitle the Association or individual Unit Owners to injunctive relief or money damages or both. In any such legal or equitable action or proceedings the prevailing party shall be entitled to recover its costs and expenses, including reasonable attorneys' fees to be determined by the Court, including appellate proceedings. During the continuance of any such default, the Association by action of the Board and upon not less than ten (10) calendar days prior written notice delivered

or mailed in the same manner as provided in Article 4 hereof, for notice of special meetings of Owners, may terminate any or all services rendered to the Unit or the Unit Owner, including utility services which are paid by the Association.

Acceleration of Assessment Installments Upon Default: If an Owner shall be in default in the payment of any monthly or other installment of any regular annual, special or other assessment, the Board may accelerate the remaining installments of such assessment upon notice to the Owner and the unpaid balance of such assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery of the notice to the Owner, or not less than twenty (20) days after the mailing of such notice to him or her by registered or certified mail, whichever shall first occur.

Expiration of Assessment Lien: Unless sooner satisfied and released or the enforcement thereof initiated as herein provided, any notice and claim of lien for unpaid assessments shall expire and be of no further force or effect one (1) year from the date of recordation of said notice and claim of lien, provided, however, that said one (1) year period may be extended by the Board for not to exceed one (1) additional year by recording a written extension thereof.

Method of Foreclosure: Such notice and claim of lien may be foreclosed by appropriate action in court or by sale by the Association, its attorneys or other person authorized to make the sale, such sale to be conducted in accordance with the provisions of Arizona Revised Statutes applicable to the exercise of powers of sale for deeds of trust, or in any other manner permitted by law. The Board is hereby authorized to appoint its attorneys, any officer or Director of the Association or any title company authorized to do business in Arizona as trustee for the purpose of conducting such power of sale foreclosure.

Rental During Foreclosure Proceedings: In any such foreclosure, the Owner shall be required to pay reasonable rental for the Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Association acting on behalf of the Owners shall have the power to bid on the Unit at foreclosure sale and to acquire, hold, lease, mortgage and convey the same. A suit to recover a money judgment for unpaid regular or special assessments shall be maintainable without foreclosing or

waiving the lien securing the same.

Required Notice: Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of the notice and claim of lien, whether judicially, by power of sale or otherwise, until the expiration of thirty (30) days after a copy of such claim of lien has been deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Unit described in such notice and claim of lien, and a copy thereof is recorded by the Association in the office of the county recorder in the county in which the Project is located.

Collection From Tenant: If the Owner shall at any time rent or lease his Unit and shall default for a period of thirty (30) days or more in the payment of any monthly or other installment of any regular annual assessment or any other duly authorized assessment, the Board may, at its option, so long as such default shall continue, demand and receive from any renter or lessee (hereinafter in this paragraph referred to as "lessee") of the Owner occupying the Unit, the rent due or becoming due from such lessee to the Owner up to an amount sufficient to pay all sums due from the Owner, including interest, if any, and any such payment of such rent to the Board by the lessee shall be sufficient discharge of such lessee as between such lessee and the Owner to the extent of the amount so paid; but any such demand or acceptance of rent from any lessee shall not be deemed to be a consent to or approval of any lease by the Board or the Association or a release or discharge of any of the obligations of the Owner hereunder or an acknowledgement or surrender of any rights or duties hereunder. In the event that the Board makes demand upon the lessee as aforesaid, the lessee shall not have the right to question the right of the Board to make such demand, but shall be obligated to make the said payments to the Board as demanded by the Board with the effect as aforesaid; provided, however, that the foregoing rights shall be subject to the rights of any mortgagee of such Owner.

Mortgages - Notices to Board: (a) An Owner who mortgages his or her interest in any Unit shall notify the Board of the name and address of his or her mortgagee and within ten (10) days after the execution of the same shall file a conformed copy of the mortgage with the Board; the Board shall maintain such information in a book entitled "Mortgages of Units".

(b) The Board, when giving notice to an Owner of a default in paying said assessments or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit or interest therein whose name and address has theretofore been furnished to the Board.

(c) Each Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more than onetime a month.

Estoppel Certificate: The Association, upon not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request a statement in writing stating whether or not to the knowledge of the Association, a particular Owner is in default under the provisions of this Declaration and further stating the dates to which assessments, regular, or special, or other, have been paid by said Owner, it being intended that any such certificate delivered pursuant to this Article may be relied upon by any prospective purchaser or mortgagee of said Owner's Unit, but reliance on such certificate may not extend to any default as to which the signer shall have had no actual knowledge.

#### ARTICLE 8

##### ARCHITECTURAL COMMITTEE

Committee Composition: The Architectural Committee shall consist of two (2) persons, neither of whom shall be required to be an architect, or a member or officer or Director of the Association or to meet any other particular qualifications. The Declarant shall appoint the first Architectural Committee members who shall remain in office until the Initial Meeting of the Association, at which time the Board shall have the right to appoint such members. Notwith-

standing the foregoing, so long as the Declarant holds for sale any Unit in the Project, the Declarant shall be entitled to appoint one Board member. Except during such term as the Declarant shall continue to hold for sale any Unit in the Project, the Board shall have the right to abolish the Architectural Committee and take over all of its duties as well as to appoint, remove and replace the members of same and may, in its discretion, from time to time, increase or decrease the size of the Architectural Committee; provided, however, that in no event shall the size of the Architectural Committee be less than two (2).

Duties: It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to insure that any and all improvements constructed on the Project by anyone other than Declarant conform to plans approved by the Architectural Committee, to adopt Architectural Committee rules and to carry out all other duties imposed on it by this Declaration.

Plans and Approval: Excepting the interiors of Units, no replacement, addition or alteration of a building, structure, fence, drainage facilities, landscaping or planting shall be effected in any Unit, other than by Declarant, until the plans, specifications and plot plan showing the location and nature of such replacement, addition, alteration or removal have been submitted to and approved in writing by the Architectural Committee; nor shall any exterior painting or decorative alteration be commenced until the Architectural Committee has approved the plans therefor, including the proposed color scheme, design thereof and the quality of materials to be used. All such plans, specifications and plot plans shall be prepared by an architect, engineer or landscape designer or landscape architect, said person to be employed by the Owner making the application at his own expense, unless the same is waived in writing by the Architectural Committee. Plans and submittals thereof shall be approved and/or disapproved within thirty (30) days. Failure of the Architectural Committee to respond to submittal or resubmittal of plans within such period shall be deemed to be an approval of such plans as submitted or resubmitted.

Meetings and Compensation: The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of the members, at a meeting or otherwise, shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any provision of this Declaration. The Committee shall keep and maintain a written record of all action taken by it in such meetings or otherwise. Members of the Architectural Committee shall not receive any compensation for services rendered.

Architectural Committee Rules: The Architectural Committee may from time to time, in its sole and absolute discretion, adopt, amend and repeal by unanimous vote or unanimous written consent, rules and regulations, to be known as "Architectural Committee Rules". Said rules shall interpret and implement this Declaration by setting forth standards and procedures for Architectural Committee review and the guidelines for architectural design, replacements and buildings, landscaping, color schemes, exterior finishes and materials and other similar features which are recommended for use within the Project.

#### ARTICLE 9

##### PROTECTION FOR THE MORTGAGEE OR HOLDERS OF DEEDS OF TRUST, OR OTHER SECURITY DEVICES

Protection: Notwithstanding anything herein to the contrary, all liens arising in favor of the Board by reason of the assessments against or obligations of any of the Owners shall be subject and subordinate to, and not affect the rights of, the holder of any mortgage or deed of trust or other security device on any Unit or portion thereof recorded prior thereto and made in good faith and for value. No breach of this Declaration or the enforcement of any lien arising in favor of the Board shall defeat, render invalid, impair or affect the lien of any such mortgage or deed of trust or other security device made in good faith and for value; provided, however, that this Declaration shall be binding upon and shall inure to the benefit of any Owner whose title to a Unit or portion thereof is



derived through foreclosure of any lien or any trustee's sale or any other proceeding for the enforcement of any lien or otherwise, and such Owner shall be responsible for the payment of all assessments, whether regular or special, and all installments thereof levied or payable after the date that such Owner acquired title as a result thereof.

Rights of the Mortgagee or Holder of a First Deed of Trust or Other Security

Device: Upon the recordation of a notice of default by any holder of a first deed of trust or other security device upon any Unit or portion thereof and receipt by the Board of written notice thereof, such holder shall have the right to exercise the vote of the Owner with respect to said Unit at any meeting of the Owners for as long as said default continues. Upon written request made to the Board, the Board shall also send notice of all meetings of Owners held during the period of such default to such holder.

Amendments: No amendment to this Article shall affect the rights of the mortgagee or the holder of any first deed of trust or other security device recorded prior to the recordation of such amendment who does not join in the execution thereof or consent in writing thereto.

Subordination: The Board shall have the right, should it deem it advisable to do so, to enter into a subordination agreement extending the benefits of this Article to the mortgagee or holders of deeds of trust or other security devices not otherwise entitled thereto.

Notice of Default: In the event of a default by the Owner of any Unit in the performance of any of its duties under this Declaration, the rules and regulations or any other instruments regulating the operation of the Project, which is not cured within thirty (30) days, the Board shall give written notice of such default to all mortgagees or holders of deeds of trust who have notified the Board of their security interest, if any, with respect to such Unit.

Limitation on Liability: Any mortgagee or holder of a deed of trust which comes into possession of a Unit pursuant to any remedy provided for in such mortgage, deed of trust, whether by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise, shall take such Unit free of any claims for unpaid

assessments prior to the time such holder came into possession of such Unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units, including such Unit.

Consent of the Mortgagee or Holders of Deeds of Trust: Without the prior written consent of the mortgagee or all holders of any mortgage or first deeds of trust on any Unit in the Project, neither the Association nor the Board shall have the power to do either of the following:

(a) Change the pro rata interest or obligations of any Unit for purposes of levying assessments and charges and determining interests in the Association;

(b) By act or omission seek to abandon the Condominium status of the Project except as provided in this Declaration or by statute in the event of a substantial loss to the Units of the Project.

Right of First Refusal: Any mortgagee or holder of a deed of trust which comes into possession of a Unit pursuant to any remedy provided for in such mortgage or deed of trust, whether by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise, shall be exempt from any "right of first refusal".

Conflicts: In the event of any conflicts between the provisions of this Article and any other provisions of this Declaration, the provisions of this Article shall control.

#### ARTICLE 10

##### DAMAGE OR DESTRUCTION

Damage to a Single Unit: If any portion of the Project is damaged or destroyed by fire or other casualty, and such damage is limited to a single Unit and the improvements thereon, then the Owner of such Unit, the mortgagee or the holder of the first deed of trust with respect thereto, as the case may be, shall, subject to the approval of the Architectural Committee, promptly take steps to rebuild or repair the damaged Unit in accordance with the original plans and specifications therefor. All insurance proceeds payable by reason of such damage shall be made available to said Owner, mortgagee, or holder, as the case may be, during the

course of such restoration and repair on a progress basis to pay for the costs thereof. Upon completion of such repair, any excess insurance proceeds held by the Board shall be paid to said Owner, mortgagee or holder, as their respective interests may appear. Should the insurance proceeds be inadequate to cause such restoration and repairs to be made, then the Owner of such Unit shall pay all excess costs and expenses up to a maximum amount of \$2,000.00, and upon his failure to do so, a special assessment against such Owner shall be levied by the Board therefor. All costs of repair in excess of said insurance proceeds and said \$2,000.00, if any, shall, upon approval by the Board, be paid by the Association from the maintenance fund if funds are available or from a special assessment against all Owners. In the event that no steps for the repair of such damage have been taken within thirty (30) days after the Owner has been notified that insurance proceeds are available for such repair, the Board shall have the right to give the written notice provided for in Article 15 hereof and to proceed to cause such repairs to be made in accordance with the provisions thereof. In such event, the Board shall have the right to levy a special assessment against such Owner for all costs not covered by such insurance up to a maximum amount of \$2,000.00 and shall hold and add to the maintenance fund any excess insurance proceeds.

Damage to More than a Single Unit: If any portion of the Project is damaged by fire or other casualty and such damage extends to two or more Units, or extends to any part of the Common Elements, including the improvements thereon, the following provisions shall apply:

(a) If the available proceeds of the insurance maintained pursuant to Article 4 are sufficient to cover not less than eighty-five percent (85%) of the estimated cost of repair or reconstruction thereof, it shall be the duty of the Association, subject to the provisions of Article 7 hereof, to restore and repair the damaged area as soon as practicable. In such event, the Association shall, if necessary, levy a special assessment against each Owner to provide the funds to pay that portion of the repair costs not covered by available insurance proceeds. Such special assessment shall be allocated on a pro-

rata basis among the Owners, based upon the percentage of ownership of Common Elements as determined in accordance with Schedule 1 to Exhibit "A", and shall be enforceable against each Owner under the lien provisions contained in Article 7 hereof.

The foregoing notwithstanding, in the event of a partial destruction where the estimated cost of repair and restoration does not exceed Sixteen Thousand Dollars (\$16,000.00) the Association shall have the right to restore and repair such damage irrespective of the amount of available insurance proceeds.

(b) If the estimated cost of repair is greater than Sixteen Thousand Dollars (\$16,000.00) and the available proceeds of insurance maintained pursuant to Article 4 hereof are less than eighty-five percent (85%) of the estimated costs of repair or restoration thereof, a vote of not less than seventy-five percent (75%) of the Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting of the Association, shall be required to repair and rebuild the damaged portions of the Common Elements. The failure to obtain the necessary approval of the Owners shall constitute a determination not to rebuild and the Board shall proceed in accordance with the provisions of this Article 10 relating to the sale of the Project after Damage or Destruction as hereinafter set forth. In the event of a determination to rebuild, the Board shall cause the necessary plans and specifications to be prepared and obtain bids from at least two (2) reputable contractors for the planned reconstruction and award the contract to the lowest bidder. The Board shall then levy a special assessment (which shall be apportioned on a prorata basis among the Owners and which shall be enforceable under the lien provisions hereof) to cover the costs of reconstruction not covered by available insurance proceeds.

(c) If the special assessments to be levied pursuant to this Article 10 do not obtain the requisite approval of the members of the Association, the Board shall divide the available insurance pro rata among each Unit and the Common Elements in accordance with the damage done thereat. Each Owner whose Unit has been so damaged shall have the right for thirty (30) days after he has been notified of the amount of his portion of the available insurance proceeds to elect in writing to repair the damage caused to his Unit,

in which event his portion of such insurance proceeds shall be made available to him in accordance with the hereinafter provisions of this Article 10. The Board shall use all insurance proceeds not so disbursed to remove all damaged or destroyed structures from the Common Elements and any Units not to be repaired and level and landscape the sites thereof. Any excess insurance proceeds attributable to damage to the Common Elements shall become part of the Association's general maintenance fund and any deficiency in removing the damaged structures shall be paid by levying a special assessment against all Owners on a pro rata basis. Any insurance proceeds attributable to any Unit whose Owner elects not to repair such damage shall, after deducting the pro rata cost of removing the damaged structures therefrom, be distributed among such Owner and his lenders, if any, as their respective interests may appear.

Substantial Damage: In the event of damage or destruction to which this Article 10 is not applicable, or in the event of the destruction of more than fifty percent (50%) of the Project, the Board shall obtain firm bids, including an obligation to obtain a performance bond, from two or more responsible contractors to rebuild the damaged or destroyed portions of the Project in accordance with the original plans and specifications and shall, as soon as practicable thereafter (but in no event later than ninety (90) days after such damage has occurred), call a special meeting of the Owners. At any such meeting, Owners representing a majority of all Units may vote to reject such bids and thereby agree not to rebuild. The failure of such Owners to so vote shall be deemed to be a decision of the Owners to accept those of the bids which the Board received which the Board considers most favorable unless a majority of the Owners should determine otherwise. All such reconstruction shall take place in accordance with the terms and conditions of this Article 10.

Sale of the Project After Damage or Destruction: In the event that Owners representing a majority of all Units, by their affirmative vote or written consent, fail to agree to rebuild the Project or take such other action, then the entire Project shall be sold as a single parcel and such decision shall be binding upon, and if need be may be enforced against, any or all of the remaining Owners. In

the event of such agreement to sell the Project by and amongst the Owners, the Board shall forthwith cause a memorandum thereof to be recorded in the office of the county recorder of Mohave County, State of Arizona. The Board shall promptly execute any such agreement and shall be empowered to do any and all things and acts reasonably required to be done in furtherance thereof, including but not limited to the levying of pro rata special assessments payable in such manner as shall receive the affirmative vote or written consent of a majority of the Owners. If the Board does not cause a memorandum of agreement amongst the Owners to be recorded within eighteen (18) months after such damage or destruction then from and after commencement of the first day of the nineteenth month thereafter, the covenant against partition set forth in Article 2 hereof shall be of no further force and effect.

Effect of Sale or Partition: In the event of a sale or partition of the Project, the proceeds of such sale and all remaining insurance proceeds shall be distributed among the Owners and their respective lenders, if any, as their respective interests may appear. Such proceeds shall be divided into one (1) share for each Unit and the amount of each share shall be determined by dividing the net proceeds by the total number of Units in the Project. The share attributable to each Unit shall be disbursed first to holders of valid encumbrances of record in order of their priority as to each Unit, and the balance to the Owners of record. The available insurance proceeds shall be distributed in a like manner except that the shares of each Unit shall be based on the proportionate insurable value that each of the Units, together with the improvements thereon, bears to the total insurable value of all Units and the improvements thereon.

Arbitration: In the event of a dispute among the Owners respecting the provisions of this Article, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the members of the Board and all other Owners as promptly as possible after the reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall

be final and conclusive upon all of the Owners. The arbitrator may include in his decision an award for costs and/or attorneys' fees against any one or more parties to the arbitration.

#### ARTICLE 11

##### GENERAL RESTRICTIONS

Single Family Use: Each Unit shall be used for single family residential purposes only; provided, however, that Units owned by Declarant or its nominee may be used as models and sales offices and construction offices for the purpose of selling the Units in the Project until all of the Units thereon are sold by Declarant or its nominee.

Business and Related Use. No unit shall ever be used or caused, allowed or authorized to, in any way, directly or indirectly, be used for any business, commercial, manufacturing, industrial, mercantile, storing, vending or other such purpose.

Uniform Appearance: No Owner shall use, or keep anything on the grounds or driveway area or any other Common Elements which would in any way hinder the full use and enjoyment thereof by any other Owner or occupant. It is intended that the exterior of the buildings shall present a uniform appearance, and to effect that end, the Board may require the painting of outside doors, window frames, trim, and other exterior portions of the building, and select the type and color or paint to be used. The Board is authorized to contract for said painting and to make payment therefor out of the maintenance fund referred to herein.

Density Restrictions: There shall not be constructed or maintained upon or in any Unit more than one (1) single family residence.

Leasing: Units may be rented or leased only in accordance with the rules and regulations set forth in this Declaration or adopted by the Association and no Owner shall obtain or receive any remuneration for the use of the Common Elements by others, and no one other than the occupant of a Unit and his nonpaying guests, permittees or invitees may use the Common Elements.

Clothes Drying Facilities: Outside clotheslines for drying or airing clothes shall not be erected, placed, or maintained on any property unless they are erected, placed and maintained exclusively within a walled patio or otherwise concealed and shall not be visible from neighboring property.

Obstruction of Common Elements: There shall be no obstruction of the Common Elements, nor shall anything be stored in the Common Elements without the prior written consent of the Board, including but not limited to woodpiles, refuse containers, machinery, and/or equipment of any kind.

Use of Units: No Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Project, any Unit or any part of the Common Elements or which would be immoral or in violation of any law.

Pets: Not exceeding two (2) domestic dogs, cats, or other usual and ordinary household pets may be kept in Units subject to compliance with such rules and regulations as may be reasonably adopted by the Board or the Owners, and provided that such pets are kept restrained under leash or by other means at all times while within the Common Elements. The Association shall have the right to prohibit maintenance of any animal which the Board reasonably determines, after a hearing at which the Owner of such animal is present and has an opportunity to be heard, constitutes a nuisance to the other Owners. Each Owner shall be absolutely liable to each and all other Owners, their families, guests and invitees, for any damage to persons or property caused by any pet brought upon or kept upon said property by said Owner or by members of his family, guests, invitees or lessees.

Nuisances: No noxious or offensive activities shall be carried on in any Unit, in the Common Elements or in any portion of the Project, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Owners or to the neighborhood. No burning of refuse or debris shall be permitted without the prior written consent to the Board. No waste shall be committed in the Common Elements.

Plant Disease and Noxious Insects: Nothing shall be placed or permitted to exist in or upon any Unit, the Common Area or any portion of the Project by any Owner or otherwise which shall induce, breed or harbor any plant disease or infectious or noxious insects.

Oil and Mining Operations: The Project shall not be used for the purpose of boring, mining, quarrying, exploring for or removing water, oil or other hydrocarbons, minerals of any kind, gravel or earth. No machinery shall be placed,



operated or maintained in or upon the Project except such machinery and equipment as is usual and customary in connection with maintenance of a private residence.

Noise: All residential occupants shall exercise extreme care about making noises and in the use of musical instruments, radio, televisions and amplifiers that may disturb other occupants.

Decorating: Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors of his own Unit, except as otherwise provided in this Declaration, provided that no such finishing or decorating which affects in any manner any common walls or the exterior of any Unit shall be permitted except in accordance with Article 8 hereof.

Appearance of Windows, Patios and External Walls: Other than shutters approved by the Board, no Owner, tenant or other occupant of a Unit shall: place any draperies or curtains at the Unit windows without a solid, light color liner facing the exterior. No aluminium foil, reflective window screen, metallic coating or like material will be permitted to be placed in or on any window or patio door. No patio, balcony, fence, wall or other portion of the Project shall be painted, stained or have its external appearance substantially altered except in accordance with Article 8 hereof. The Board or Architectural Committee shall have the authority to create such restrictions on the decorating and the contents of any patios or balconies, including but not limited to the furniture, landscaping, plants, awnings, light fixtures and other objects and fixtures to be located thereon or therein, in their rules and regulations, as they deem appropriate.

Antennas, Towers, Equipment: No antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any property within the Project, whether attached to a building or structure or otherwise, unless specifically approved by the Architectural Committee. No solar heating or cooling device or panels, pipes or equipment shall be erected or used out of doors, on any unit roof, patio or balcony unless first specifically approved in

writing by the Architectural Committee. No flagpole, laundry facilities, air conditioning equipment, machine or insulation shall be installed on any of the Common Elements, patio or balcony of any Unit without written permission from the Committee of Architecture. Each owner shall bear full responsibility for the cost of maintaining his or her air conditioning unit.

Utility Service: No lines, wire, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Committee.

Fences, etc. No fences, awnings, ornamental screens, screen doors, sunshades or walls shall be erected or maintained around any portions of a Unit except such as are installed in accordance with the original construction of the Project unless approval for the erection of said article is given by the Architectural Committee.

Nameplates: All nameplates on any dwelling Unit shall conform in all respects with any rules and regulations with respect thereto.

Signs: No signs, symbols, or advertising device, of any kind, shall be displayed on or from any Unit, window, door, patio or balcony thereof, the Common Elements or any portion of the Project without the prior specific written consent of the Architectural Committee, except:

- (a) Such signs as may be required by legal proceedings;
- (b) One (1) professionally made unlighted sign per Unit not to exceed one (1) square foot in area containing only the name and title or occupation of the occupant;
- (c) One (1) professionally made unlighted sign not to exceed 14" x 18" advertising the Unit for sale or lease. The top of said sign shall not be higher than twenty-four (24) inches when installed on the common area and the Association may designate the area or location for the installation thereof.

(d) Temporary sign not to exceed six (6) square feet in area giving the names of the contractors, engineers, and architects during construction period.

(e) Such signs the nature, number and location of which have been approved by the Architectural Committee in advance, and, such signs, the number type and size of which may be approved from time to time by Declarant.

Information signs and Unit numbers installed by the Declarant shall be exempt from the above restrictions.

Employees of the Association: Employees of the Association shall not be sent off the Project premises by any Owner at any time, for any purpose.

Operation of Sales Models and Offices: Notwithstanding any provisions of this Article 11 to the contrary, Declarant and its agents or designees may, as long as Declarant shall be an Owner of one or more Units within the Project, maintain or operate sales models and offices in the Project, and construct and maintain such promotional signs and other sales signs and sales aids in or about any part or portion of the Project which Declarant, in its reasonable judgement, deems necessary or desirable.

Speed Limits: The Board shall have the authority to set the speed limits on the Private Streets within the Project.

Washing of Vehicles, Boats, Campers, or Mobile Homes: No washing of said units shall be permitted that creates an unsightly condition in the streets or curbs within the project.

Garages: No vehicle which shall not be in operating condition shall be parked or left on any Private Street or on the Project other than inside a garage. The garage or carport shall be used for the parking of vehicles and boats only and shall not be converted for living or recreational activities.

Parking and Use of Roads: All owners and their families, guests, invitees and permittees shall obey all determinations of the Board and all rules and regulations, signs, and other restrictions as to the use of roads, driveways, ramps, garages and parking areas and facilities of the Project, and shall not operate,

park or store any vehicle in violation thereof. The Association, or any manager employed by the Association, shall have the right to authorize the removal of any vehicle parked on the private streets of the Project when in the opinion of the Board, the vehicle shall be deemed to be parked in violation of this Declaration and Bylaws as they shall be adopted and amended by the Association. The Board shall assess the owner all costs involved. No vehicle, camper, boat, mobile home, truck or trailer may be stored or parked for any longer a period than seventy-two (72) hours outside of a garage or on any street.

Trailers and Motor Vehicles.: Except with approval of the Architectural Committee, no mobile homes, recreational vehicle, motorbike, trailer of any kind, truck, camper or permanent tent or similar structure shall be kept, placed, maintained, constructed, reconstructed or repaired, upon any property or street (public or private) within The Isles in such a manner as will be visible from neighboring property; provided, however, that the provisions of this paragraph shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement, approved by the Architectural Committee or Declarant.

Trash Disposal: Trash, garbage or other waste shall be kept only in sanitary containers. No Owner shall permit or cause any trash or refuse to be disposed of upon any portion of the Project other than in receptacles approved by the Association. Refuse must be wrapped or bagged before depositing into rubbish containers.

Inflammable Materials: No inflammable materials, such as paint, thinner, solvent, gasoline, nor other combustible material shall be deposited into the trash containers. No Owner shall use or permit to be brought into any building or Unit any inflammable oil or fluids such as gasoline, kerosene, naphtha or benzine or other explosives or articles deemed extra hazardous to life, limb or property.

Violation of Laws: No Owner shall make any use of a Unit which violates any laws, ordinances and regulations of any governmental body, or fail to conform to and abide by the bylaws and the uniform rules and regulations in regard to the use of the Units and the Common Elements which may be adopted from time to time by the Board.

Common Walls: The rights and duties of Owners with respect to Common Walls shall be as follows:

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

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

(c) In the event any such Common Wall is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests or family, it shall be the obligation of the Association to rebuild and repair such wall.

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

(e) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a Common Wall, or with respect to the bearing of the cost thereof, the Owners shall submit the dispute to the Board, the decision of which shall be final and binding on all Owners.

Waterfront Area: The term "Waterfront Area" shall mean the area on the Bridge-water Channel designated by the Board for the purpose of docking, storing, and keeping boats and other watercraft therein and for all other purposes incident thereto.

Waterfront Facilities: The term "Waterfront Facilities" shall mean and refer to docks, decks, wharfs, floats, slips, ramps, piers, landings, seawalls, seawalks, bulkheads, and other structures or equipment located or proposed to be located in any Waterfront Area.

Use of Waterfront Area: The Waterfront Area shall be used for the construction and use thereon of Waterfront Facilities for the storage and or other accommodation of private boats owned by the Owner of a Unit for recreational purposes only. This provision shall not apply to the Association, which shall have the right to use a Waterfront Area for all purposes consistent with the duties of the Association under this Declaration. No boat shall be lived in while in the Waterfront Area. Nothing shall be done or dept in the Waterfront Area or on any waterway which would be in violation of any provision of the Lake Havasu City Irrigation and Drainage District, State Parks Department, or any local, state or federal agencies.

Waterfront Rules: The Association shall have the right to make, promulgate, supplement, amend, change, or revoke waterfront rules pertaining to the use and operation of the Waterfront Areas or waterways, without advance notice to Owners. Without limiting the generality of the foregoing, the Waterfront Rules may pertain to the launching, recovery, mooring, storage, maintenance, and operation of boats, the painting, repairing and overhauling of all or any part of a boat or any equipment in, on, or used in connection with, such boat; swimming, fishing, and other aquatic activity; the storage of equipment and personal property of every kind and character; and the discharge, collection or disposal of sanitary sewage, garbage, and other waste substances. All Owners shall abide by the Waterfront Rules and shall be responsible for all acts of the Owner's family, guests, and invitees.

Limitation on use of Recreational Facilities and Waterfront Area: In order to conserve the recreation facilities for the maximum enjoyment and pleasure of all concerned, the use of such facilities shall be limited only to the immediate family in residence in any Unit from time to time and their occasional guests. In the event a unit is rented, the tenant and his family and occasional guests may use such facilities to the exclusion of the Owner of the Unit and his family.

Families in residence in Units owned by multiple or corporate owners shall be entitled to use such facilities during period of such residence to the exclusion of the other multiple owners or corporate officials or their invitees.

Additional Insurance: Each Owner may obtain insurance additional to any policy or policies of insurance obtained by the Board at his or her own expense; provided, however, that no Owner shall be entitled to exercise his or her right to maintain insurance coverage in such a way as to decrease the amount which the Board, on behalf of all of the Owners, may realize under any insurance policy which the Board may have in force on the Project at any particular time. Any Owner who obtains individual insurance policies covering any portion of the Project other than personal property belonging to such Owner shall be required to file a copy of such individual policy or policies with the Board within thirty (30) days after purchasing such insurance. Each Owner shall be required to notify the Board of all improvements made by the Owner to his Unit, the value of which is in excess of One Thousand Dollars (\$1,000.00). Each Owner shall maintain insurance on his personal property as well as liability insurance on his Unit.

Alteration of Improvements by Declarant: No residential or use restriction and nothing in this Article or elsewhere in this Declaration shall limit the rights of the Declarant to complete construction of improvements to the Common Elements and to Units owned by Declarant or to alter the foregoing or to construct such additional improvements as Declarant deems advisable prior to completion and sale of the entire Project. All easements over the Common Elements necessary for such construction are hereby reserved to the Declarant. The rights of Declarant hereunder and elsewhere in this Declaration shall be assignable.

Maintenance and Repairs: Duty to Maintain:

(a) Common Elements: The Association shall have full power and control and it shall be its duty to maintain, repair and make necessary improvements in the Common Elements and the improvements thereon, including but not limited to recreational buildings, facilities and improvements; landscaping and all metered utilities in the Common Elements; all private streets, roadways, walks and other means of ingress and egress within the Project.

(b) Exterior Maintenance: Each Owner shall provide exterior

maintenance for his Unit, including the improvements located on such Unit not otherwise provided for by the Association under this Declaration, subject to the provisions of Article 8 hereof. In the event any Owner shall fail to do so, the Board may make such repairs and assess such Owner for the cost thereof.

Right to Inspect and Enforcements: The Association shall be empowered with the right and duty to periodically inspect the Common Elements and exterior portions of Units in order that minimum standards of repair, design, color and landscaping shall be maintained for beauty, harmony and conservation within the entire Project. In the event that the need for maintenance or repair of the exterior of any Unit or the Common Elements is caused through the willful or negligent act of an Owner, his family, guests or invitees or, in the event the Association determines that such persons have damaged or modified any improvement, item of landscaping or portion of the Common Elements, without the proper approval of the Association, or the Association determines that an Owner has violated any provision of this Declaration, so as to cause a need for the improvement, repair, restoration or painting of the Common Elements, or to cause the landscaping to require repair or restoration, then the Association shall give written notice to the Owner of the condition or violation complained of.

Unless the Association has approved in writing corrective plans proposed by the Owner to remedy the condition complained of within such period of time as may be determined reasonable by the Association after said written notice is first given, and unless such corrective work so approved is completed thereafter within the time allotted by the Association, the Association shall undertake to remedy such condition or violation complained of and the cost thereof shall be charged to the Owner causing such corrective work, and such cost shall be deemed a special assessment to such Owner, and subject to levy, enforcement and collection by the Association in accordance with the assessment lien procedure provided for in this Declaration.

Entry for Repairs: Nothing in this Article shall in any manner limit the right of an Owner to exclusive control over the interior of his dwelling Unit; provided,



however, that the Association or any other person authorized by the Association shall have the right of entry in the case of emergency originating in or threatening a Unit, whether the owner is present or not; provided, however, further, that an Owner shall permit other Owners, or their representatives when so required, to enter his or her Unit for the purpose of performing installation, alterations or repair to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner whose Unit is to be entered. In case of an emergency, such right of entry shall be immediate.

Easement for Maintenance Purposes: An easement is hereby reserved to the Association for its representatives to have rights of ingress and egress in and upon all Common Elements and exterior of all Units subject to this Declaration to the extent entry is necessary to carry out the maintenance duties imposed herein. Such right of entry shall be exercised in such manner so as not to unreasonably interfere with the possession and enjoyment of the occupants of such Unit, and shall be preceded by reasonable notice whenever the circumstances permit.

#### ARTICLE 12

##### PROVISIONS RELATING TO SALE OR RENTAL OR OTHER ALIENATION OR MORTGAGING OF CONDOMINIUM UNITS.

###### A. Sale or Rental of Units - Association to Have First Right of Refusal:

(1) In the event any Owner wishes to sell or lease his or her Unit for a term in excess of eleven (11) calendar months, the Association shall have the option to purchase, or lease said Unit, upon the same conditions as are offered by the Owner to a third person. Any attempt to sell, or lease said Unit without prior offer to the Association shall be deemed a breach of this Declaration and shall be wholly null and void, and shall confer no title or interest whatsoever upon the intended purchaser, tenant or lessee.

(2) Should an Owner wish to sell or lease his or her Unit for a term in excess of eleven (11) calendar months, said Owner shall, before accepting any offer to purchase, sell or lease said Unit, deliver to the Board a written notice containing the terms of the offer received or which the Owner

wishes to accept, the name and address of the person(s) to whom the proposed sale, lease or transfer is to be made, two Bank references and three individual references - local, if possible, and such other reasonable information (to be requested within five (5) days from receipt of such notice), as may be required by the Board. The Board is authorized to waive any and or all of the references aforementioned.

(3) The Board, within ten (10) days after receiving such notice and such supplemental information as is required by the Board, shall either consent to the transaction specified in said notice, or by written notice to be delivered to the Owner's Unit (or mailed to the place designated by the Owner in his or her notice), designate the Association, or the Association may designate one or more persons then Unit Owners, or any other person(s) satisfactory to the Board who are willing to purchase, lease or rent, upon the same terms as those specified in the Owner's notice, or object to the sale, leasing or renting to the prospective purchaser, tenant or lessee, for good cause, which cause need not be set forth in the notice from the Board to the Owner. However, the Association shall not unreasonably withhold its consent to any prospective sale, rental or lease.

(4) The stated designee of the Board shall have fourteen (14) days from the date of the notice sent by the Board within which to make a binding offer to buy, lease or rent, upon the same terms and conditions specified in the Owner's notice. Thereupon, the Owner shall either accept such offer or withdraw and/or reject the offer specified in his or her notice to the Board.

Failure of the Board to designate such person(s), or failure of such person(s) to make such offer within the said fourteen (14) day period, or failure of the Board to object for good cause, shall be deemed consent by the Board to the transaction specified in the Owner's notice, and the Owner shall be free to make or accept the offer specified in his or her notice, and sell or lease said interest pursuant thereto, to the prospective purchaser or tenant named therein, within ninety (90) days after his notice was given.

(5) The consent of the Board shall be in recordable form, signed by two officers of the Association, and shall be delivered to the purchaser or lessee. Should the Board fail to act, as herein set forth and within the time provided herein, the Board shall, nevertheless, thereafter prepare and deliver its written approval, in recordable form, as aforesaid, and no conveyance of title or interest whatsoever shall be deemed valid without the consent of the Board as herein set forth.

(6) The sub-leasing or sub-renting of an Owner's Unit shall be subject to the same limitations as are applicable to the leasing thereof. The Association shall have the right to require that a substantially uniform form of Lease or sub-lease be used, or in the alternative, the Board's approval of the lease or sublease form to be used shall be required. After approval, as herein set forth, entire Units may be rented, provided the occupancy is only by the Lessee, his family and guests. No individual rooms may be rented.

(7) Where a corporate entity is the Owner of a Unit, it may designate the occupants of the Unit as it desires, and for such period of time as it desires, without compliance with the provisions of Section A. of this Article 12. The foregoing shall not be deemed an assignment or sub-letting of a Unit, and shall be deemed to be in compliance with the provisions of this Declaration.

B. Mortgage and Other Alienation of Units: Owner may not mortgage his Unit, nor any interest therein, without the approval of the Association, except to an Institutional Mortgagee, as hereinbefore defined. The approval of any other mortgagee may be upon conditions determined by the Board, and said approval, if granted, shall be in recordable form, executed by two (2) officers of the Association. Where an Owner sells his Unit and takes back a mortgage the approval of the Association to such mortgage shall not be required.

(2) No judicial sale of a Unit, nor any interest therein, shall be valid unless:

(a) The sale is to a purchaser approved by the Association, which approval shall be in recordable form, executed by two (2) officers of the Association, and delivered to the purchaser; or

(b) The sale is a result of a public sale with open bidding.

(3) Any sale, mortgage, lease or sublease, which is not authorized pursuant to the terms of this Declaration, shall be void, unless subsequently approved by the Board and said approval shall have the same effect as through it had been given and filed of record simultaneously with the instrument it approved.

(4) The foregoing provisions of this Article 12 shall not apply to transfers by an Owner to any member of his immediate family (vis: spouse, children or parents).

(5) The phrase "sell, or lease", in addition to its general definition, shall be defined as including the transferring of an Owner's interest by gift, devise or involuntary or judicial sale.

(6) In the event an Owner dies and his Unit is conveyed or bequeathed to some person other than his spouse, children, or parents, or if some other person is designated by the decedent's legal representative to receive the ownership of the Unit, or if, under the laws of descent and distribution of the State of Arizona, the Unit descends to some person or persons other than the decedent's spouse, children or parents, the Board may within thirty (30) days of proper evidence or rightful designation served upon the President or any other officer of the Association, or within thirty (30) days from the date the Association is placed on actual notice of the said devisee of decedent, express its refusal or acceptance of the individual or individuals so designated as the Owner of the Unit.

(7) If the Board shall consent, ownership of the Unit may be transferred to the person or persons so designated, who shall, thereupon, become the Owner(s) of the Unit, subject to the provisions of this Declaration and the Exhibits attached thereto.

(8) If, however, the Board shall refuse to consent, then the Members of the Association shall be given an opportunity during thirty (30) days next after said last above mentioned thirty (30) days, within which to purchase or to furnish a purchaser for cash for the said Unit, at the then fair

fair market value thereof as determined by independent appraisal.

The expense of said appraisal shall be paid by the said designated person or persons, or the legal representative of the deceased Owner, out of the amount realized from the sale of such Unit. In the event the Members of the Association do not exercise the privilege of purchasing or furnishing a purchaser for said Unit within such period and upon such terms, the person or persons so designated may then, and only in such event, take title to the Unit; or, such person or persons, or the legal representative of the deceased Owner may sell the said Unit, and such sale shall be subject in all other respects to the provisions of this Declaration and Exhibits attached hereto.

(9) The liability of the Owner under this Declaration shall continue notwithstanding the fact that he may have leased or sublet said interest, as provided herein. Every purchaser or lessee, shall take subject to this Declaration, the Articles of Incorporation, the Bylaws, and all rules and regulations of the Association.

C. Special Provisions Re Sale, Leasing, Mortgaging or Other Alienation by Certain Mortgagees and Declarant:

(1) An Institutional First Mortgagee holding a mortgage on a Unit, upon becoming the owner of a Unit, through foreclosure, or by Deed in lieu of foreclosure, or whomsoever shall become the acquirer of title at the foreclosure sale of an Institutional First Mortgagee or the lien for common expenses, shall have the unqualified right to sell, lease or otherwise transfer said Unit, including the fee ownership thereof, and/or to mortgage said Unit, without prior offer to the Board, and without the prior approval of the said Board. The provisions of Sections A and B of this Article 12 shall be inapplicable to such Institutional First Mortgagee or acquirer of title, as aforescribed in this paragraph.

(2) The provisions of Sections A and B of this Article 12 shall be inapplicable to the Declarant. The said Declarant is irrevocably empowered to sell, lease, rent and/or mortgage Units, and portions thereof, to any purchaser, lessee or mortgagee approved by it, and the Declarant shall have

the right to transact any business necessary to consummate sales or rentals of Units, or portions thereof, including but not limited to the right to maintain models, have signs, advertise on the Project, use the Common Elements, and to show Units. The sales office(s), signs, and all items pertaining to sales shall not be considered Common Elements, and shall remain the property of the Declarant. The provisions of this Section C of Article 12 may not be amended without the prior specific written consent of the Declarant to such amendment.

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ARTICLE 13

DECLARANTS RIGHTS AND PRIVILEGES

By Declarant or the Association: Declarant or the Association shall have the right, at any time, to plant, replace, maintain, and cultivate shrubs, trees, grass and plantings on any Common Element within the Project, regardless of whether the Association is responsible hereunder for maintenance of such elements. No Owner shall remove, alter, injure, or interfere in any way with any shrubs, trees, grass or plantings placed upon any such property by Declarant or the Association without the written consent of the Association having first been obtained. The Association or its authorized agents shall have the right to enter upon any property within such other areas, at any reasonable time, for the purpose of planting, replacing, maintaining or cultivating such shrubs, trees, grass or plantings, and shall not be liable for trespass for so doing. The foregoing reservation by Declarant or the Association also includes the right to maintain or replace street signs, street lights, equipment, sea walks, bulkheads, walkways, private roads, walls, security systems and other elements of the Common Elements as deemed necessary.

Declarant's Reservation of Right to Resubdivide and Replat: Subject to the approval of any and all appropriate governmental agencies having jurisdiction, Declarant hereby reserves the right at any time while it is the Owner thereof to resubdivide and replat any lot or lots, without the consent of the Owners or any of them.

Reservation of Right to Alter Interior Design and Arrangements: The Declarant reserves the right to change the interior design and arrangement of all Units, and to alter the boundaries between Units, as long as the Declarant owns the Units so altered; however, no such change shall increase the number of Units nor alter the boundaries of the common elements, except the party wall between any Units, without amendment of this Declaration in the manner hereinbefore set forth. If the Declarant shall make any changes in Units, as provided in this paragraph, such changes shall be reflected by an Amendment of this Declaration with a Survey attached reflecting such authorized alteration of Units, and said Amendment need

only be executed and acknowledged by the Declarant and any holders of Institutional Mortgages encumbering the said altered Units. If more than one Unit is concerned, the Declarant shall apportion between the Units the shares in the Common Elements appurtenant to the Units concerned, together with apportioning common expenses of the Units concerned, and such shares of Common Elements, common expenses shall be duly noted in the Amendment of Declaration.

Any amendment or modification to the documents, as approved by Mohave County, must have the approval of Mohave County prior to completion of the amendment or modification.

#### ARTICLE 14

##### INTERPRETATION AND AMENDMENT OF DECLARATION

Effective Date of Declaration: Except as otherwise expressly provided, this Declaration shall be effective on and as of the date of the recording of same and shall continue and be binding for a term of fifty (50) years from the date thereof, after which time the same shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of Owners has been recorded agreeing to modify or terminate this Declaration in accordance with the provisions of this Article 14.

Covenants to Run with the Land: Each of the covenants herein contained in this Declaration shall run to and with the real property and each Unit and every interest therein or pertaining thereto and shall be binding upon and inure to the benefit of Declarant, its successors, grantees and assigns and all parties claiming by, to or under it. Each purchaser of any Unit, part or parcel of or in said property shall, by acceptance of a deed or other conveyance for any such Unit, part or parcel thereby be conclusively deemed to have consented to and agreed to all of said covenants for himself and his heirs, executors, administrators and assigns and does by said acceptance, covenant for himself and his heirs, executors, administrators, successors and assigns to observe, perform, and be bound by said covenants and to incorporate said Covenants by reference in any deed or other conveyance of his interest in any of said real property.



Amendment of Covenants: The Owners may revoke, cancel, modify, amend, add to, supplement or otherwise change, in whole or in part, any or all of said Covenants and may release from any part or all of said Covenants all or any part of the property, but only subject to the following conditions:

(a) No such change or changes shall be made except with the consent of seventy-five percent (75%) of the Owners as a class and the first trust deed holders or mortgagees as a class.

(b) Any such consents shall be effective only if expressed in a written instrument or instruments executed and acknowledged by each of the consenting parties and recorded in the office of the county recorder of Mohave County, Arizona.

(c) No such change or changes shall be effective against the holder of any indebtedness secured by a previously recorded mortgage or deed of trust or shall impair, reduce or otherwise affect the right, title or interest of such holder, unless such holder has consented thereto in writing.

A recordable certificate by a reputable title insurance company doing business in Mohave County, Arizona as to the record ownership of the Units shall be deemed conclusive evidence thereof with regard to compliance with the provisions of this Article. Upon and after the effective date of any such change or changes, it or they shall be binding upon all persons, firms and corporations then owing any Unit or interest in the Project and shall run with the land and be binding upon and inure to the benefit of all persons claiming by, through or under any one or more of them.

#### ARTICLE 15

##### VIOLATIONS OF THIS DECLARATION - ENFORCEMENT

Notice and Correction of Violation: Upon any violation or breach of any of the provisions of this Declaration, including the covenants herein contained, or any of the rules and regulations, the Board shall promptly give notice of such violation or breach, and should said Owner or Owners fail to remedy or contract for the remedy of such violation or breach within ten (10) days of such notice,

then the Board or a representative thereof shall have the authority to enter any Unit or Common Elements in or on said property upon or as to which such violation exists, and may alter, correct, modify, remedy or summarily abate and remove, at the expense of the Owner thereof, any thing or condition that may be or exist thereon or therein contrary to the provisions hereto. Notwithstanding the foregoing, should the Board, in its sole discretion, determine that it would be impracticable to give notice or wait prior to taking such action, then it shall not be necessary to give the notice hereinabove provided for. The Board or its representative shall not be deemed to have trespassed as a result of any such action and shall not be subject to any liability to the Owner or occupant of such Unit or Units for any such entry or any other action taken pursuant to this section except for damage caused by its negligence.

Suspension of Voting and Other Rights: In the event that any Owner shall fail to comply with the terms and provisions of this Declaration and the covenants herein contained, and of the rules and regulations duly adopted by the Owners or Board governing the Project, and shall not have remedied such breach within ten (10) days after his receipt of a written notice thereof from the Board or its duly authorized representative, which notice shall specify all such breaches of this Declaration (or if such breach could not be remedied within said (10) ten day period, then if such Owner shall not have commenced steps to remedy such breach within said ten (10) day period or shall not thereafter diligently proceed to remedy such breach), then the Board, by a vote of a majority of the Members thereof, shall have the right, without limiting any other right available to it, to suspend the voting rights of such Owner with respect to all Units owned by him or the right of such Owner to use any facilities which may be part of the Common Elements, or both, until such breaches are remedied, provided that in any event such suspension shall not exceed thirty (30) consecutive calendar days for each such breach. In addition, the Board may assess monetary penalties not to exceed Twenty-five Dollars (\$25.00) for any one violation. Any Owner whose voting or other rights are proposed to be suspended as herein provided shall be entitled to a hearing before the Board prior to any such suspension. The remedies provided for in this section, together with any other section or Article of this Declaration, shall be cumulative and nonexclusive, and the Board

shall have the right to resort to such remedies and in such order as it, in its sole discretion, shall determine, including such other remedies as may be provided by law.

Legal Proceedings to Enforce Declaration: In addition to the remedies provided for in this Article 15, violation of any of the provisions of this Declaration including the covenants herein contained, or any of the rules and regulations of the Association, may be enjoined, abated, restrained or otherwise remedied by any lawful means or procedures. Proceedings to restrain violation of the Declaration may be brought at any time that such violation has occurred or appears reasonably likely to occur in the future. In the event of proceedings brought to enforce or restrain violation of any of the provisions of this Declaration, including the covenants herein contained, or to determine the rights or duties of any person hereunder, then the prevailing party shall be entitled to recover its costs in such proceedings as well as reasonable attorneys' fees.

Enforcement: This Declaration and the covenants herein contained, and the rules and regulations of the Association shall be enforceable by the Board, provided that in the event that the Board shall fail or refuse upon written demand to enforce the same, then any Owner or Owners not in default hereunder at such time may take legal action to do so. The failure of the Board or of any such Owner or Owners, or of any other person entitled to enforce any of said provisions of this Declaration, to enforce the same shall not in any event be deemed a waiver of the right of such person or of any other person entitled to enforce this Declaration to enforce the same thereafter.

Waiver: Any waiver or attempted waiver of any of the provisions of this Declaration or any of the covenants herein contained with respect to any Unit or part of the Common Elements shall not be deemed a waiver thereof as to any other Unit or any other part of the Common Elements nor shall the violation of any of the provisions of this Declaration or said covenants with respect to any other Unit or part of the Common Elements affect the applicability or enforceability of this Declaration or said covenants with respect to any other Unit or any other part of the Common Elements.

Method of Waiver: The receipt by the Board or manager of any assessment from an Owner with knowledge of the breach of any of the provisions of this Declaration or the covenants herein contained shall not be deemed as a waiver of such breach and no waiver by the Board or manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board or manager.

#### ARTICLE 16

##### COMPLIANCE WITH LAW

Compliance with Local Ordinances: The Association shall at all times take all action necessary to insure that the Project complies with all laws and local ordinances.

Future Construction: Any future construction of living space or reconstruction of the Project or any portion thereof requires the review and approval of a conditional use permit in accordance with the provisions of the Mohave County Zoning Board, and the Lake Havasu City Irrigation and Drainage District.

Zoning Requirements: The Mohave County Planning & Zoning Board and the Lake Havasu City Irrigation and Drainage District, by granting its approval for this Project, does not guarantee the allowable density of Units located on said property at any time in the future.

Condominium Use: Any ownership of a Unit is an intangible portion of multiple residential property and said ownership does not parallel or emulate ownership of single family property or use.

##### MISCELLANEOUS

The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the property or the documents herein made reference to, except as specifically set forth herein, and no person shall rely upon any warranty or representation not so specifically made herein. Any estimates of common expenses, taxes or other charges are deemed accurate, but no warranty or guaranty is made or intended, nor may be relied upon, except where same is specifically warranted or guaranteed.

- (a) The name of the transferee and his transferor.
- (b) The Unit number and street address of the Unit purchased.
- (c) The mailing address of the transferee.
- (d) The date of sale.

Prior to receipt of such notice by the Association, all notices required or permitted to be given by the Association shall be deemed to be duly given to the transferee if duly and timely made to the transferor of such transferee.

Headings and Captions: The headings and captions used in this Declaration are for the convenience of reference only, and do not form a part of this Declaration.

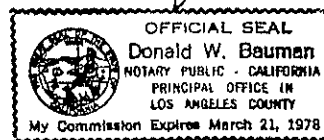
IN WITNESS WHEREOF, the undersigned have executed this Declaration on the day and year first above written.

LONDON BRIDGE RACQUET CLUB, Declarant

By *Robert P. McCulloch, Jr.*  
 Its *President*

By *James J. Caron*  
 Its *Secretary*

STATE OF ~~ANNEXNA~~ California ) ss:  
 COUNTY OF Los Angeles )



On this the 28th day of February, 1978, before me the undersigned Notary Public, personally appeared Robert P. McCulloch, Jr. and James J. Caron who acknowledged themselves to be the President and Secretary respectively of the London Bridge Racquet Club, and that as such officers, have signed the foregoing instrument on behalf of the corporation and for the purposes therein stated.

In Witness Whereof, I have hereto set my hand and official seal.

My Commission expires:

March 21, 1978

*Donald W. Bauman*  
 Notary Public

SCHEDULE I  
to  
EXHIBIT A

Schedule of Ownership of Common Elements

<u>Unit No.</u>	<u>Percent Ownership</u>	<u>Unit No.</u>	<u>Percent Ownership</u>
A-1	1.40%	H-29	1.93%
A-2	1.67%	H-30	1.93%
A-3	1.67%	H-31	1.93%
A-4	1.40%	H-32	1.93%
B-5	1.40%	H-33	1.93%
B-6	1.67%	H-34	1.93%
B-7	1.67%	J-35	1.93%
B-8	1.40%	J-36	1.93%
C-9	1.40%	J-37	1.93%
C-10	1.67%	J-38	1.93%
C-11	1.67%	J-39	1.93%
C-12	1.40%	J-40	1.93%
D-13	1.40%	K-41	1.40%
D-14	1.67%	K-42	1.67%
D-15	1.67%	K-43	1.67%
D-16	1.40%	K-44	1.40%
E-17	1.93%	L-45	1.40%
E-18	1.93%	L-46	1.67%
E-19	1.93%	L-47	1.67%
E-20	1.93%	L-48	1.40%
F-21	1.40%	M-49	1.40%
F-22	1.67%	M-50	1.67%
F-23	1.67%	M-51	1.67%
F-24	1.40%	M-52	1.40%
G-25	1.93%	N-53	1.40%
G-26	1.93%	N-54	1.67%
G-27	1.93%	N-55	1.67%
G-28	1.93%	N-56	1.40%
		P-57	1.40%
		P-58	1.67%
		P-59	1.67%
		P-60	1.40%

FEE # 78-13381

Recorded at the Request of TRICO  
WESTERN

on MAY 15 '78 - 3 55 PM

in Book: 462 of OFFICIAL RECORDS,

Page(s) 239-319  
Records of Mohave County, Arizona.

\_\_\_\_\_  
Joan McCall  
Mohave County Recorder

By \_\_\_\_\_  
Deputy