ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to HAVAVIEW VILLAS PROPERTY OWNERS ASSOCIATION, an Arizona non-profit corporation, its successors and assigns.

Section 2. "Properties" or "Premises" or "project" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Common Area" and Common Elements" shall be synonymous and shall mean and refer to all structures (except for the units), the earth upon which all the structures are located, all the recreational facilities, the swimming pool, spa, covered cabanas, storage rooms, restrooms, all bearing walls, columns, floors, roofs, slabs, equipment, walkways, pumps, landscaping, pavements, private streets (if any), driveways, road ramps (in any), parking areas, trash facilities, and equipment, all waste, water and gas pipes, ducts, chutes, conduits, wires, drainage lines, other utility and installation lines, stairways and hallways, (in any), the foundations of the units, the foundations of the building, perimeter walls, security systems (if any)guard house (in any), outdoor lights, signs, building signs, lamps, and all other devices and premises designed for common use or enjoyment by more than one owner (s) of a single unit, all as set forth in the recorded plat referred to as Exhibit "A" hereto, and those areas allocated for use by a unit for patio or balcony purposes, as shown on said plat.

Section 4. "Unit" shall mean and refer to a separately designated and legally described freehold estate consisting of one unit in each structure, each separately shown, numbered and designated on the Condominium Plan referred to in Article II, section 8 here or and contained within and including the interior unfinished surfaces of the perimeter walls, floors, roofs and

Windows of each unit, each of such spaces being defined and referred to herein as a unit. Each unit shall include both the portions of the building so described and the airspace so encompassed, including a motor vehicle garage and patio or balcony. In interpreting deeds, declarations and plans, the existing physical boundaries of the unit, or of a unit reconstructed in substantial accordance with the original construction thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the deed, plan or declaration, regardless of settling or lateral movement of the building and regardless of variance between boundaries shown on the plan or in the deed and declaration and those of the building.

Section 5. "Institutional Holder" is a mortgagee or deed of trust beneficiary, which is a bank or savings and loan association, or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 6 "Lease" means any agreement for the leasing or rental of a unit.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Mortgage" shall mean any instrument given as security for the performance of an obligation, including without limitation, deeds of trust. "Mortgagee" shall mean party secured by such an instrument and includes beneficiaries under a deed of trust; and, "Mortgager" shall mean the party executing such instrument as security and collateral for the loan and shall include a trustor under a deed of trust.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title (or legal title, if equitable title has merged) of any unit which is part of the properties.

would effect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse Association for any expenditures incurred in repairing or replacing any common area and facility damages through his fault.

SECTION THREE: Use of Family Units/Internal Changes.

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying Association in writing management agent, if any, or president of the Board of Directors. If no management agent is employed, the Association shall have the obligation to answer within thirty (30) days, and failure to do so within thirty (30) days shall have the same effect as approval.

SECTION FOUR: Use of Common Areas and Facilities and Restricted Common Areas and Facilities.

(a) An owner shall not place or cause to be placed in the lobbies, vestibules, stairways and other project areas and facilities of a similar nature both common and restricted, any furniture, package or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them.

SECTION FIVE: Right of Entry.

(a) An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of installing, altering or repairing 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. In case of an emergency, such right of entry shall be immediate.

SECTION SIX: Rules of Conduct.

(a) No resident of the project shall post any advertisements or posters of any kind in or on the project except as authorized by Association.

(b) Residents shall exercise extreme care in making noises or using musical instruments, radios, televisions and amplifiers that may distrub other residents. Keeping of

family condominium unit, and construction thereon shall be limited to a building no mare than two stories in height. All buildings or structures erected upon said premises shall be of new construction and no building or structure shall be moved from other locations onto said premises. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any portion of the premises at any time as a residence either temporarily or permanently.

Section 2. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for the Declarant, its successors or assigns to maintain during the period of construction and sale of said project, upon such portion of the premises as Declarant, its successors and assigns may authorize, a temporary office convenient or incidental to the construction and sale of said project.

Section 3. No noxious or offensive activity may be carried on or permitted on any unit, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood, nor shall any part of the premised be used by business, professional, commercial, religious or institutional purposes. Provided, however, the foregoing restrictions shall not apply to business activities or the construction and maintenance of buildings by the builder, its agents and assigns during the construction and sale period, and/or the Association in furtherance of its powers and purposed as herein set forth.

Section 4. No vehicle shall be left parked in any driveway or private street and all recreational or commercial vehicles shall be parked only in areas to be provided for such vehicles, as determined by the Board of Directors of the Association.

Section 5. No animals, fish or birds of any kind shall be raised, bred or kept, on the

STATE TITLE

folder:

18 of 36

DECLARATION OF HORIZONTAL PROPERTY REGIME

TOGETHER WITH

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

HAVAVIEW VILLAS TOWNHOMES

This Declaration is made this 26th day of November, 1984, by B III DEVELOPMENT COMPANY, a partnership, hereinafter called "Declarant," as owner of the real property described as Lot 1, Block 3, Tract 135-B, Lake Havasu City, Arizona, as shown on the plat recorded in the office of the County Recorder, Mohave County, Arizona, as Reception No. 155179 on September 7, 1965, which executes this Declaration of Horizontal Property Regime Together With Covenants, Conditions and Restrictions, to run with the real property herein described for the purposes as hereinafter set forth. This Declaration shall create a condominium to be known as HAVAVIEW VILLAS TOWNHOMES according to this Declaration and plat recorded as Reception No. 84-41540 on November 14, 1984, in the office of the County Recorder, Mohave County, Arizona, a copy of which is attached hereto as Exhibit "A."

RECITALS

WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth; and

WHEREAS, Declarant hereby establishes by this Declaration a plan for the individual ownership of the real property

estates consisting of the area or space contained in each of the units in each multi-family structure, and the co-owernship by the individual and separate owners thereof, as tenants in common and as hereafter set forth, all of the real property which is herein after defined and referred to herein as the "common area," and for the maintenance thereof.

NOW THEREFORE, Declarant declares that all of the properties described above shall be held, sold and conveyed subject to the following covenants, conditions, charges, liens, restrictions, easements and reservations (hereinafter collectively sometimes called "restrictions"), and all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property, and all of which are hereby declared to be for the benefit of all of the property described herein and the owners thereof, their heirs, successors, grantees and assigns. These restrictions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof. Said restrictions establish and impose a general plan for the improvement and development of said property described herein and the adoption and establishment of covenants, conditions, charges, liens, easements and restrictions upon said land and upon any and all units constructed or to be constructed thereon, and upon the use, occupancy and enjoyment thereof. Every conveyance of any of said units or property or portion thereof, shall be and is subject to these covenants, conditions, charges, liens, restrictions and easements, as follows:

ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to HAVAVIEW VILLAS PROPERTY OWNERS ASSOCIATION, An Arizona non-profit corporation, its successors and assigns.

Section 2. "Properties" or "Premises" or "Project" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Common Area" and "Common Elements" shall be synonymous and shall mean and refer to all structures (except for the units), the earth upon which all the structures are located, all the recreational facilities, the swimming pool, spa, covered cabanas, storage rooms, restrooms, all bearing walls, columns, floors, roofs, slabs, equipment, walkways, pumps, landscaping, pavements, private streets (if any), driveways, road ramps (if any), parking areas, trash facilities and equipment, all waste, water and gas pipes, ducts, chutes, conduits, wires, drainage lines, other utility and installation lines, stairways and hallways, (if any), the foundations of the units, the foundations of the building, perimeter walls, security systems (if any), guard house (if any), outdoor lights, signs, building signs, lamps, and all other devices and premises designed for common use or enjoyment by more than one owner(s) of a single unit, all as set forth in the recorded plat referred to as Exhibit "A" hereto, and EXCEPT for the outlets of utilities when located within a unit, and those areas allocated for use by a unit for patio or balcony purposes, as shown on said plat.

Section 4. "Unit" shall mean and refer to a separately designated and legally described freehold estate consisting of one unit in each structure, each separately shown, numbered and designated on the Condominium Plan referred to in Article II, Section 8 hereof and contained within and including the interior unfinished surfaces of the perimeter walls, floors, roofs and windows of each unit, each of such spaces being defined and referred to herein as a unit. Each unit shall include both the portions of the building so described and the airspace so encompassed, including a motor vehicle garage and patio or balcony. In interpreting deeds, declarations and plans, the existing physical boundaries of the unit, or of a unit reconstructed in substantial accordance with the original construction thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the deed, plan or declaration, regardless of settling or lateral movement of the building and regardless of variance between boundaries shown on the plan or in the deed and declaration and those of the building.

Section 5. "Institutional Holder" is a mortgagee or deed of trust beneficiary, which is a bank or savings and loan association, or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 6. "Lease" means any agreement for the leasing or rental of a unit.

Section 7. "Member" shall mean and refer to every person or entiity who holds membership in the Association.

Section 8. "Mortgage" shall mean any instrument given as security for the performance of an obligation, including without limitation, deeds of trust. "Mortgagee" shall mean a party secured by such an instrument and includes beneficiaries under a deed of trust; and, "Mortgager" shall mean the party executing such instrument as security and collateral for the loan and shall include a trustor under a deed of trust.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title (or legal title, if equitable title has merged) of any unit which is part of the properties.

Section 10. "Parking Space" shall mean and refer to assigned or unassigned space(s) for parking motor vehicles or motor homes, and is synonymous with "Parking Areas."

Section 11. "Submitted Property" shall mean and refer to the real property described and incorporated herein by this reference.

ARTICLE II

Declaration

Section 1. Declarant, the fee owner of the above described submitted property, hereby makes the following declaration as to division, easements, rights, liens, charges, covenants, restrictions, limitations, conditions and use to which the project may be subjected, hereby specifying that such declaration shall constitute covenants to run with the land and shall be binding on Declarant, its successors and assigns, and all subsequent owners of all or any executors, administrators, devisees or assigns.

Section 2. Declarant, in order to establish a plan of condominium ownership for the project in accordance with the Horizontal Property Regime Statutes of Arizona, §33-551 through 561 inclusive, of Arizona Revised Statutes Annotated, declares, covenants, and agrees that it hereby divides the submitted property, pursuant to said sections of the statutes, into the following feehold estates:

(a) Units as defined in Article I, Section 4 hereinabove, and as shown on Exhibit "A" attached hereto.

(b) Common areas as defined in Articles I Section 3 hereinabove, and as shown on Exhibit "A" attached hereto.

Section 3. Each unit, together with its respective undivided interest in the common areas specified and established in Article II, Sections 4, 5 and 6 hereof, is defined and hereinafter referred to as a "condonimium" and the ownership of each condominium shall include a unit and an undivided interest in the common areas.

Section 4. The individual units hereby established and which shall be individually conveyed, together with their respective undivided fractional interest in the common areas, are described as follows:

Units 1 through 10 inclusive, within buildings A and B, HAVAVIEW VILLAS TOWNHOMES, according to the plat recorded as Reception No. 84-81540 on November 14, 1984, Office of the County Recorder, Mohave County, State of Arizona.

Section 5. The undivided interest in the general common areas hereby established which shall be conveyed with each respective unit shall be one tenth (1/10).

Section 6. The above undivided interest established and to be conveyed with the units cannot be changed except as provided in Article XVI, Section 8, or as otherwise provided herein, and Declarant, its successors and assigns and grantees, covenant and agree that undivided interests in the common areas and the fee titles to the respective units conveyed therewith shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit.

Section 7. The Declarant reserve to themselves the right, until completion of all the units, to locate physically any part of a unit's boundary on common areas depicted on the recorded plat map referred to in Article II, Section 4 hereof.

ARTICLE III

Property Owners' Association

Section 1. The Declarant, pursuant to this Declaration, shall create an Arizona non-profit corporation which will be responsible for maintaining and administering the common elements and the recreational facilities located thereon; and will have the general responsibility for administering and enforcing the terms, covenants and conditions of this Declaration. The corporation shall be known as HAVAVIEW VILLAS PROPERTY OWNERS ASSOCIATION.

Section 2. Membership in the Association, except for membership of the Declarant and the first Board of Directors, shall be limited to owners of units constructed or planned to be constructed on the property described above. An owner of a unit shall

automatically, upon becoming the owner of that unit, be a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. Ownership of a unit shall be the sole qualification and criteria for membership.

Section 3. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of such unit and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure or mortgage of record and/or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the owner of any unit should fail or refuse to transfer the membership registered in his name to the purchaser of such unit, the Association shall have the right to record the transfer upon the books of the Association and issue a new membership for the purchaser and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered.

Section 4. The owner of each unit shall be entitled to one membership in the Association and there shall be no more than one membership for each unit, which membership shall be subject to all of the provisions of the Association's Bylaws.

Section 5. There is attached hereto and incorporated herein by this reference as Exhibit "B" and Exhibit "C," respectively, the corporation's Articles of Incorporation and Bylaws.

Section 6. Any management agreement for HAVAVIEW VILLAS TOWNHOMES shall be terminable by the Association for cause upon thirty (30) days written notice thereof, and the term of any agreement shall not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

ARTICLE IV

Voting Rights

Section 1. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Article I, Section 9, with the exception of the Declarant. A Class A member shall be entitled to one (1) vote for each unit owned by said member, which right to vote will commence when all units are sold by Declarant or five (5) years from the closing of sale of the first unit sold, whichever first occurs.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to all votes in the Association until such time as all units are sold by the Declarant or five (5) years from the closing of sale of the first unit sold, whichever first occurs.

Section 2. In the event any unit owner shall be in arrears in the payment of any amounts due under any of the provisions of this Declaration for a period of fifteen (15) days, or shall be in default in the performance of any of the terms of this Declaration for a period of fifteen (15) days, said unit owner's right to vote as a member of the Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

ARTICLE V

Property Rights

Section 1. Member's Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the common elements, and such easement shall be appurtenant to and shall pass with the title to each and every unit. It is expressly acknowledged and agreed by all parties concerned that this Article V is for the mutual benefit of all owners and members of the Association, and is necessary for the protection of said owners. It is understood and agreed that the rights of use and enjoyment of the common elements may be exercised by any person legally in possession of a unit in a manner not in violation of the provisions hereof, but nothing herein shall be deemed to alter or amend the definition of "owner" under Article I, or to affect the provisions of Article III hereof with respect to membership, or to affect the provisions of Article IV hereof with respect to voting rights. Such rights and easements of enjoyment shall be subject to reasonable rules and regulations as from time to time are promulgated by the Board of Directors of the Association, and which may include, but not be limited to:

(a) The right of the Association to limit the number of guests of members;

(b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common areas;

(c) The right of the Association to borrow money;

(d) The right of the Association to regulate the usage of common areas, i.e., parking, landscaping and recreational.

Section 2. Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the common areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE VI

Covenant for Maintenance Assessments

Section 1. Maintenance. Maintenance, upkeep and repairs of the individual units, patios and balconies shall be the sole responsibility of the unit owners. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the common elements and all exteriors and roofs of the buildings, including, but not limited to, recreation, streets, water, sewer, gas, electric and telephone utilities, parking areas and walks, may be taken by the Board of Directors or by its duly delegated representative, as it may deem to be in the best interest of all parties in carrying out the purpose of this Declaration, and as may be adopted by its Bylaws not inconsistent herewith.

Section 2. The Association, or its duly delegated representative, shall maintain and otherwise manage all common property, including, but not limited to, the landscaping and common parking areas located upon the above described properties. The Board of Directors shall use a reasonably high standard of care in providing for repair, management and maintenance of said property, so that said project will reflect a high pride of

ownership. All interior maintenance and interior repair of the individual units shall be the sole obligation and expense of the individual unit owners.

Section 3. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each unit owned within the properties, hereby covenants, and each owner of any unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:

(1) Annual assessments or charges; and

(2) Special assessments for capital improvements,

such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due, but such personal obligation and liability of the owner shall not be deemed to limit or discharge the charge on the land and continuing lien upon the property against which such assessment is made.

Section 4. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the

residents in the properties and in particular for the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common area, and of the units situated upon the properties.

Section 5. Establishment, Basis and Maxiumum of Assessments. Declarant and the owner of each unit, for themselves, their heirs, successors and assigns, further covenant that each such unit shall be subject to an assessment in an amount to be determined by the Association in the following manner:

(a) Such unit's share of the actual cost to the Association of all repair, construction, replacement and maintenance of the general common elements and other facilities and activities, including, but not limited to, mowing grass, caring for the grounds, sprinkler system and other charges required by this Declaration of Covenants, Conditions and Restrictions;

(b) Each unit's share of the actual cost to the Association of such recreational facilities as may from time to time be provided by the Association;

(c) Each unit's share of such sum as the Board of Directors of the Association shall determine to be fair and prudent for the establishment and maintenance of a reserve for repairs, maintenance, liability insurance policies, legal fees, accounting fees, management fees and other charges normal and customary to maintaining and administering the subject real properties;

(d) Each unit's share of such additional sums as the Board of Directors of the Association shall determine

to be necessary to meet the primary purposes of the Association;

(e) Each unit's share shall be the same as its undivided interest in the common elements of the total amount determined under subparagraph (a), (b), (c) and (d) above.

Section 6. The amount to be shared among the members of the Association pursuant to the subparagraphs (a), (b), (c), (d) and (e) above shall be established annually by the Board of Directors based upon an annual report prepared by the Board of Directors.

Section 7. At the time of the first conveyance of each unit and from time to time thereafter, the Board of Directors shall notify the owner or owners of each unit as to the amount of the estimated annual assessment and shall each month collect for each unit one-twelfth (1/12th) of said unit's porportional share of said annual assessment. The Declarant is an owner and shall be obligated to pay assessments on all completed units owned by Declarant.

Section 8. Until the end of the first fiscal year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall be $ 100.00 per unit. From and after the end of said first fiscal year, the maximum annual assessment may be increased by an amount up to ten percent (10%) per annum, effective the first day following the end of each fiscal year by a majority vote of the duly elected Directors of the Association so acting at any regular or special meeting of the Directors. Any greater annual increase in the maximum assessment

shall require a majority vote of the members as set forth in Section 9 following.

Section 9. Special Assessments. In addition to any other assessments authorized by this Declaration, the Association's Board of Directors shall have the right and power to provide for the construction of additonal recreational and other common facilities, or the alteration, demolition of removal of existing recreational and other common facilities, from time to time, as in their discretion appears to be in the best interest of the Association and the project. Any such alterations, demolition, removal, construction, improvements or additions, increasing the owners' annual assessment over the then maximum limitation, shall be authorized by an affirmative vote of three-fourths (3/4ths) of the Board of Directors at a duly called meeting at which a quorum is present, and ratified and approved by the affirmative vote of sixty six percent (66%) of the members present at a duly called meeting at which a quorum is present.

Section 10. For purposes of these Sections, the presence at a duly called meeting of members or of proxies entitled to cast sixty percent (60)%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called by sending written notice to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty

(60) days following the preceding meeting.

Section 11. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a rate for all units as to the assessments for the general common elements based on each unit's respective undivided interest in the common elements. All of these assessments may be collected on a monthly basis.

Section 12. Effect of Nonpayment of Assessments and Remedies of the Association. Each unit owner, for himself, his heirs, successors, grantees and assigns, covenants that with respect to charges so determined during the period that he is an owner, he will remit these charges directly to the management corporation, or to such other party or parties as directed by the Association's Board of Directors.

(a) Any assessments which are not paid when due shall be delinquent. Each unit owner further agrees that these charges, if not paid within twenty (20) days after the due date, the assessment shall bear interest from the date of delinquency at the per annum maximum legal rate of interest permitted by Arizona law, and shall become a lien upon said owner's unit and shall continue to be such lien until fully paid. This lien shall be subordinate to the lien of any first mortgage.

(b) Each such owner expressly vests in the Association, or its agents, the right and power to bring all actions against such owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like man-

ner as a mortgage of real property, and such owner hereby expressly grants to the Association a power of sale in connection with such lien. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other unit owners. The Association, acting on behalf of the unit owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In the event any person, corporation or association authorized to enforce the provisions of this Declaration employs an attorney or attornies to enforce said lien or the collection of any amounts due pursuant to this Declaration, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, the owner, owners, and parties against whom the action is brought shall pay all attorney fees and costs thereby incurred by said enforcing party in the event all enforcing parties prevail in any such action.

Section 13. No owner of a unit may exempt himself from liability for his contribution toward the common expenses by waiver of the use of enjoyment of any of the common elements or by the abandonment of his unit.

Section 14. Reserve Fund: The Association shall maintain at all times a reserve fund for replacement of common element components which shall be funded by the regular assessments and not be extraordinary special assessment.

ARTICLE VII

Architectural Control

Section 1. No improvement, whether a building, fence, wall or other structure shall be commenced, erected or maintained on

any unit until the plans and specifications for the same showing all construction details, including the nature, shape, height, materials, floor plans, location and approximate cost thereof shall have been submitted to and approved in writing by the Association, its successors or assigns. Said Association shall have the right to deny approval of any plans or specifications which are not, in its opinion, suitable or desirable for aesthetic or any other reason, and shall have the right to take into consideration the harmony and conformity of the building with the surrounding buildings and the suitability of the same with surrounding area and the effect of such structure or building as seen from adjacent or neighboring properites. All subsequent replacements, alteration, repainting or improvements of any buildings, fence, wall or other structure, also shall be subject to the prior approval of the Association, its successors or assigns. Should the Association fail to approve or disapprove such plans and specifications within thirty (30) days after submission thereof, approval will not be required and this Article will be deemed to have been fully complied with, provided, however, that in no event shall any unit owner have the right to make changes or additions to his or her unit which would exceed in any amount he original square footage of said unit. The Declarant is exempt from this paragraph until completion of construction of all units.

ARTICLE VIII

Exterior Maintenance

Section 1. The Association, or its duly delegated representatives, may maintain and otherwise manage all property up

to and including the exterior building, including, but not limited to, the landscaping, parking areas, private roadways, storage areas, recreational facilities, water, sewer, gas, electric and telephone utilities, roofs, common elements and exteriors of the buildings and the exterior doors located upon the above described properties (except windows of the units and window fixtures) and such additional maintenance of the buildings as the Board of Directors may from time to time determine to be in the best interest of the Association and the co-owners. The Board of Directors shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property, so that said project will reflect a high pride of ownership. All maintenance and repair of the individual units and patios shall be the sole obligation and expense of the individual unit owners except to the extent any exterior maintenance and repair is provided by the Association.

Section 2. In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such unit is subject.

Section 3. The Association has the right of reasonable entry upon the individual unit premises to effect emergency repairs.

ARTICLE IX

Interior and Other Maintenance

Section 1. Each owner shall be responsible for the upkeep and maintenance of the interior of his unit and his patio

area and for the upkeep and maintenance of all other areas, features or parts of his unit and property not otherwise maintained by the Association. All fixtures and equipment installed within a unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the interior walls of a unit, shall be maintained and kept in repair by the owner thereof. Termite control shall be the responsibility of the owner. An owner shall do no act nor any work that will impair the structural soundness or integrity of the multi-family building or impair any easement or, nor do any act nor allow any condition to exist which will adversely affect the other units or their owners.

ARTICLE X

Damage or Destruction of Property

Section 1. In the event any common element, including, but not limited to, carports or storage facilities, are damaged or destroyed by an owner or any of his guests, tenants, licensees, agents or members of his family, such owner does hereby irrevocably authorize the Association to repair said damaged element, carport or storage facility in a good workmanlike manner in conformance with the original plans and specifications of the unit. The owner shall then repay the Association in the amount actually expended for such repairs and any costs and expenses incurred in connection therewith.

Section 2. In the event any building enclosing a unit is damaged or destroyed by an owner ar any of his guests, tenants, licensees, agents or members of his family, such owner shall, within thirty (30) days from the date of the occurrence of the

damage or destruction, repair and rebuild the exterior of said building and any damage of adjacent buildings or property in a good workmanlike manner in conformance with the original plans and specifications used in the construction of said building. In the event such owner refuses or fails to so repair and rebuild any and all such damage to the exterior of the building and adjacent property within said thirty (30) day period, the Association, by and through its Board of Directors, is hereby irrevocably authorized by such owner to repair and rebuild any such building and adjacent property in a good workmanlike manner in conformance with the original plans and specifications of the buildings subject to a shorter reasonable right of entry to the unit's premises to effect emergency repairs. The owner shall then repay the Association in the amount actually expended for such repairs.

Section 3. Each unit owner further agrees that these charges for repairs, if not paid within ten (10) days after completion of the work, shall be delinquent and shall become a lien upon said owner's unit and shall continue to be such lien until fully paid. Said charges shall bear interest from the date of delinquency at the per annum maximum legal rate authorized by Arizona law. The amount of principal and interest owed by said owner to the Association shall be a debt, and shall be collectable by any lawful procedure allowed by the laws of the State of Arizona.

Section 4. Each such owner, by his acceptance of a deed to a unit, hereby expressly vests in the Association or its agents the right and power to bring all actions against such owner for

the collection of such charges and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including those specified in Article VI, Section 5, Subparagraphs (a), (b), (c), (d) and (e) and such owner hereby expresssly grants to the Association a power of sale in connection with said lien and the right to collect attorney fees and costs.

Section 5. Nothing contained in this Article X shall be construed in any way so as to relieve any insurance company from the payment of any and all amounts which would be payable under any policy or policies had not this Article been inserted.

Section 6. In the event of a dispute between an owner and the Board of Directors with respect to the cause of damage or the extent of repairs necessitated or with respect to the cost thereof, then upon written request of the owner addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association of its Board of Directors. If no such rules have been adopted then the matter shall be submitted to three arbitrators, one chosen by the Board of Directors, one chosen by the owner, and these two arbritrators shall then choose a third arbitrator. If the two arbitrators cannot agree as to the selection of the third arbitrator, then by any Judge of the Superior Court of Mohave County, Arizona. A determination by any two of the three arbitrators shall be binding upon the owner and the Association, who shall share the cost of arbitration equally. In the event one party fails to choose an arbitrator from the other party, then said other party shall have the right and power to choose both arbitrators.

ARTICLE XI

Insurance

Section 1. The Board of Directors or its duly authorized agent, shall have the authority to and shall obtain insurance for all the common areas and buildings including such original fixtures within the units as the builder may attach to the interior, including but not limited to, built-ins, ranges and similar appliances and interior walls and ceilings, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy covering all common elements and buildings, and all damage or injury caused by the negligence or the Association or any of its agents. Said insurance may include coverage against vandalism. Premiums for all such insurance shall be common expenses. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Board of Directors as trustee for each of the unit owners. It shall be the individual responsibility of each owner at his own expense to provide, as he sees fit, fire, liability insurance, theft and any other insurance covering any additional interior fixtures he might install and personal property. In the event of damage or destruction by fire or other peril to any property covered by the insurance written in the name of the Board of Directors, the Board of Directors shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be de-

posited in a bank or other financial institution, the account of which bank or institution are insured by a federal governmental agency, with the proviso agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors or by an agent duly authorized by the Board of Directors. The Board of Directors shall contract with any licensed contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board of Directors shall levy a special assessment against all unit owners of the damaged building to make up any deficiency, except that the special assessment shall be levied against all unit owners as established by Article VI, Section 5, Subparagraph (d) above, to make up any deficiency for repair or rebuilding of the common elements and buildings not a physical part of a unit. In the event such insurance proceeds exceed the cost of repair and reconstruction such excess shall be paid over to the respective mortgagees and owners as their interests may then appear. Such payments shall be made to all such owners and their mortgages in porportion to their percentage interests.

Section 2. At the outset of the delivery of the buildings, including the units, the Declarant or his duly authorized agent, shall have the authority to and shall obtain insurance for all the buildings, including the units, against loss or damage by fire or other hazards in an amount sufficient to cover the full replace-

ment cost of any repair or reconstruction work in the event of damage by fire or other hazards, and shall include the broad form of public liability policy covering all public elements. This policy shall be turned over to the Board of Directors of the Association as soon as they are organized and ready to assume responsibility.

ARTICLE XII

Use Restrictions

Section 1. Each unit in the premises shall be known as and limited in use to a single family condominum unit, and construction thereon shall be limited to a building no more than two stories in height. All buildings or structures erected upon said premises shall be of new construction and no building or structure shall be moved from other locations onto said premises. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any portion of the premises at any time as a residence either temporarily or permanently.

Section 2. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for the Declarant, its successors or assigns to maintain during the period of construction and sale of said project, upon such portion of the premises as Declarant, its successors and assigns may authorize, a temporary office convenient or incidental to the construction and sale of said project.

Section 3. No noxious or offensive activity may be carried on or permitted on any unit, nor shall anything be done thereon which may be or become an annoyance or nuisance to the

neighborhood, nor shall any part of the premises be used by business, professional, commercial, regligious or institutional purposes. Provided, however, the foregoing restrictions shall not apply to business activities or the construction and maintenance of buildings by the builder, its agents and assigns during the construction and sale period, and/or the Association in furtherance of its powers and purposes as herein set forth.

Section 4. No vehicle shall be left parked in any driveway or private street and all recreational or commercial vehicles shall be parked only in areas to be provided for such vehicles, as determined by the Board of Directors of the Association.

Section 5. No animals, fish or birds of any kind shall be raised, bred or kept on the premises, except that commonly accepted household pets may be kept, provided that such pets are not kept, bred or maintained for any commercial purposes.

Section 6. All clothesline equipment, service yards, woodpiles or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring units and streets. An electric garbage disposal unit shall be installed in each unit. To the extent feasible, all rubbish, trash or garbage shall be kept in containers and screened from view of neighboring units and streets until the date of pickup by a trash collection service. No rubbish, trash or garbage shall be burned on the premises. Incinerators of every kind shall be prohibited.

Section 7. Gas, electric, power, telephone, water, sewer, cable television and other utility or service lines (used for the

general benefit of the unit owners) and other utility or service lines of very kind or character (whether now or hereafter invented or used) shall be placed or kept underground up to the wall of the buildings on the premises, except to the extent, if any, such underground placement may be prohibited by law.

Section 8. Except in the individual patio areas, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon said premises except as such are installed in accordance with the initial construction of the building located thereon or as approved by the Association.

Section 9. All radio, television or other antennas of every kind or nature shall be placed and maintained upon the premises (or the improvement located thereon) so that no portion thereof shall be visible from the outside of any unit or common area or other neighboring property or the streets unless approved by the Board of Directors.

Section 10. Any and all wall hangings, curtains and/or drapes visible from the exterior of a unit shall specifically be lined with white or off-white non-glaring fabric or material.

Section 11. No sign (other than one sign not to exceed 16" x 24" in size for purposes of advertising a unit for sale or rent which may be displayed from the interior or a unit window only) of any nature whatsoever shall be permitted on the premises provided, however, that during the construction and sale of the buildings, the builder may erect such signs as it deems appropriate and provided further, that this restriction shall not apply to the activities of the Association in furtherance of its powers and purposes and herein set forth.

Section 12. The respective units shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing linen and like, and bellboy service. Other than the foregoing limitations, the owners of the respective units shall have the absolute right to lease the same, provided that the lease is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration and further subject to the Bylaws attached hereto.

ARTICLE XIII

Easements

Section 1. There is hereby created a blanket easement upon, across, over and under the above described premises, excepting the units, for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable or communication lines and systems, etc. By virture of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on said property and (subject to the requirements of Article VII, Section 6) affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of said buildings.

Section 2. Each unit and the common elements shall be subject to an easement for encroachments created by construction,

settling and overhangs, as designed or constructed by the Declarant's builder. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the multi-family structure is partially or totally destroyed, and then rebuilt, the owners of the buildings agree that minor encroachments or parts of the adjacent units or common elements due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

ARTICLE XIV

Rights and Duties of First Mortgagee

Section 1. Notwithstanding and prevailing over any other provision of this Declaration, of the Association's Bylaws, or any rules, regulations or management agreements, the following provision shall apply to and benefit each holder of a first mortgage or beneficiary in a deed of trust upon a unit (called the first mortgagee):

(a) The first mortgagee shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenants, restrictions, regulation, rule, Association Bylaws, or management agreement, except for those matters which are enforceable by injunctive relief or other equitable actions, nor requiring the payment of money, except as hereinafter provided.

(b) During the pendency of any proceeding to foreclose the first mortgagee, including any period of redemption, the first mortgagee (or any receiver appointed in such action) may, but need not, exercise any or all of the rights and privileges of the owner of the mortgaged unit, including but not limited to, the

obligation to pay for all assessments and charges accruing thereafter in the same manner as any owner.

(c) The first mortgagee, or any other party acquiring title to a mortgaged unit through foreclosure suit or through any equivalent proceedings such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title to the mortaged unit free and clear of any lien authorized by or arising out of any of the provisions of this Declaration which secures the payment of any assessment for charges accrued prior to the final conclusion of any such foreclosure suit or equivalent proceeding, including the expiration date of any period of redemption, except as follows: Any such unpaid assessment against the unit foreclosed against may be treated as an expense common to all of the units, which expense may be collected by pro rata assessments against the remaining unforeclosed upon units, and which pro rata assessment may be enforced as a lien against each unit in the manner provided for other assessments authorized in this Declaration. Any such unpaid assessment shall nevertheless continue to exist as the personal obligation of the defaulting owner of the respective unit to the Association, and the Board of Directors shall use reasonable efforts to collect the same from the owner even after he is no longer a member of this Association. There shall be a lien upon the interest of the first mortgagee or other party which acquires title to a mortgaged unit by foreclosure suit or by equivalent procedures and for all assessments authorized by this Declaration which accrue and are assessed after the date the acquirer has acquired title to the unit free and clear of any right of redemption.

Section 2. The prior written approval of each institutional holder of a first mortgage lien on the units in HAVAVIEW VILLAS TOWNHOMES shall be required for the following:

(a) The abandonment or termination of the Horizontal Property Regime, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eniment domain;

(b) Any material amendment to the Declaration or to the Bylaws of the Association, including but not limited to any amendment which would change the percentage interest of the unit owners in the Horizontal Property Regime;

(c) The effectuation of any decision by the Association to terminate professional management and assume self management of the property;

(d) The written approval on the foregoing items (a), (b) and (c) hereof, is binding on owners of the units and upon the Association;

Section 3. No unit may be partitioned or subdivided without the prior written approval of the holder of any first mortgage lien on any such unit.

ARTICLE XV

General Provisions

Section 1. Binding effect and enforcement. The covenants, conditions, charges, liens, reservations, easements and restrictions contained herein shall run with the land and shall be binding upon all persons purchasing, owning, leasing, subleasing or occupying or otherwise having any interest in any unit

on said property, their heirs, executors, administrators, successors, grantees and assigns. After the date on which this instrument has been recorded, these restrictions may be enforced by any one or more of the following:

(a) The Association or its Board of Directors, which shall have the right and duty to enforce the same and expend Association monies in pursuance thereof;

(b) The Declarant (as long as it has an interest in any part of the premises); and

(c) The owner of any unit.

Any person who acquires title to a unit, except through delivery of a sheriff's deed as a result of a foreclosure, shall take title to such unit subject to any recorded lien hereof for all charges pursuant to Articles VI and X that have accrued prior to such acquistion of title, and subject to the lien hereof for all said charges that the breach of any of said restrictions may be enjoined, abated or reviewed by appropriate proceedings, notwithstanding the lien or existence of any such mortgage. The personal obligation to pay the annual and special assessments as provided in Article VI, Section 3 of the Declaration shall not pass to a successor in title unless prior to such transfer of title as evidenced by the records of the County Recorder or other appropriate governmental agency, a lien for such assessments shall have been filed in writing with the County Recorder or other appropriate governmental agency. All instruments of conveyance of any interest of all or any part of said units may contain the restrictions herein by reference to this Declaration. However, the terms and conditions of this instrument shall be binding upon all persons affected by its terms, regardless

of whether any reference is made to this Declaration in the deed or other instrument of conveyance. Enforcement shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenants either to restrain violation or to recover damages. Provided, however, that violation of these restrictions, or one or more of them, shall not affect the lien of any mortgage now of record or which may hereafter be placed of record upon said unit, or any part thereof. In the event Declarant, or the Association, employs an attorney or attornies to enforce said lien or the collection of any amounts due pursuant to this Declaration, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, the onwer, owners and parties against whom the action is brought shall pay all attorney fees and costs thereby incurred by any such enforcing party prevailing any such action. Nothing herein shall be deemed to indicate that damages at law constitute an adequate remedy for violation of a restriction herein.

Section 2. Waiver or Abandonment. The waiver of or failure to enforce any breach or violation of any restriction herein contained shall not be deemed to be a waiver of abandonment of such restriction or a waiver of the right to enforce any subsequent breach or violation of such restrictions. The foregoing shall apply regardless of whether any person affected hereby (or having the right to enforce these restrictions) had knowledge of the breach or violation. No restriction contained herein shall be deemed to have been waived or abandoned unless this Declaration is amended to delete such restrictions pursuant to Article XV, Section 7.

Section 3. Equal Treatment of Owners. These restrictions shall be applied to all owners without discrimination.

Section 4. Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this instrument or any part thereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid or should operate to render this instrument invalid, this instrument shall be construed as if such invalid phrase, sentence, clause, paragraph or section had not been inserted.

Section 5. Gender. The singular, wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 6. Topical Headings. The marginal or topical headings of paragraphs contained in this Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs or of this Declaration.

Section 7. Amendment. These restrictions shall remain in full force and effect for a period of thirty (30) years from the date hereof. Thereafter they shall be deemed to have been renewed for successive terms of ten (10) years, unless revoked or amended by an instrument in writing, executed and acknowledged by the then owners of not less than two-thirds (2/3) of the units in the premises, which said instrument shall be recorded in the office

of the Recorder for the County of Mohave, State of Arizona, within ninety (90) days prior to the expiration of the initial effective period hereof or any ten (10) year extension. These restrictions may be amended during the first twenty (20) year period by an instrument signed and executed by two-thirds (2/3) of the owners of all units.

Section 8. Indemnification of Directors. The Association shall indemnify and hold harmless any and all persons who may serve at any time as directors or officers of the Association for any and all liability by reason of being or having been directors or officers of the Association. This indemnification shall not apply to wilfull misconduct in the performance of duty as director or officer. This indemnification shall include all expenses incurred including attorney fees and costs in defending litigation and all amounts paid in payment or settlement of bonafide claims against the Association. This indemnification shall be in addition to the other rights to which said directors or officers may be entitled under Arizona law, pursuant to the Bylaws of the Association or by vote of the members.

Section 9. After the date hereof, each party who acquires any interest in all or any part of the property described herein further agrees that upon such acquisition of any interest in all or part of the property, the acquiring party shall look only to the other subsequent property owner or owners acquiring an interest in said property for any performance or relief deemed equitable or necessary for the enforcement of the covenants, conditions and restrictions contained herein.

IN WITNESS WHEREOF, Declarant has caused its name to be hereunto affixed this 26th day of NOVEMBER, 1984.

B III DEVELOPMENT COMPANY
A Partnership

By _____

By _____

STATE OR ARIZONA)
) ss
COUNTY OF MOHAVE)

This instrument was acknowledged before me this 26th day of NOVEMBER, 1984, by PETER BELTRONE and ANTHONY BELTRONE.

_____
Notary Public

My Commission expires My Commission Expires Aug. 28, 1988

PROOFED
INDEXED MISCELLANEOUS
Fee # 84-43153
Recorded in Official Records
of Mohave County, Arizona
NOV 27 1984 -8 00 AM
Joan McCall, Recorder
$ 36.00 34 of 34

SEALER MOHAVE COUNTY ARIZONA 1864

BOOK 1072 PAGE 762