

BYLAWS
OF
EL CONDO II, INC.

ARTICLE I

Plan of Apartment Ownership

SECTION ONE: Apartment Ownership. The project located on El Condo II, according to the plat of record in the Office of the County Recorder of Mohave County, Arizona, recored January 8, 1985 as Fee No. 85-703 as submitted under the provisions of A.R.S. §33.551 et seq.

SECTION TWO: Bylaws Applicability. The provisions of these Bylaws are applicable to the project (The term "project" as used herein shall include the land.)

SECTION THREE: Personal Application. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulation set forth in these Bylaws and to the Declaration of Horizontal Property Regime Together With Covenants, Conditions and Restrictions.

The mere acquisition or rental of any of the family units, herein referred to as "units," of the project or the mere act of occupancy of any of the units will signify that these Bylaws and provisions of the regulatory agreement are accepted, ratified and will be complied with.

ARTICLE II

Voting Majority of Owners, Quorum, Proxies

SECTION ONE: Voting. Voting shall be on a one vote per unit.

SECTION TWO: Majority of Owners. As used in these Bylaws, the term "majority of owners" shall mean those owners holding fifty one percent (51%) of the votes in accordance with the preceding paragraph of this Article.

SECTION THREE: Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of owners" as defined in the preceding paragraph of this Article shall constitute a quorum.

SECTION FOUR: Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the secretary before the appointed time of each meeting.

ARTICLE III

Administration

SECTION ONE: Association Responsibilities. The owners of the units will constitute the EL CONDO II, Inc. hereinafter referred to as "Association," who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments, and arranging for the management of the project pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of Association shall require approval of a major-

ity of owners.

SECTION TWO: Place of Meetings. Meeting of Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

SECTION THREE: Annual Meetings. The first annual meeting of the Association shall be held when thirty eight (38) units have been sold. Thereafter, annual meetings shall be held on the first Monday of June of each succeeding year. At such meetings, there shall be elected by ballot, a Board of Directors in accordance with the requirements of Section Five of Article IV of these Bylaws. The owners may also transact such other business of Association as may properly come before them.

SECTION FOUR: Special Meetings. It shall be the duty of the president to call a special meeting of the owners as directed by resolution of the Board of Directors or on a petition signed by a majority of the owners and having been presented to the secretary, or at the request of the Federal Housing Commissioner or his duly authorized representative. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of four fifths (4/5) of the owners present, either in person or by proxy.

SECTION FIVE: Notice of Meetings. It shall be the duty of the secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place of the meeting, to each owner of record, at least five (5), but not more than ten (10) days prior to such meeting. The mailing of notice in the manner provided

in this section shall be considered notice served. Notices of all meetings shall be mailed to the director of the local insuring office of the Federal Housing Administration.

SECTION SIX: Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present either in person or by proxy may adjourn the meeting to a time not less than forty eight (48) hours from the time the original meeting was called.

SECTION SEVEN: Order of Business. The order of business at all Association meeting shall be as follows:

- (A) Roll Call.
- (B) Proof of notice of meeting or waiver of notices.
- (C) Reading of minutes of preceding meeting.
- (D) Reports of officers.
- (E) Report of Federal Housing Administration representative, if present.
- (F) Report of committees.
- (G) Election of inspectors of election.
- (H) Election of directors.
- (I) Unfinished business.
- (J) New business.

ARTICLE IV

Board of Directors

SECTION ONE: Number and Qualification. Association's affairs shall be governed by a Board of Directors composed of three, five or seven persons, with the initial Board of Directors to consist of five directors, all of which must be owners of units in the project.

SECTION TWO: Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of Association's affairs and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

SECTION THREE: Other Duties. In addition to duties imposed by these Bylaws or by resolutions of Association, the Board of Directors shall be responsible for the following:

(A) Care, upkeep and surveillance of the project and common areas and facilities and the restricted common areas and facilities.

(B) Collection of monthly assessments from the owners.

(C) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common areas and facilities, and the restricted common areas and facilities.

SECTION FOUR: Management Agent. The Board of Directors may employ for Association a management agent at a

compensation established by the Board to perform such duties and services as the Board shall authorize, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one year periods, and the Association may terminate said agreement for cause upon thirty (30) days written notice thereof.

SECTION FIVE: Election and Term of Office. At the first annual meeting of Association, the term of office of two directors shall be fixed for three (3) years. The term of office of two directors shall be fixed at two (2) years, and the term of office of one director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years. The directors shall hold office until their successors have been elected and hold their first meeting.

SECTION SIX: Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected at Association's next annual meeting.

SECTION SEVEN: Removal of Directors. At any regular or special meeting duly called, any one or more the directors may be removed with or without cause by a majority

of the owners, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

SECTION EIGHT: Organization Meeting. The first meeting of the newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

SECTION NINE: Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone, or telegraph, at least three (3) days prior to the day named for such meeting.

SECTION TEN: Special meetings. Special meetings of the Board of Directors may be called by the president on three days notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the president or secretary in like manner and on like notice on the written request of at least three directors.

SECTION ELEVEN: Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION TWELVE: Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the quorum shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the members present may adjourn the meeting from time to time. At any such meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

SECTION THIRTEEN: Fidelity Bonds. The Board of Directors may require that all officers and employees of Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the Association.

ARTICLE V

Officers

SECTION ONE: Designation. The principal officers of Association shall be a president, a vice-president, a secretary, and a treasurer, all of whom shall be elected by and from the

Board of Directors. The directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

SECTION TWO: Election of Officers. The officers of Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

SECTION THREE: Removal of Officers. On an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

SECTION FOUR: President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties that are usually vested in the office of the president or an Association, including but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of Association's affairs.

SECTION FIVE: Vice-President. The vice-president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice-president is able to act, the Board of Directors shall appoint some other member of the

Board to do so on an interim basis. The vice-president shall also perform such other duties as shall from time to time be imposed on him by the Board of Directors.

SECTION SIX: Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of secretary.

SECTION SEVEN: Treasurer. The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of, Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

Obligations of the Owners

SECTION ONE: Assessments. All owners are obligated to pay monthly assessments imposed by Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be made for each unit owned. Such assessments shall include

monthly payments to a general operating reserve and a reserve fund for replacements.

SECTION TWO: Maintenance and Repair.

(A) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted, would affect 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 sixty (60) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

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, packages 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 disturb other residents. Keeping of domestic animals will be in accordance with the Municipal Sanitary Regulations.

(C) Hanging of garments, rugs, and the like from the windows or from any of the facades of the project is prohibited.

(D) Dusting and shaking out of rugs and the like, from the windows or from any of the facades of the project is prohibited.

(E) No owner, resident, or lessee shall install wiring for electrical or telephone installations, television antennae, machines, air conditioning units, or the like, on the exterior of the project or that protrude through the walls or the roof of the project except as authorized by Association.

(F) Throwing of garbage or trash outside the disposal installations provided for such purposes in the service area is prohibited.

ARTICLE VII

Amendments to Plan of Apartment Ownership

SECTION ONE: Bylaws. These Bylaws may be amended by Association in a duly constituted meeting for such purpose, and no admendment shall take effect unless approved by owners representing at least sixty six and two thirds percent (66 2/3%)

of the total number of all units in the project.

ARTICLE VIII

Mortgagees

SECTION ONE: Notice to Association. An owner who mortgages his unit shall notify Association through the management agent, if any, or the president of the Board of Directors in the event there is no management agent, the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Unit."

SECTION TWO: Notice of Unpaid Assessments. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

SECTION THREE; Prior Written Approval. The prior written approval of each institutional holder of a first mortgage, deed of trust or equivalent security interest, consisting of a first lien on units in the project will be required for at least the following:

(A) The abandonment or termination of the project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or imminent domain.

(B) Any material amendment to the Declaration or to the Bylaws of the owners' association, including, but not limited to, an amendment which would change the percentage interest in the unit owners in the project;

(C) The effecutation of any decision by the owners' association to terminate professional management and assume self-management of the project.

SECTION FOUR: Inspection of Records. Any institutional holder of a first encumbrance on a unit in the project will, upon request, be entitled to:

(A) Inspect the records and books of the project during normal business hours.

(B) Receive an annual audited financial statement of the project within ninety days following the end of any fiscal year of the project.

(C) Written notice of all meetings of the owners' association and be permitted to designate a representative to attend all such meetings.

SECTION FIVE: Damage or Destruction of a Unit. In the event of substantial damage or destruction of any unit or any part of the common elements, the institutional holder of a first encumbrance on a unit will be entitled to timely written notice of any such damage or destruction and no provision of any document establishing the project will entitle owner of a unit or other party to priority over such institutional holder with respect to the distribution to any such unit of any insurance proceeds.

SECTION SIX: Condemnation or Eminent Domain. If any unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemna-

tion or eminent domain proceedings, or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first encumbrance on a unit will be entitled to timely written notice of any such proceedings or proposed acquisition and no provision of any document establishing the project will entitle the owner of a unit or other party to priority over such institutional holder with respect to the distribution to such unit or the proceeds of any award or settlement.

ARTICLE IX

Compliance

SECTION ONE: To Arizona Law. These Bylaws set forth to comply with the requirements of A.R.S. §33-352 et seq. In case any of these Bylaws conflict with the provisions of that statute it is hereby agreed and accepted that the provisions of the statute will apply.

SECTION TWO: By Unit Owners. The failure of any unit owner to comply with the provisions of the Declaration, Articles of Incorporation or Bylaws or equivalent document will give rise to a cause of action by the owners's association and any agreement unit owner for the recovery of damages, or for injunctive relief, or both.

Wm. Gene T. [Signature]
Secretary

Approved:

[Signature]
Chairman

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

This Declaration made this Tenth day of December,
1984, by EUGENE E. NIICHEL and MARY JOAN NIICHEL, hereinafter
referred to as DECLARANT.

WITNESSETH:

WHEREAS, the Declarant is the owner of the following
described real property, to-wit:

EL CONDO II, according to the plat of
record in the Office of the County
Recorder of Mohave County, Arizona,
recorded January 8, 1985,
as Fee No. 85-703.

WHEREAS, Declarant desires to create on said property
a residential community, providing for the preservation of
values and amenities by subjecting the property to a general
plan of covenants, restrictions, easements, charges and liens
as hereinafter set forth to the benefit of said property and
each owner thereof, and

WHEREAS, EUGENE E. NIICHEL and MARY JOAN NIICHEL will
create a nonprofit corporation, the members of which shall be
the respective owners of the common facilities, for the pur-
pose of maintaining and administering the covenants, conditions
and restrictions hereinafter set forth to insure the overall
interest hereof.



MICROFILMED

Fee #

INDEX MISCELLANEOUS
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Recorded in Official Records
of Mohave County, Arizona
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Joan McCall, Recorder

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NOW THEREFORE, Declarant declares that said real property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, easements, charges and liens, all of which shall run with the land and shall apply to and be binding upon all parties having or acquiring any right, title or interest in said property or any part thereof, as hereafter set forth.

ARTICLE I

Definitions

Section 1. The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(A) "Apartment" shall mean a separate freehold estate, consisting of an airspace defined as follows: The boundaries of each such Apartment are as follows:

(1) The lower horizontal boundary for units Nos. A1, A2, A3, A4, A5, A6, A7, A8 A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, and A25 is the surface of the ground floor thereof. The lower horizontal boundary for units Nos. B1, B2, B3, B4, B5, B6, B7, B8, B9, B10, B11, B12, B13, B14, B15, B16, B17, B18, B19, B20, B21, B22, B23, B24 and B25 is the upper surface of the wooden floor thereof. The lower horizontal boundary for the balcony areas of all units is the upper surface of the wooden floor thereof or the concrete patio slab thereof, if applicable.

(2) The upper horizontal boundary is a horizontal plane, the elevation of which coincides with the elevation of the surface of the finished ceiling or ceilings thereof, and in the case of patio areas or balcony areas, is the horizontal plane which is the extension of the elevation of any surface of the finished ceiling or ceilings thereof.

(3) The lateral boundaries are the interior surfaces of the perimeter walls, windows and doors thereof and vertical planes coincidental with the interior surfaces of the perimeter walls thereof, and in the case of patio or balcony areas, the lateral boundaries are the vertical planes coincidental with the perimeters of the wooden floors thereof or concrete patio slabs thereof and further coincidental with the exterior surfaces of the perimeter walls, windows and doors thereof.

(4) Each Apartment includes the surfaces so described and the portions of the building and improvements lying within said boundaries. Each such Apartment shall also include the heating and air conditioning unit or units, ranges, garbage disposal units and other household appliances lying within said boundaries and/or appurtenant areas.

(5) Unless otherwise indicated, all air-space boundary lines intersect at right angles.

(6) Each Apartment shall include airspace denominated as parking and the airspace for each parking space shall consist of airspace for which the upper horizontal

boundary is the surface of the ceiling thereof, and the lower horizontal boundary is the surface of the concrete floor thereof, and the lateral boundaries of which are the vertical planes coincidental with the perimeters of the concrete floor for each parking space.

The following are not part of an Apartment: Bearing walls, columns, vertical supports, roofs, floors, cement slabs, foundations, external stairs, pipes, ducts, flues, garage doors, central motor heating systems, private drives, front doors, arcadias, and/or sliding glass doors, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the Apartment. In interpreting deeds, plats, declarations and plans, the existing physical boundaries of an Apartment or an Apartment reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, plat, plan or declaration, regardless of settling or lateral movement of the building, and regardless of minor variances between the boundaries as shown on the plan or in the deed and declaration and those of the building. Each Apartment in each building, as the case may be, shall be deemed to be a separate and distinct Apartment.

(B) "Association" shall mean and refer to EL CONDO II, INC., an Arizona nonprofit corporation, or such other nonprofit corporation as Declarant may form, or such corporation's successor and assigns, formed as an entity through

which the owners may act, in accordance with the Arizona Revised Statutes, §33-551 to 33.561 (1962).

(C) "The Properties" shall mean and refer to all such existing properties as are subject to this Declaration.

(D) "Member" shall mean any person, corporation, partnership, joint venture or other legal entity who is an owner provided for herein.

(E) "Owner" 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 Apartment. Owner shall include the purchaser under an executory contract for the sale of the real property. The foregoing does not include persons or entities who hold an interest in any Apartment merely as security for the performance of an obligation. Except as stated otherwise herein, Owner shall not include a lessee or tenant of an Apartment. For the purposes of Article VI only, unless the context otherwise required, Owner shall also include the family, invitees, licensees, and lessees of any Owner, together with any other person or parties holding any possessing interest granted by such Owner of any Apartment.

(F) "Board" shall mean the Board of Directors of the Association.

(G) "Bylaws" shall mean the Bylaws of the Association as such Bylaws may be amended from time to time.

(H) "Declarant" shall mean EUGENE E. NIICHEL and MARY JOAN NIICHEL, including their successors and assigns.

(I) "Declaration" shall mean this entire document, as same may from time to time be amended.

(J) "Common Area" sometimes referred to as "Common Facilities," shall mean the entire properties except Apartment as defined in (A) above.

(K) "Unoccupied" with reference to any Apartment or Apartments shall mean any Apartment that has been constructed but not yet conveyed by Declarant.

(L) "Common Wall" shall mean the wall or walls which shall separate contiguous Apartments.

ARTICLE II

Declaration of Horizontal Property Regime

Section 1. Property Subject to this Declaration:

Declarant is the owner of the real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, which is located in Mohave County, Arizona, and is more particularly described as follows:

(a) Lot 13, Lot 14, Block 1,
Tract 2304, Lake Havasu City,
Arizona

(b) EL CONDO II, a plat of
record recorded January 8, 1985
as Fee No. 85-703 in the
Office of the Recorder of
Mohave County, Arizona.

Section 2. Declaration: Pursuant to Chapter 4.1, Article 1, Section 33-551 to 33-561 inclusive, Arizona Revised Statutes, Declarant does hereby submit said property described above to the Horizontal Property Regime in order to establish the nature of the use and enjoyment of the aforescribed property.

Section 3. Description of Project:

(A) Description of the Land. The land shall be as described in the recorded plat referred to in Article II, Section 1.

(B) Description of the Space of the Building. Two (2) buildings, with one (1) building of sixteen (16) units and one (1) building of thirty four (34) units, together with one (1) garage space per Apartment.

(C) Description of the Space of Apartment. The Horizontal Property Regime shall be composed of Fifty (50) Apartments together with one (1) garage space per Apartment together with one (1) balcony or patio space per Apartment.

Each Apartment shall be identified numerically as A1 through A25 and B1 through B25 as shown on the recorded plat. The cubic content space of each Apartment and adjacent complements so designated and subject to individual ownership and exclusive control is as more fully set forth and described in the aforesaid recorded plat.

(D) Description of General Common Elements. The general common elements shall include all of said property referred to in Section 1 above, including the land upon which the Apartments are located, the buildings, all bearing walls, columns, floors, roofs, slabs, external stairs, all recreational facilities, swimming pools, pumps, landscaping, pavements, private drives, front doors, arcadas and/or glass sliding doors, all waste, water and gas pipes, ducts, chutes, conduits, wires, drainage lines, other utility and installation lines, the

foundations of the Apartment, the foundations of the buildings, and all other devices and premises designed for common use or enjoyment by more than one owner or owners of a single Apartment, all as in more fully set forth and described herein and in the said recorded plat, and except for an Apartment as defined, and except for the outlets of utilities when located within an Apartment, and those areas allocated for use as common parking, patio, heating and air conditioning unit, and balcony purposes, if any, and driveway, as shown on said recorded 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.

(E) Fractional Interest. Each Apartment shall bear an undivided one fiftieth (1/50) fractional interest in the entire Horizontal Property Regime.

Section 4. Vertical Dimension. All reference to vertical dimensions made in this document or on the recorded map referred to in Section, Article II, shall be based upon the elevations as described below:

Bench Mark elevation - 586.60 feet

Bench Mark "X" stamped in fire hydrant across from Lot 18, 19, Block 1, Tract 2304.

ARTICLE III

Homeowners Association

Section 1. It is recognized that at the date hereof construction of all the common elements and the proposed dwelling units contemplated by the recorded subdivision map referred to in Article II above, have not been completed, and that the Homeowners Association envisioned herein is not operative. In order that said Apartments be constructed and sold, the said Common Areas be installed and protected, and that the said Association becomes stabilized and operational in the support and promotion of the objectives of this Declaration, Declarant hereby reserves unto themselves, at their option, the sole and exclusive right to manage the affairs of the Homeowners Association. Declarant shall have the sole and exclusive right to make contracts or agreements on behalf of the Association for maintenance of Common Areas and Operation of the Association, and do all things as authorized by this Declaration.

Section 2. EL CONDO II, INC., a nonprofit corporation organized under and by virtue of the laws of the State of Arizona governing nonprofit 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 apartments constructed on said properties.

Section 3. Until such time as thirty eight (38) of the Apartments in the above described properties have been conveyed to the purchasers thereof, all right, discretion, power and authority herein granted to said Homeowners Association, including the right to collect assessments (excepting reserves for replacement) shall, at the option of Declarant remain with Declarant directly or through said Homeowners Association. Capital improvements or additions to the general common elements may be achieved by an affirmative vote and said improvements and/or additions will be installed by Declarant.

Declarant shall pro rate 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 thirty eight (38) of said Apartments, or unless earlier required by Declarant, all such rights, discretion, power and authority shall be assumed by the Apartment owners who are then members of the Homeowners Association through their Officers and Directors who shall be duly elected at such time.

Section 4. Until such time as thirty eight (38) of the Apartments have been conveyed or transferred from Declarant to the purchasers thereof, Declarant shall not be liable for any assessment referred to herein for any unoccupied Apartments. In lieu of payment of such assessment, Declarant shall assume responsibility for month to month maintenance, repair and management of Common Elements adjacent to any unoccupied Apartments until such time control of the Association is assumed by the owners of occupied Apartments. 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) Declarant shall notify the owner of each occupied Apartment that Declarants have relinquished control of the Homeowners Association effective thirty (30) days after date of notice.

(B) Delivery of the Homeowners 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, Declarant, or their successors shall at no time be responsible for any assessment against Apartments or land not available for habitation or available for habitation but unsold.

ARTICLE IV

Property Rights

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass the title to every Apartment subject to the following provisions:

(A) The Association shall have the right to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas.

(B) The Association shall have the right to suspend voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Apartment or living unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of this Declaration.

(C) The Association shall have the right to dedicate or transfer all or any part of the Common Areas to any public agency authority, or utility, for such purposes and subject to such conditions as may be agreed by two thirds (2/3) of the Owners agreeing to such dedication or transfer.

(D) Declarant shall have the right (including their sales agents and/or representatives) to the non-exclusive use of the Common Area and the facilities thereof, for display and exhibit purposes in connection with the sale of Apartments, which right Declarant hereby reserves. No such use by Declarant or their sales agents or representatives shall otherwise restrict the members of their use and enjoyment of the Common Areas and facilities thereon.

(E) The Association shall have the right to limit the number of guests of members.

(F) The Association shall have the right to establish uniform rules and regulations pertaining to the use of the Common Area and the recreational facilities thereon.

(G) The Association shall have the right in accordance with its Articles and Bylaws to borrow money for the purpose of improving the Common Area and facilities thereon.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with this Declaration, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or to a reasonable number of his guests or invitees, said number shall be as determined from time to time by the Board of Directors of the Association.

ARTICLE V

Membership and Voting Rights

Section 1. Membership. Every Owner of an Apartment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Apartment or living unit which is subject to assessment. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to such Apartment, or by intestate succession, testamentary disposition, foreclosure of a mortgage or record, or such other legal process that is not in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership shall operate to transfer said membership to the new Owner, and a reasonable charge may be assessed by the Association for each such transfer.

Section 2. Voting Rights. All Owners shall be entitled to one vote for each Apartment owned. When more than one person holds an interest, all such persons shall become Members. The vote for such Apartment shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Apartment, and fractional votes shall not be allowed. In the event more than one vote is cast for a particular Apartment, none of the votes shall be counted and said votes shall be deemed void.

ARTICLE VI

Covenant for Maintenance Assessments

Section 1. Personal Obligation of Assessments. Each Owner of an Apartment, except as provided in Article III, Section 4 hereof, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (A) Annual assessments, or charges, and
- (B) Special assessments for capital improvements, which assessments shall be established and collected as provided in the Articles and Bylaws. The annual and special assessments, late payment penalties, if any, together with interest thereon, and reasonable attorney fees and costs of collection thereof, shall be a continuing lien on the Apartment and the Common Areas as created by this Declaration. Each such assessment, together with interest, costs, reasonable attorney fees and costs of collection, shall also be the personal obligation of the person who was the Owner of such Apartment at

the time when the assessment fell due. The personal obligations for delinquent assessments shall not pass to successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of all Owners, for the improvements and maintenance of the Common Areas, and for all purposes set forth in the Articles, including, but not limited to, management fees, insurance premiums unless otherwise provided for, expenses for maintenance, repairs and replacements of Common Areas or portions thereof, a reserve for contingencies and taxes, and charges for water and other utilities for the Common Areas.

(A) By appropriate action, the Association may establish and maintain a reserve fund for replacements by the allocations and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be placed in a depository, and may be in the form of cash deposit 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 Area elements.

Section 3. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for

for all Apartments and may be collected on a monthly basis or such basis as the Board of Directors of the Association shall determine.

Section 4. Date of Commencement of Annual Assessments. The annual assessments shall commence as to all units on the first day of the month following the conveyance to an Owner, except as provided in Article III, Section 4. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto at the last known mailing address. The due dates shall be established by the Board of Directors.

Section 5. Special Assessment for Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two thirds (2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Special Assessment for Transfer of Apartments. In addition to the assessments authorized above, the Association shall levy a special assessment of Fifty Dollars (\$50.00) assessable upon the transfer of ownership of any unit, other than a transfer from the Declarant to an owner. Said assessment shall be due and payable immediately upon the conveyance of the unit from an owner to a new owner and may be paid out of any escrow set up to accomplish such transfer. Said assessment shall be due and owing whether or not such a transfer is accomplished through an escrow.

Section 7. Notice and Quorum for Any Action Authorized Under Section 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 shall be sent to all members at the last known mailing address not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Effect of Nonpayment of Assessments. Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum, simple interest. The Association may bring an action of law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Apartment.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sales or transfer of any Apartment shall not affect the assessment lien. However, the sale or transfer of any Apartment pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Apartment from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VII

Architectural Control

Section 1. Architectural Approval. No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, nor shall any exterior

addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, heights, materials and location of the same shall have been submitted to and approved in writing by the Board of Directors of the Association.

ARTICLE VIII

Common Walls

Section 1. The rights and duties of Owners with respect to Common Walls shall be as follows:

(A) The Owners of contiguous Apartments who have a Common Wall or walls shall both equally have the right to use such wall or walls 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 or walls are 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 or walls without cost to the other adjoining Owner or Owners.

(C) In the event any such Common Wall or walls are 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 or walls.

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

(E) In the event of the dispute between Owners with respect to the construction, repair or rebuilding of a Common Wall or walls, 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.

ARTICLE IX

Repair and Maintenance

Section 1. By Owner. Each Owner of an Apartment shall maintain, repair, replace and restore at his own expense all portions of the Apartment(s) he shall own, including glass surfaces, and such maintenance, repair, replacement or restoration shall be subject to control and approval of the Association. No Owner shall remove, alter, injure or interfere with any shrubs, trees, grass or plantings placed upon any Property by Declarant or the Association without first obtaining the written consent of the Association.

Section 2. By the Association. The Association shall have full power and control and it shall be its duty to maintain, repair and make necessary improvements thereon, and upon all private roadways, streets, parking areas, walks and other means of ingress and egress within the project. This shall include the exterior portions of the Apartments except glass surfaces, and the buildings (except for the Apartment); the

land upon which the buildings are located; the airspace above the buildings, all bearing walls, columns, floors, roofs, slabs, foundations, external stairways, storage spaces, balconies, lobbies, garage doors, front doors, arcadia and/or sliding glass doors, all waste, water, sewer and gas pipes, ducts, chutes, conduits, wires and all other utility installations of the buildings, wherever located, except the outlets thereof when located within the Apartments. The Association is further empowered with the right and duty to periodically inspect all Common Areas in order that minimum standards of repair, design, color and landscaping shall be maintained for beauty, harmony and conservation within the entire project. The Board shall be the sole judge as to the appropriate maintenance of the Common Areas.

Section 3. General Maintenance.. In the event that the Association determines that an improvement or the Common Areas are in need of repair, restoration or painting, or the landscaping is in need of installation, repair or restoration, the Association shall undertake to remedy such condition and the cost thereof shall be charged to the Owners and shall be subject to levy, enforcement and collection by the Association in accordance with the assessment lien procedure provided for in this Declaration. The Association shall have a limited right of entry in and upon all Common Areas as defined above and the exterior of all Apartments for the purpose of taking whatever correction action may be deemed necessary or proper by the Association. Nothing in this Article shall in any manner

limit the right of the Owner to exclusive control over the interior of his Apartment. Provided, however, that an Owner shall grant the right of entry therein to the Association or any other person or other Owner or Owners, or their authorized representative, in case of any emergency originating in or threatening his Apartment, whether the Owner is present or not, when so required to enter his Apartment for the purpose of performing installation, alterations or repairs to the mechanical or electrical services, including water, sewer and other utility services, provided that reasonable requests for entry are made and that such entry is at a time reasonably convenient to the Owner whose Apartment is to be entered. In case of an emergency, such right of entry shall be immediate without the necessity for a request having to be made.

Section 4. Repair Necessitated by Owner. In the event that the Association determines that the Common Areas are in need of improvement, repair, restoration or painting, or that the landscaping is in need of installation, repair or restoration which has been caused by an Owner, or any person designated by the Owner, then the Association shall give written notice to the Owner of the conditions complained of within such reasonable period of time. Unless the Board has approved in writing corrective plans proposed by the Owner to remedy the condition complained of within such reasonable period of time as may be determined by the Board after said written notice is first given, and such corrective work so approved is completed thereafter within the time allotted

by the Board, the Association shall undertake to remedy such condition or violation complained of. The cost thereof shall be deemed to be an assessment to such Owner and his living unit or Apartment and subject to levy, enforcement and collection provided for in the Articles or Bylaws. The Association shall have the same right of entry in and upon all Common Areas and as Apartment as defined.

The Board shall have the sole right to determine whether any such costs expended by the Association were related to General Maintenance or were repairs necessitated by an Owner, and the determination of same shall be binding and final as to an Owner.

ARTICLE X

Easements

Section 1. Blanket Easement for Utilities. There is hereby created a blanket easement upon, across, over and under the Common Areas for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company or the Association or their agent to install and maintain facilities and equipment on said Property and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of any building. Notwithstanding anything to the contrary contained in this

paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or re-located on said Property except as initially designed and installed or thereafter approved by Declarant or the Board. This easement shall in no way affect any other recorded easements on said Property. This easement shall be limited to improvements as originally constructed. There shall be an access easement to all buildings for the delivery and collection of the United States mail.

Section 2. Encroachment. Each Apartment shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event a building is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments on parts of the adjacent residence due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

ARTICLE XI

Use Restrictions

Section 1. Single-Family Residential Use. An Apartment shall be used, improved and devoted exclusively to single-family residential use. No occupation, profession, trade or other non-residential use shall be conducted on any such property without the approval of the Board of Directors

of the Association. Nothing herein shall be deemed to prevent the lease of an Apartment to a single-family from time to time by the Owner thereof, subject to all of the provisions of this Declaration. The Board of Directors of the Association shall have the right to determine the minimum age, if any, of any permanent resident and the maximum number of occupants of any Apartment.

Section 2. Animals. No animals, birds, fowl, poultry or livestock other than a reasonable number of domestic dogs, cats, fish and birds in cages shall be maintained in any Apartment and then only if they are kept therein solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be visible from a neighboring Apartment or street. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purpose of this paragraph, a particular animal or bird is a generally recognized household pet, or a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein. The Board shall have the right to prohibit maintenance of any animal or bird which constitutes, in the opinion of the Board, a nuisance to any other Owner. Dogs and other animals must be kept on a leash when not confined in the Owner's Apartment.

No Owner shall permit its dog or animal to create unsanitary conditions anywhere on the common properties.

Section 3. Antennas. No antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any property whether attached to a building or structure or otherwise, unless approved by the Board.

Section 4. Utility Service. No lines, wire or other devices for the communication or transmission or electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Board. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incidental to the construction of buildings or structures approved by the Board.

Section 5. Temporary Occupancy. No temporary buildings or structure of any kind shall be used at any time for a residence on any property.

Section 6. Trailers and Motor Vehicles. Except with approval of the Board, no mobile home, trailer of any kind, truck camper, or permanent tent or similar structure shall be kept, placed, maintained, constructed, reconstructed, or repaired, nor shall any motor vehicle be constructed, reconstructed or repaired, upon any Property or street (public or private) in such a manner as will be visible from neighboring

property. No boat, trailer, recreational vehicle, camper, truck, motorcycle, motorbike, scooter, or other similar motor vehicles which does not fit within the owned carport shall be parked or stored on any private drive or in any part of the property. 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 Board.

Section 7. Trash Containers and Collection. No garbage or trash shall be placed or kept on any property except in covered containers of a type, size and style which are approved by the Board. In no event shall such containers be maintained so as to be visible from neighboring property except to make the same available for collection, and then only the shortest time reasonably necessary to effect such collection.

Section 8. Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any property.

Section 9. Signs. No sign whatsoever (including, but not limited to, commercial, political and similar signs) which are visible from neighboring property shall be erected or maintained on any property except:

(A) Such signs as may be required by legal proceedings:

(b) Not more than one (1) residential identification sign with a combined total face area of seventy two (72) square inches or less;

(C) During the time of construction of any building or other improvement, job identification signs; and

(D) Such signs the nature, number and location of which have been approved by the Board in advance.

Section 10. Declarant's Exemption. Nothing contained in this Declaration shall be constructed to prevent the erection or maintenance by Declarant or its duly authorized agents, of structures, improvements or signs necessary or convenient to Declarant's sale, operation or other disposition of Property.

Section 11. Nuisances. No nuisance shall be permitted to exist or operate upon any property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to property and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. The Board in its sole discretion shall have the right to determine the existence of any nuisance.

Section 12. Renting. 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 service such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Other than the foregoing obligations, the Owners of the respective Apartments shall have the absolute right to lease same in accordance with the terms herein contained, provided that said lease is made subject to the covenants and restrictions contained in this Declaration and further subject to the Bylaws, and Association rules. Each Owner shall be reasonable for compliance by said Owner's agent, tenant, guest, invitee, lessee, licensee, their respective servants and employees to the provisions of said Declaration, Bylaws and Association rules. The Owner's failure to so ensure compliance by such persons shall be grounds for the same action available to the Board by reason of said Owner's own non-compliance.

ARTICLE XII

General Provisions

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order

shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. ^{70% (35 units)} The covenants and restrictions of this Declaration shall run with and bind the Apartment and Common Areas, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for a successive period of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy percent (70%) of the Apartment Owners, and thereafter by an instrument signed by not less than a majority of the Apartment Owners. Any amendment must be recorded.

Section 4. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 5. Insurance. The Board, or its duly authorized agent, shall have the authority to and shall obtain insurance for all the Common Areas, except contents of individual Apartments, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement costs of any repair or reconstruction work in the event of damage or destruction from all reasonable hazards. The Board, or its duly authorized agent, shall also obtain a broad form public liability policy covering all Common Areas, and all damage or injury caused by the negligence of the Association or any of

its agents. Said insurance may include coverage against vandalism. All such insurance coverage obtained by the Board shall be written in the name of the Association as Trustee for each of the Owners. Insurance on individual Apartments will be written in the name of the individual Owners as their interest may appear. In addition to the aforesaid insurance required to be carried by the Association, any Owner, may if he wishes at his own expense, carry any and all other insurance he deems advisable. It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, personal liability insurance, theft and other insurance covering personal property damage and loss.

Section 6. Association Rules. By a majority vote of the Board, the Association may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the "Association Rules." The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by an invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon such adoption, said Rules shall have the same force and effect

as if they were set forth in and were part of the Declaration.

Section 7. Ad Valorem Taxation. Each Apartment and living 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 Areas shall be apportioned among the Owners based upon the fractional interest assigned to each of them by the provisions of Article II, Section 2, hereof. The Board shall furnish to the County Assessor or other responsible official or any such taxing or assessing authority all necessary information with respect to the apportionment of such assessments, and shall request that each Apartment be carried on the tax records as a separate and distinct parcel of property. No forfeiture or sale of any Apartment for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Apartment.

Section 8. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the use of the Property as a residential community and for the maintenance of the Common Areas. The article and second headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions or interpreting or in construction.

Section 9. Emergency Vehicles and Personnel. Emergency vehicles and/or personnel have the right to access to

all Common Areas herein described when on the premises in response to an emergency or in the abatement of a public nuisance.

Section 10. Restriction on Further Subdivision.

No Apartment within the Property shall be further subdivided or separated into smaller Apartment by an Owner, and no portion less than all of any such Apartment nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Board. Only the entire Apartment, together with the improvements thereon, may be rented, and then only to a single family and subject to provisions of this Declaration.

IN WITNESS WHEREOF, this Declaration has been executed at Lake Havasu City, Arizona, this Tenth day of December, 1984.


EUGENE E. NICHEL


MARY JOAN NICHEL

EL CONDO II, INC
ASSOCIATION RULES

HALLWAYS, SIDEWALKS, STAIRWAYS, DRIVEWAYS and drive area of the underground garage of the complex shall not be obstructed with anything or used for any purpose other than entering or exiting the complex.

GARBAGE, trash, bottles and cans must be regularly removed to the dumpster provided and shall not be stored in the underground garage area. Boxes shall be broken down before depositing them into the dumpster and the lid to the dumpster shall remain closed at all times. The trash company will not pick up anything left outside the dumpster. It is the resident's responsibility to take large items to the dump. Cardboard can be taken to the recycle bins at City Hall.

BALCONIES - Hanging towels, bathing suits, and the like from the balcony railings is prohibited. Fire code prohibits the use of charcoal and other open flame cooking devices on the balconies.

PETS - Although owners of record are allowed to have pets, tenants and guests are not. The number of pets, per unit, is limited to two weighing no more than 20 lbs each. Owners who have pets must exercise extreme caution in controlling them. Dogs must, according to Lake Havasu City ordinance, be licensed and kept on a leash at all times while in the hallways and on the grounds. They should be walked off the property, insuring that there will be no mess or odor in the common areas. No animal will be allowed to make an unreasonable amount of noise, or to become a nuisance. The Board of Directors shall have the right to limit the number of animals kept in any unit and shall reserve the right to prohibit the maintenance of any animal that constitutes, in the opinion of the Board, a nuisance to any other occupant. Feeding birds is prohibited on the balconies or in the common areas, except hummingbird feeders.

PARKING LOT – The rear parking lot is for guest parking. Residents may use guest parking spaces for short term parking only. Short term parking for residents is defined as a maximum of two hours. This parking area is not to be used to store vehicles, boats, trailers, motor homes, etc. The Association Manager may issue monetary fines for violations which will be reflected on the offending unit owner's next statement. Fines may range from \$10.00 to \$100.00.

PARKING GARAGE - No owner, tenant, or guest shall use any parking space in the garage area other than the assigned space for that unit without written permission from the owner. Except with permission of the Board, owners who rent their units relinquish their right to use the common areas of the Association, including their own and additional carport spaces. The Association Manager shall reserve the right to have any vehicles in violation towed and impounded at the vehicle owner's expense upon written complaint of the owner of the assigned parking space. Monetary fines may also apply. Vehicles parked in the garage shall not extend beyond the support poles into the common area.

STORAGE - Storage in the garage area is limited to one enclosed cabinet not more than 4' x 6' x 2' (48 sq ft), or as previously allowed by the Fire Department. Only vehicles and trailers are to be stored in your parking space. All other items must be in your cabinet. There is no storage of boxes, furniture, etc. allowed in the garage area.

POOL - The pool and spa are for the use of owners, tenants, and guests only. Children under 12 must be accompanied by an adult. Shower before using the pool or spa. Absolutely no glass containers are allowed in the pool area. Pool, spa, and cabana area hours are from 8 AM to 10 PM daily. No pets are allowed in the pool area. The pool gate must be kept closed at all times. The pool cover and spa cover, bubble side down, must be replaced after use. Guests of owners and tenants shall be limited to a maximum of four (adults or children) without prior written permission obtained from the Association. Resident of record must accompany guests while at the pool.

LEASING - Owners that rent or delegate the use of their unit to others must follow the Association's leasing policy. This policy is available through the Association Manager's office (928-846-5901). Owners are responsible for their tenant's/guest's actions.

DISTURBANCES – Owners, tenants, or guests shall exercise extreme care in the amount of noise they make. The number of persons, level of stereos, radios, TV sets, etc., should be reasonably restricted at all times so as not to disturb the peaceful enjoyment of the other owners, tenants, or guests. The Association recommends that the offended person or persons requests compliance with this rule by the party creating the disturbance. Should the request for compliance be ignored, the offended party should document the incidents with at least two other owners who also find the noise disturbing; indicating the date, time, unit number, and attaching the needed signatures. The Board of Directors reserves the right to engage the Association along with the complaining parties in a civil suit requesting an injunction against the offenders.

VACANT UNITS - Owners are responsible for insuring that the water to their unit is turned off when the unit is to be vacant for more than 48 hours. The turn-off valve is in the laundry room. Owners are responsible for repairing water damage to the common areas or to other units up to the insurance deductible, which is currently \$1,000.00.

SMOKE DETECTORS - Owners are responsible for cleaning the smoke detector in their unit every twelve months. This work must be performed by a qualified serviceman. Call Western Alarm at 855-5608 for service and retain your receipt for you records.

SIGNS - Owners may post a 'For Sale', 'For Rent' or 'For Lease' sign, or any combination, on the owner's property. The sign may not exceed 18 x 24 inches, although a sign rider not to exceed 6 x 24 inches is allowed. The sign may be put in your window or attached to you balcony railing.

FINES - The Board of Directors has the authority to impose monetary penalties for CC&R, Bylaw, and Rule violations following a due process procedure. The amount of the monetary penalty is based on the nature of the offense, the attitude of the offending party, and the number of violations incurred. Fines may range from \$10.00 to \$500.00.

Each owner shall be responsible to ensure compliance with these Rules, The Association's Bylaws and CC&R's by their tenants, guests and invitees.

The above Association Rules were adopted at the Annual Association meeting held January 16, 1989. Revisions were made on 10/25/89, 2/16/91, 2/12/94, 12/13/95, 0/4/97, 12/16/98, 12/15/99, 7/29/03, 2/9/08, 9/30/09, 5/11/11 and 8/15/12.

Also see El Condo II, Inc. Bylaws and Covenants, Conditions and Restrictions (CC&R's).