

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

This Declaration is made pursuant to A.R.S. 33-551 through 33-561, et. seq, this 17th day of April, 1981, by FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee, as Arizona corporation, hereinafter referred to as "Declarant" who holds the property in trust No 5321 for the benefit of William G Stadler and Laone R. Stadler.

WITNESSETH:

WHEREAS, the Declarant is the fee owner of that certain real property situated in Lake Havasu City, Mohave County, Arizona described as:

Lots Five (5) and six (6, block 11, Tract 2268, Lake Havasu city, Arizona, according thdreof, recorded April 7, 1979 at Fee No 70-4747 in the office of the Recorder of Mohave County, Arizona.

EXCEPT an undivided 1/16th of all gas, oil, metals and mineral rights as reserved to the State of Arizona in the Patent of said land.

EXCEPTING, therefrom all underground water in, under of flowing through said land and water rights appurtenant threto.

EXCEPT all oil, gas, coal and mineral already found or to be found in or under said land.

WHEREAS, Declarant desires to submit the Parcel, together with all buildings and improvements now or hereafter constructed on the Parcel, and all easement and rights appurtenant thereto (hereinafter referred to as the "Property", to a Horizontal Property Regime pursuant to Sections 33-551/33-551, Arizona Revised Statutes: and

WHEREAS, Declarant desires to establish for its own benefit and for the mutual benefit of all future owners or hold their interest to this declaration, which is recorded in furtherance of establishing the general plan of condominium ownership to the Property and for establishing rules for the use, occupancy, management and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Property and the quality of life therein.

ARTICLE I

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) "Act" shall mean Sections 33-551 through 33-561, Arizona Revised Statutes pertaining to Horizonatal Property Regimes in the State of Arizona.

(b) "Apartment" shall mean Condominium Unit as herein defined and as defined in Sections 33-551 through 33-561 of the Act.

(c) "Association" shall refer to the SHERWOOD PLACE CONDOMINIUMS, INC. whose membership shall include each Owner of a Condominium Unit in the Property and whose function shall be to serve s the Council of Co Owners as defined in the Act. The Association will be incorporated under the name of



SHERWOOD PLACE CONDOMINIUMS, INC., an Arizona non profit corporation, prior to the conveyance of a Condominium Unit by Declarant.

(d) "Association Rules" shall mean and refer to the rules and regulations adopted by the Association pursuant to this Declaration and in furtherance of the Bylaws and in accordance with Section 33-561 of the Act.

(e) "Assesments" shall mean the charges against Owners to defray the Common Expenses as well as miscellaneous special Assesments, Special assements for Capital improvements, and special assements for the purpose of restoring and reconstructing the Property in the event of casualty, all as provided in this Declaration.

(f) "Board" shall mean the Board of Directors of the Association elected pursuant to the bylaws and serving as the governing body of the Association.

(g) "Building" shall mean and refer to each of the Three (3) principal structures containing Units located on the Parcel and forming part of the Property as shown on the Plat, whether or not such structures are composed of one or more floors or stories.

(h) "Bylaws" shall mean the Bylaws adopted by the Association pursuant to Section 33-561 of the Act for the purpose of regulating the affairs of the Association, as the same may be amended from time to time.

(i) "Common Expenses" shall mean the actual and estimated cost for: (a) maintenance, management operation, repair and replacement of the Common Elements which are maintained by the Association; (b) deficiencies arising by reason for unpaid Assesments; (c) management and administration of the Association, including, but not limited to, compensation paid by the Association to manager, accountants, attorneys and employees; (d) utilities other than seperately metered utilities for the Condominium Units, trash pickup and disposal, gardening, pool service, and other related services; (e) insurance and bonds required by this Declaration or any additional insurance and bonds obtained by the Board in its discretion; (f) the establishment of reasonable reserves as the Board shall deem appropriate in its discretion; (g) other miscellaneous charges incurred by the Association or Board pursuant to this Declaration, the Bylaws, or Association Rules in furtherance of the purposes of the Association or in discharge of the duties and powers of the Association.

(j) "Common Elements" shall mean the entire property excluding the Condominium Units.

(k) "Condominium Unit" shall mean a part of the Property, including one or more rooms situated in a building comprising part of the Property, designed or intended for independent use as a dwelling unit, together with the pro rata fractional interest in the Common Elements and any exclusive easement appurtenant thereto. Each Condominium Unit shall consist of the space enclosed and bounded by the horizontal and vertical planes as shown on the Plat; provided, however, that no structural components of the Building in which each Condominium Unit is located, and no pipes, wires, conduits, ducts, flues, shafts or public utility, water or sewer lines situated within such Condominium Unit and forming part of any system serving one or more other Condominium Units or the Common Elements shall be deemed part of a Condominium Unit. "Condominium Unit" shall be synonymous with "Apartment" as defined in Section 33-551 of the Act.

(l) "Declarant" shall mean FIRST AMERICAN TITLE INSURANCE COMPANY,



An Arizona corporation, as Trustee, including its successors and assigns.  
(m) "Declaration" shall mean this entire document, as same may from time to time be amended.

(n) "Lender" shall mean: (a) an institutional holder of a first mortgage or first deed of trust on a Condominium Unit which is a bank, savings and loan association, insurance company, established mortgage company, or other entity chartered under state or federal law; and (b) any Person which is a holder of a first mortgage or first deed of trust on a Condominium Unit.

(o) "Occupant" shall mean a Person or Persons, other than an Owner, in possession of a Condominium Unit.

(p) "Owner" shall mean the Person or Persons who are vested with record title of a Condominium Unit according to the records of the County Recorder of Mohave County, Arizona. However, Owner shall not include a Person who holds an interest in a Condominium Unit merely as security for the performance of an obligation. Declarant shall be considered the record Owner of any condominium Unit prior to its initial conveyance by Declarant.

(q) "Plat" means the plat of survey of the Property submitted to this Horizontal Property Regime and showing thereon Eighteen(18) Condominium Units, each of which is identified by a number. A copy of the Plat is recorded as 81-43323, in the records of the County Recorder of Mohave County, Arizona.

(r) "Person" shall mean a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

(s) "Property" shall mean the Parcel, the Buildings, improvements and permanent fixtures located thereon, and all easements and rights appurtenant thereto.

(t) "restrictions" shall mean the covenants, conditions, assessments, easements, liens and restrictions set forth in this Declaration.

(u) "Unoccupied" with reference to any Condominium Unit or Units shall mean any condominium Unit that has been constructed but not yet conveyed by Developer or Declarant.

## ARTICLE II

### DECLARATION OF HORIZONTAL PROPERTY REGIME

#### Section I. 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 Lake Havasu City, Mohave County, Arizona, and is more particularly described as:

Lots Five (5) and Six (6), Block 11, Tract 2268  
Lake Havasu City, Arizona, according to the plat  
thereof, recorded April 7, 1970 at Fee No 70-4747,  
in the office of the Recorder of Mohave County, Arizona.

EXCEPTING an undivided 16th of all gas, oil, metals and  
mineral rights as reserved to the State of Arizona in the  
Patent of said land.



EXCEPTING therefrom all underground water in, under or flowing through said land and water rights appurtenant thereto.

EXCEPTING all oil, gas, coal and minerals already found or to be found in or under said land.

Section 2. DECLARATION. Submission. Declarant hereby submits and subjects the Property to a Horizontal Property Regime pursuant to the Act, and infurthrance thereof, makes and declares the restrictions contained in this Declaration, and Declarant hereby declares and agrees that the Property and all of the Conominium Units shall be held, conveyed, transferred, sold, leased, mortgaged, encumbered, occupied, used and improved subject to the Restrictions, which Restrictions shall constitute covenants and conditions running with the land and shall be binding upon and inure to the benefit of Declarant, the Association, and each Owner, including their respective heirs, executors, administrators, personal representatives, successors and assinees.

### Section 3. DESCRIPTION OF PROJECT.

(a) NAME. The Property shall be known as SHERWOOD PLACE CONDOMINIUMS.

(b) DESCRIPTION OF THE SPACE OF THE BULDINGS. Three (3) multi-condominium unit building which is to be constructed upon the said real property and shall be comprised of eighteen (18) apartments.

(c) CUBIC CONTENT SPACE OF CONDOMINIUM UNITS. The cubic content space of each of the eighteen (18) Condominium Units within the Buildings is set forth on the Plat. The horizontal boundaries of each Condominium Unit shall be underside of the finished but undecorated ceiling and the top of the finished but undecorated floor of each Condominium Unit as shown on the Plat. Each Conominium Unit shall be identified numerically as One (1) through eighteen (18) shown on the Plat.

(d) DESCRIPTION OF COMMON ELEMENTS. The Common Elements shall consist of the entire property, excluding the Condominium Units.

(e) FRACTIONAL INTEREST. Each Condominium Unit shall bear an undivided 1/18 fractional interest in the entire Horizontal Property Regime.

(f) MAINTENANCE BY OWNERS. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenace, repairs and replacements within his own Condominium Unit. Such obligation shall include but not be limited to: (a) the maintenance of all interiors doors, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, or any other materials constituting the finished surfaces of floors, ceilings or interior walls (all other portions of wall, floors or ceilings are part of the common elements).(b) Repair and replacement of all window and door glass and the interior and exterior cleaning of such window and door glass;



(c) the maintenance of, in an open and unobstructed condition, all sewer and drainage pipes, water and other utility lines serving an Owner's respective Condominium Unit and the points where the same join the utility lines serving other Condominium Units; and (d) maintenance, replacement, repair and restoration of all of the following which service an Owners Condominium Unit exclusively: lighting fixtures, plumbing fixtures, stoves, refrigerators, hot water heaters, air conditioning units ( including compressors and condensers) and such other appliances, fixtures, and decorations as an Owner may install. An Owner may make non-structural altrations within his Condominium Unit, but an Owner shall not make any structural or exterior alterations of the Common Elements.

(g) UTILITIES. All utilities for individual condominium Units, will be metered separately to each Condominium Unit, all such utility charges shall be the responsibility of the respetive Owners.

#### SECTION 4. VERTICAL DIMENSION:

All reference to vertical dimension made in this document or on the recorded map referred to in Section 1, Article II, shall be based upon the elevations as described below:

Bench Mark Elevation-640.07

Bench Mark Location -Spike and shiner located at the intersection of the centerline of Magnolia Drive and Cypress Drive, Lake Havasu City, Mohave County, Arizona.

### ARTICLE III

#### HOMEOWNERS ASSOCIATION

Section 1. SHERWOOD PLACE CONDOMINIUMS, INC. a non profit corporation organized under and by virtue of the laws of the State of Arizona governing non profit corporations, shall accept responsibility for and provide such necessary appropriate action for the proper maintenance, repair, replacement, operation, management, beautification, and improvement of the certain property and improvements to be used in common by and for the benefit of the Owners of Condominium Units constructed on said properties.

Section 2. Until such time as fourteen (14) Condominium Units in the above described properties have been conveyed to the purchasers thereof, all right, discretion, power and authority herein granted to said Homeowners Association and said Condominium Unit Owners through said Homeowners Association, including the right to collect Assessments (excepting reserves for replacement) shall, at the option of Developer remain with Developer directly or through said Homeowners Association. Upon the sale of not less than twelve (12) of said Condominium Units, or unless earlier required by Developer, all such right discretion, power and authority shall be assumed by the Condominium Unit Owners who are then members of the Homeowners Association, through their officers and Directors who shall be duly elected at such time.



Section 3. Until such time as Fourteen (14) of the Condominium Units have been conveyed or transferred from Developer or the Trustee to the purchasers thereof, neither Developer or Trustee shall be liable for any assessment referred to herein for any unoccupied Condominium Unit until such time control of the Association is assumed by the Owners or occupied Condominium Units. In the event Developer shall not convey any Condominium but shall utilize any Condominium Unit for rental use or any other beneficial use (except as a model), Developer shall be liable for assessments referred to herein. 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) Developer shall notify the Owner of each occupied Condominium Unit that the Developer has resigned and the Homeowner's Association shall assume control effective Thirty (30) days after date of notice.

(b) Developer shall deliver the Homeowners Association corporate minutes, records, and seal, if any, to any one of the Owners of record receiving such notice, or to a committee organized by the Owners of record 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. Developer or his successor shall at no time be responsible for any assessment against Condominium Units or land not available for habitation or available for habitation but unsold, except as in Article III, Section 3.

Except as provided by statute in case of condemnation or substantial loss to the units and/or common elements of the Condominium project, unless at least two thirds of the Lenders (first mortgagers) based upon one vote for each first mortgage owned, owners (other than the sponsor, developer, or builder) of the individual Condominium Units have given their prior written approval, the Condominium Homeowners Association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the Condominium project;

(b) change the pro rata interest or obligation of any individual Condominium Unit for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards of

(ii) determining the pro rata share of ownership of each Condominium Unit in the common elements,

(c) partition or subdivide any Condominium Unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the Condominium project shall not be deemed a transfer within the meaning of this clause;

(e) use hazard insurance proceeds for losses to any Condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such Condominium property.

No lender (first mortgages) who obtains title to a Condominium Unit



pursuant to the remedies provided in the mortgage or foreclosures of the mortgage shall be liable for each unit's unpaid dues or charges or assessments which accrue prior to the acquisition of title to such unit by the mortgagee. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominium Units and not the Condominium project as a whole.

#### 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 with the title to every Condominium Unit subject to the following provisions:

(a) The right of the Association to charge a reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas:

(b) The rights of the Association to suspend voting rights and rights to use of the recreational facilities by an Owner for any period during which any assessment against his Condominium Unit or living unit remains unpaid: and for a period not to exceed sixty (60) days for any infraction of this declaration.

(c) The right of the Association 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 of the owners agreeing to such dedication or transfer.

(d) The right of Developer and its sales agents and 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 Condominium Units which right Declarant hereby reserves. No such use by Developer or its sales agents or representatives shall otherwise restrict the members in their use and enjoyment of the Common Areas and facilities thereon.

(e) The right of the Association to limit the number of guests of members.

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

(g) The right of the Association 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 the members of his family, his tenants, or to a reasonable number of his guests or invitees, said number shall be determined from time to time by the Board of Directors.

#### ARTICLE V

##### MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. Every owner of a Condominium Unit which is



subject to the covenants of record and assesment shall be a member of the Association. Membership shall be appurtenant to and may not be seperated from ownership of any Condominium Unit 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 anyway except upon transfer of ownership to such Condominium Unit or by interstate succession, testamentary disposition, foreclosure of a mortgage or record, or such other legal process that is now 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 Condominium Unit owner. When more than one person holds an interest, all such persons shall become members. The vote for such Condominium Unit shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any Condominium Unit, and fractional votes shall not be allowed. In the event more than one vote is cast for a particular Unit, none of the votes shall be counted and said votes shall be deemed void.. Developer shall be entitled to have three (3) votes for each Condominium Unit which shall be owned by either Declarant or Developer.

## ARTICLE VI COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. PERSONAL OBLIGATION OF ASSESSMENTS. Each Owner of a Condominium Unit, except as provided by Article III, Section 3 herof, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessment to be established and collected as provided in the Articles and Bylaws. The annual and special assessment, late payment penalties, if any, together with interest thereon, and reasonable attorney's fees and costs of collection thereof, shall be a continuing lien on the Condominium unit and the Common Areas as created by this Declaration. Each such assessment, together with interest, costs, reasonable attorney's fees and costs of collection, shall also be the personal obligation of the person who was the Owner of such Condominium Unit at the time when the assessment fell due.

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 improvement 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, reserves for contingencies, taxes, charges for water and other utilities for the common areas.

(a) By appropriate action of the Association may establish and maintain a reserve fund for replacement by the allocation and payment monthly to such reserve fund an amount to be designated from time to time by the Board of



Directors. Such fund shall be deposited, and may be in the form of cash deposit or invested in obligations of, or fully guaranteed as to the principal by the United States of America. The reserve fund is for the purpose effecting replacement or repair because of damage, depreciation or obsolescence to common area elements.

Section 3. UNIFORM RATE OF ASSESSMENT. Both anual and special assessment must be fixed at a uniform rate for all Condominium Units and may be collected on a monthly basis.

Section 4. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS. The annual assessments shall commence as to all units upon close of escrow for the conveyance to an Owner, partial months to be prorated, excepted provided in Article III, Section 2. 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 assesments shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors.

The initial annual assessment, per Condominium Unit, shall be \$528.00 provided, however, that the Board of Directors or the Developer may declare a different amount for the annual assessment at such time as they desire.

Section 5. SPECIAL ASSESSMENT FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraing, in whole or in part, the cost of construction, repair or replacement of 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. 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 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 of all votes of the membership shall constitute a quorum. If the required quorum is not presnt, 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 preceeding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. 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 Twelve (12) % per annum. The Association may bring an action at 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 Condominium Unit.

Section 8. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Condominium Unit shall not affect the



assessment lien. No sale or transfer shall relieve such Condominium Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 9. HOMESTEAD WAIVER. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Arizona now in effect, or in effect from time to time hereafter.

Section 10. SUSPENSION OF RECREATIONAL PRIVILEGES. The Board may also suspend for the entire period during which an assessment remains delinquent the obligated Owner's right to the use of the recreational facilities of the Property.

## ARTICLE VII

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, height, material, and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association.

## ARTICLE VIII

Section 1. THE RIGHTS AND DUTIES OF OWNERS WITH RESPECT TO COMMON WALLS SHALL BE AS FOLLOWS:

(a) The Owners of contiguous Condominium Units who have Common Wall or Walls shall both equally have the right to use the 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 a Condominium Unit shall maintain, repair, replace, and restore at his own expense all portions of the Condominium Unit, and such maintenance, repair, replacement or restoration shall be subject to control and prior written approval of the Association. No Owner shall remove, alter, injure or interfere with any shrubs, trees, grass or planting placed upon 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 to and pay for out of the maintenance fund to be provided, all Common Areas and the improvements thereon, and 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 Condominium Units except glass surfaces, and the buildings (except for the Condominium Units): the land upon which the buildings are located; the airspace above the buildings, all bearing walls, columns, floors, roofs, slabs, foundations, storage spaces, balconies, lobbies, garage doors, front doors, arcadia and/or sliding glass doors, all water, sewer and gas pipes, ducts, shoes, conduits, wires and all other utility installations of the buildings, wherever located, except the outlets thereof when located within the Condominium Units. The Association shall further be 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 of the Common Areas are in need of repair, restoration or painting, or that 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 a 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 Condominium Units for the purpose of taking whatever corrective 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 Condominium Unit. 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 representatives, in case of any emergency originating in or threatening his Condominium Unit whether the Owner is present or not, when so required to enter his Condominium Unit for the purpose of performing installations, alterations or repair 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 Condominium Unit 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. REPAIRS 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 designation by the owner, then the Association shall give written notice to the owner of the conditions complained of. 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 Condominium Unit 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 Condominium Unit 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 the Owner.

## ARTICLE X EASEMENTS

### SECTION 1. GENERAL EASEMENTS TO COMMON ELEMENTS

Subject to this Declaration and the Association Rules, non exclusive reciprocal easements are hereby reserved and created for the purpose of support, ingress and egress, access, use and enjoyment in favor of each owner, upon, across, over, under and through the Common Elements, including the use of all pipes, wires, ducts, cables, conduits, and public utility lines and recreational facilities, which easements shall be appurtenant to each Condominium Unit. The association, acting through the Board or its authorized agent, and public utility companies providing service to the Property, shall have non exclusive easements with the right of access to each Condominium Unit to make inspections, to remove violations, to maintain, repair, replace or effectuate the restoration of the Common Elements accessible in such Condominium Unit: provided, however, such rights shall be exercised in a reasonable times with prior notification unless emergency situations demand immediate access.

SECTION 2. PUBLIC UTILITIES. Easements and rights over the Property for the installation and maintenance of electricity lines, telephone lines, cable television, water lines, gas lines, sanitary sewer lines, drainage facilities, and such other public utilities needed to serve the Property are hereby reserved by Declarant, together with the right to grant and transfer the same; provided, however, such easements and rights shall not unreasonably interfere with the use of the Common Elements and the Condominium Units by the Owners or Occupants.

SECTION 3. EASEMENTS FOR ENCROACHMENTS. If any portions of the Common Elements now encroaches upon any Condominium Unit, or if a Condominium Unit or the Common Elements, or if any such encroachment shall occur hereafter as a result of the manner in which the Buildings have been constructed or due to settling, shifting, alteration, replacement, repair, or



restoration by Declarant of the Association, a valid easement for encroachment shall exist so long as the buildings stand.

SECTION 4. DEVELOPMENT EASEMENTS FOR DECLARANT. Until all Condominium Units have been sold by Declarant, there are hereby reserved to Declarant, together with the right to grant and transfer the same to other, including Declarant's sales agents, representatives and assigns, easement and rights upon, across, over, under and through the Property for construction, display (including the use of the Condominium Units as models) maintenance sales and exhibit purposes (including the use of signs and other advertising devices) in connection with the erection and sales or lease of Condominium Units within the Property: provided, however, that no such use by Declarant or its agents shall otherwise restrict Owners or Occupants in the reasonable use and enjoyment of their Condominium Units.

SECTION 5 . PARKING. Each Owner shall have an exclusive easement to use the parking space or spaces set forth on the Plat and designated for such Condominium Unit by corresponding number. Such exclusive parking easement shall be appurtenant to the respective Condominium Unit and may not be severed from the Ownership of the Condominium Unit. All unassigned parking spaces shall be utilized for the benefit of the Association and the Board shall have the authority to manage the unassigned parking spaces as guest parking and/or to lease such unassigned parking spaces to Owners in accordance with the unassigned parking space rules adopted as part of the Association Rules.

## ARTICLE XI USE RESTRICTIONS

SECTION 1. SINGLE FAMILY RESIDENTIAL USE. A Condominium Unit shall be used, improved, and devoted exclusively to Single family Residential use. No gainful occupation, profession, trade or other non residential use shall be conducted on any such property. Nothing herein shall be deemed to prevent the lease of a unit to a single family from time to time by the Owner, subject to all of the provisions of this Declaration.

SECTION 2. ANIMALS. No animals, fowl, poultry, or other livestock shall be maintained in any apartment except as shall be permitted by the approval of the Board. A reasonable number of fish or birds in cages may be maintained in any Condominium Unit if they are kept therein solely as domestic pets and not for commercial purposes. No animal, fish or bird shall be allowed to make an unreasonable amount of noise, nor shall any equipment associated therewith be allowed make an unreasonable amount of noise and/or become a nuisance. No structure for the care, housing, or confinement of any animal, fish or bird shall be maintained so as to be visible from a neighboring Condominium Unit or street. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, shelter, for the purpose of this paragraph, a particular animal, fish or bird is as generally recognized household pet, or a nuisance, or whether the number of animals, fish or birds in any such Condominium Unit 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, fish or bird which constitutes, in the opinion of the board, a nuisance to any other Owner and the



Board's opinion shall be binding upon the Owner of said animal, fish or bird.

SECTION 3. EXTERNAL FIXTURES. No external items such as but not limited to, television and radio antennae, flag poles, clotheslines, wiring, insulation, air conditioning equipment, water softening equipment, fences, awnings, ornamental screens, screen doors, porch or patio or balcony enclosures, sunshades, walls, landscaping and planting, other than those provided in connection with the original construction of the Property, and any replacements thereof, shall be constructed, erected or maintained on the Property, including any buildings thereof. The foregoing notwithstanding, nothing herein shall be construed as preventing Declarant and its agents and assigns from engaging in all forms of construction and sales activities within the Property. The Association may maintain in effect or cause to be maintained in effect a central antennae system or systems, which shall provide connections to each Condominium Unit via underground or internal wall wiring, or a combination thereof.

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

SECTION 5. TEMPORARY STRUCTURES. No temporary buildings or structure of any kind shall be used at any time for a residence on any property.

SECTION 6. PARKING. Unless otherwise permitted by the Board, no motor vehicle (including a motorcycle), trailer, camper, boat, or similar item, and no bicycle, shall be permitted to remain upon the Property unless parked or placed with the Property spaces designated for such use; provided however, temporary parking of motor vehicles shall be permitted. For purposes hereof "temporary parking" shall mean parking of vehicles belonging to invitees of Owners and Occupants, parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Association or to the Owners and Occupants as well as parking of vehicles belonging to and being used by Owners, Occupants and invitees for loading and unloading purposes. Except for temporary parking no buses, vans or trucks having a carrying capacity in excess of 3/4 tons or designed for commercial purposes shall be maintained or parked upon the Property except with the prior written approval of the Board. The Board may adopt Association Rules relating to the admission and temporary parking of vehicles within the Property, including the assessment of charges to Owners and Occupants who violate, or whose invitees violate such rules. Any charges to be assessed shall be special assessments. Nothing herein shall be construed as preventing Declarant from using temporary structures or trailers for construction and/or sales purposes or engaging in all forms of construction and sales activities within the Property.

SECTION 7. WINDOW COVERS. Only curtains, drapes and shades may be installed as window covers. No window shall be covered by paint, foil, sheets or



similar items. The Board may adopt Association rules regulating the type, color, design of the external surface of window covers.

SECTION 8. EXTERNAL LAUNDERING. Unless otherwise permitted by the Board, external laundering and drying of clothing and other items is prohibited.

SECTION 9. OUTSIDE SPEAKERS AND AMPLIFIERS. No radio, stereo, broadcast or loudspeaker units and no amplifiers of any kind shall be placed upon or outside, be directed to the outside of any building without the prior written approval of the Board.

SECTION 10. REPAIRS. No repairs of any detached machinery, equipment or fixtures including without limitation motor vehicles, shall be made upon the Property.

SECTION 11. UNSIGHTLY ITEMS. All rubbish, debris or unsightly materials or objects of any kind shall be regularly removed from Condominium Units and shall not be allowed to accumulate therein or thereon. Refuse containers and machinery and equipment not a part of Units, shall be prohibited upon any Condominium Unit unless obscured from view of adjoining Condominium Units and Common Elements. Trash and garbage not disposed of by equipment contained within the the Condominium Units shall be placed in containers by Owners and Occupants for removal from the Property in accordance with Association Rules applicable thereto adopted by the Board. The Board may adopt rules applicable to the provisions of this section and their enforcement, including the assessment of charges to Owners and occupants who violate or whose invitees violate such rules. Any charges so assessed shall be special Assessments. The foregoing notwithstanding, nothing herein shall be construed as preventing Declarant and its agents and assigns from engaging in all forms of construction and sales activities within the Property.

SECTION 12. OIL AND MINERAL ACTIVITY. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the surface of the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be installed upon the surface of the Property or below the surface of the Property. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted on the Property.

SECTION 13. DECLARANT'S EXEMPTION. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant or its duly authorized agents, of structures, improvements or signs necessary or convenient to Developer, sales operation or other disposition of Property.

SECTION 14. NUISANCES. No nuisance shall be permitted to exist or operate upon any property so as to be offensive or detrimental in the vicinity thereof or to its occupants. No rubbish, debris, materials, or containers 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 15 RENTING. The respective units shall not be rented by the Owners thereof for transient or hotel purposes which shall be determined 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 respective Condominium Units 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 responsible for compliance by said Owner's agent, tenant, guest, invitee, leasee, licensee, their respective servants and employees to the provisions of said Declaration, Bylaws and Association rules. The Owner's failure to so insure compliance by such persons shall be grounds for the same action available to the Board by reason of said Owner's own non compliance.

SECTION 16. RULES AND REGULATIONS. The association shall have the power to make and adopt reasonable association rules with respect to activities which may be conducted on any part of the Property. The Board's determination as to whether a particular activity being conducted or to be conducted violates or will violate such Association rules shall be conclusive unless, at a regular or special meeting of the Association, Owners representing a majority of the voting power of the Association vote to the contrary.

## ARTICLE XII

### INSURANCE

SECTION 1. AUTHORITY TO PURCHASE. Commencing not later than the date a Condominium Unit is conveyed to a Person other than the Declarant, the Board shall have the authority to and shall obtain the insurance provided for in this Article.

SECTION 2. HAZARD INSURANCE. The Board shall obtain a master or blanket policy of property insurance on the entire Property including the Condominium Units and the Common elements (excluding land, addition, improvements and decorations made in the Condominium Units by the Owners and Occupants insuring the Property against loss or damage by fire and other hazards covered the standard extended coverage endorsement, and against loss or damage by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage. Such master policy of property insurance shall be in a total amount of insurance equal to 100% of that current replacement cost, exclusive of land, excavations, foundations and other items normally excluded from such property policies. Such master policy of property insurance shall contain an Agreed Amount Endorsement or its equivalent, if available, or an inflation Guard Endorsement, together with such endorsement as may be satisfactory to any Lender. If more than one lender exists, such policy and endorsements shall meet the highest maximum standards of all such Lenders.

SECTION 3 COMPREHENSIVE PUBLIC LIABILITY INSURANCE. The Board shall obtain comprehensive general liability insurance insuring the Association, the Declarant, the agents and employees of the Association and the



Declarant, the Owners and Occupants and the respective family members, guests and invitees of the Owners and Occupants, against liability incident to the ownership or use of the Common Elements. The limits of such insurance shall not be less than \$1,000,000.00 covering all claims for death of or injury to any one person and/or property damage in any single occurrence. Such insurance shall contain a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner or Occupant. Such insurance should also include protection against water damage liability, liability for nonowned and hired automobiles, and liability for the property of others. Such insurance must provide that, despite any provisions giving the carrier the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the approval of the Association. The Board shall adjust the amount of the insurance carried under this Section from time to time.

SECTION 4. WORKMEN'S COMPENSATION INSURANCE. The Board shall purchase and maintain in effect Workman's Compensation Insurance for all employees of the Association to the extent that such insurance is required by law.

SECTION 5. INSURANCE OBTAINED BY OWNERS. An owner or Occupant shall be permitted to insure his personal property against loss by fire or other casualty and may carry public liability insurance covering his individual liability for damage to persons or property occurring inside his Condominium Unit. An Owner may carry additional hazard insurance covering his Condominium Unit and improvements as well as additional liability insurance covering exposure from the ownership or use of the Common Elements. All such policies as may be carried by an Owner shall contain waivers of subrogation of claims against the Association, the Board, other Owners or Occupants, the Declarant and the agents and employees of each of the foregoing. All such policies as may be carried by an Owner shall not adversely affect or diminish any liability under any insurance obtained by the Association, and the owner shall deposit a duplicate copy of certificate of any such other policy with the Board, except for casualty policies covering personal property and liability policies covering loss within the Condominium Unit.

### ARTICLE XIII

#### DESTRUCTION OF IMPROVEMENTS

SECTION 1. AUTOMATIC RECONSTRUCTION. In the event of partial or total destruction of a Building or Buildings or any portion of the Common Elements within the Property, the Board shall promptly take the following action:

(a) The Board shall ascertain the cost of reconstruction by obtaining fixed price bids from at least two (2) reputable contractors, including the obligation to obtain performance and lien payment bonds

(b) The Board shall determine the amount of insurance proceeds, if any, payable by contacting the appropriate representative of the insurer of said Building or Buildings.

(c) If the Board determines: (i) that insurance proceeds will cover



eighty five percent (85%) or more of the estimated cost of reconstruction, or (ii) that available insurance proceeds together with available reserves and/or a special assessment equal to twenty five (25%) or less of the then aggregate annual regular assessments for all Condominium Units will completely cover the estimated cost of reconstruction, then the Board shall cause notice to be sent to all Owners and lenders encumbering Condominium Units within the Property setting forth such findings said Owners and Lenders that the Board intends to commence reconstruction pursuant to this Declaration. In the event that at least twenty percent (20%) of the Owners based on one (1) vote for each Condominium Unit, object in writing to such reconstruction as indicated in such notice, the Board shall call a special meeting of the Owners pursuant to Section 2. In the event that the foregoing requirements are satisfied and the requisite number of Owners do not object in writing to such reconstruction, the Board shall cause reconstruction to take place as promptly as practicable thereafter. In connection with such reconstruction, the Board shall levy a uniform special assessment against each Owner at such time and in such amount as the Board shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds and available reserves.

(d) If the Board in good faith determines that none of the bids submitted under this section reasonably reflects the anticipated reconstruction costs, the Board shall continue to attempt to obtain an additional bid which it determines reasonably reflects such costs. Such determination cannot be made within Ninety (90) days after the date of such destruction because of the unavailability or unacceptability of an insurance estimate or reconstruction bid, or otherwise, the Board shall immediately call a meeting of the affected Owners and all Lenders pursuant to the Section 2.

(e) If the Board determines that any Condominium Unit has become uninhabitable by reason of its total or partial destruction, Assessments may abate against the Owner thereof until the Board determines that habitability has been restored. However, if the Board determines that such abatement would adversely and substantially affect the management, maintenance and operation of the Property, it may elect to disallow such abatement.

Section 2. RECONSTRUCTION BY VOTE. If reconstruction is not to take place pursuant to Section 1, as soon as practicable after same has been determined the Board shall call a special meeting of the Owners by mailing a notice of such meeting to each such Owner. Such meeting shall be held not less than Fourteen (14) days and not more than twenty one (21) days after the date of such notice. Unless the Owners, by a vote at such meeting or by the written consent of not less than Seventy Five percent (75%) of the Owners based on one (1) vote for each Condominium Unit, determine not to proceed with such reconstruction reconstruction must take place and the Board shall levy a uniform special assessment against each Owner at such time and in such amount as the Board shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds and available reserves.

Section 3. PROCEDURE FOR MINOR RECONSTRUCTION. If the cost of reconstruction is equal to or less than ten percent (10%) of the face amount of insurance then carried under the Association's hazard insurance policy, then the Board shall contract with a licensed contractor or contractors to rebuild or repair such damaged or destroyed portions of the Property in conformance with



the original plans and specifications , or if the Board determines that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes, or other governmental rules or regulations then in effect, then such repairs or rebuilding shall be of a kind and quality substantially equivalent to the original construction of such improvements.

Section 4. PROCEDURE FOR MAJOR RECONSTRUCTION. If the cost of reconstruction is greater than Ten percent (10%) of the face amount of insurance then carried under the Association's hazard insurance policy, all insurance proceeds, together with such amounts from available reserves or special assessments as are needed to complete the cost of reconstruction, shall be paid directly to a bank or savings and loan association located in Mohave County, Arizona, whose accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or the successor to either agency, as designated by the Board, as trustee (hereinafter called the "Insurance Trustees") for all Owners and Lenders. Such proceeds shall be received, held and administered consistent with the provisions of this Declaration. Disbursements of such funds shall be made only upon the signatures of two members of the Board. As soon as practicable after notification of the receipt of insurance proceeds, the Board shall enter into a contract with a licensed contractor or contractors for the repair or rebuilding of all of the damaged or destroyed Condominium Units and Common Elements according to the original plans and specifications of said improvements or, if the Board determines that adherence to such original plans and specifications is impracticable or not in conformity with applicable statutes, ordinances, building codes, or other governmental rules and regulations then in effect, then of a quality and kind substantially equivalent to the original construction of such improvements. The contract with such licensed contractor or contractors shall provide for payment to the contractor or contractors of a specified sum for performance and execution of the work therein described, and shall have provisions for periodic disbursements of funds, which shall be consistent with procedures then followed by prudent lending institutions doing business in Mohave County, Arizona. The Board may employ a licensed architect to supervise the repair and rebuilding to insure that all work, services and supplies are in conformity with the requirements of the construction contract.

SECTION 5 TERMINATION. If Seventy Five per cent (75%) or more of the Owners elect not to proceed with the reconstruction at the special meeting held pursuant to Section 2, the Board shall divide the insurance proceeds and then available reserves into as many shares as there are then Condominium Units, said shares to be in the same proportion as the Owner's respective percentage interest in the Common Elements. The Board shall first make application of each Owner's share to the payment of each mortgage, deed , trust, or other encumbrance or lien of record with respect to said Condominium Unit, with the balance being distributed to the Owner. If all encumbrances are fully discharged by the Board with applicable insurance proceeds and available reserves, the Horizontal Property Regime shall be terminated at such time as all Owners execute, acknowledge and record in declaration evidencing such withdrawal. If there are mortgages, deeds of trust, or other encumbrances remaining against any of the Condominium Units after disbursement by the Board of



the proportionate share of insurance proceeds and available reserves, and such deficiencies are not paid by the respective Owner or Owners, the holders of any such mortgage, deed of trust, or other encumbrance must also execute and acknowledge such declaration in order to lawfully withdraw the Property from the Horizontal Property Regime pursuant to Act.

SECTION 6. NEGOTIATIONS WITH INSURER. The board shall have full authority to negotiate in good faith with representatives of the insurer of a totally or partially destroyed building or any other portion of the Common Elements, and to make settlements with the insurer for less than full insurance coverage on the damage to such building or any other portion of the Common Elements. Any settlement made by the Board in good faith shall be binding upon all Owners and Lenders.

SECTION 7. REPAIR OF CONDOMINIUM UNITS. Installation of improvements to, and repair of any damage to, the interior of a Condominium Unit shall be made by and at the individual expense of the Owner of that Condominium Unit and, in the event of a determination to reconstruct after partial or total destruction, shall be completed as promptly as practicable and in a lawful and workmanlike manner.

SECTION 8. PRIORITY. Nothing contained in this Article shall entitle an Owner to priority over any Lender under a lien encumbering his Condominium Unit as to any portion of insurance proceeds allocated to such Condominium Unit.

#### ARTICLE XIV

##### RIGHTS OF LENDERS

Section 1. NOTICES OF LENDERS. A lender shall not be entitled to receive any notice which this Declaration requires of the association to deliver to Lenders unless and until such Lender, or its mortgage servicing contractor, has delivered to the Board a written notice stating that such Lender is the holder of a loan encumbering a Condominium Unit within the Property. Notwithstanding the foregoing, if any right of a Lender under this Declaration is conditioned on a specific written request to the Association, in addition to having delivered the notice provides in this Section a Lender must also make such request in writing delivered to the Association. Except as provided in this Section, a Lender's rights pursuant to this Declaration, including, without limitation, the priority of any mortgage lien over the lien of assessments levied by the Association hereunder shall not be affected by the failure to deliver a notice or request to the Board.

Section 2. PRIORITY OF LENDERS. No breach of the Restrictions herein contained, nor the enforcement of any lien provisions herein, shall affect, impair, defeat or render invalid the lien or charge of any lender made in good faith and for value encumbering any Condominium Unit, but all of said restrictions shall be binding upon and effective against any Owner whose title to a Condominium Unit is derived through foreclosure or trustee sale, or otherwise.

Section 3. RELATIONSHIP WITH ASSESSMENT LIENS.

(a) The lien provided for in ARTICLE VI for the payment of Assessments



shall be subordinate to the lien of any Lender which was recorded prior to the date any such Assessment becomes due.

(b) If any Condominium Unit which is subject to a monetary lien created by this Declaration is also subject to the lien of a Lender, then (i) the foreclosure of any lien created by this Declaration shall not operate to affect or impair the lien such Lender, and (ii) the foreclosure of the lien by a Lender or the sale under a power of sale included in a mortgage or deed of trust shall not operate to affect or impair the lien hereof, except that any Person who obtains an interest thereafter shall take title free of any lien created by this Declaration or any personal obligation for said charges as shall have accrued up to the time of any foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to such foreclosure.

(c) Without limiting the provisions of subsection (b) of this section, any Lender who obtains title to a Condominium Unit by reason of any foreclosure, or deed or assignment in lieu of foreclosure, or any Person who obtains title at a private or judicial foreclosure sale, shall take title to such Condominium Unit free of any lien or claim for unpaid Assessments against such Condominium Unit which accrued prior to the time such Lender or purchases takes title to such Condominium Unit, except for liens or claims for a share of such Assessments resulting from a pro rata reallocation of such Assessment to all Condominium Units within the Property.

(d) Nothing in this Section shall be construed as releasing any Person from his personal obligations to pay for any Assessments levied pursuant to this Declaration during the period such Person is an Owner.

SECTION 4. REQUIRED LENDER APPROVAL. Except upon the prior written approval of all Lenders, neither the Association nor the Board shall be entitled by action or inaction to do any of the following:

(a) Abandon or terminate by any act or omission the legal status of the Property as a Horizontal Property Regime, except for abandonment or termination provided by law and/or this Declaration is the case of substantial destruction by fire or other casualty or in the case of a taking by eminent domain.

(b) Amend a material provision of this Declaration or by the Bylaws or the Articles, including, without limitation, any change of an Owner's percentage interest in the Common Elements.

(c) Partition or subdivide a Condominium Unit.

(d) Terminate professional management of the Property and assume self management of the Property.

SECTION 5. OTHER RIGHTS OF LENDERS. Any lender shall, upon written request to the Association, be entitled:

(a) To inspect the books and records of the Association during normal business hours:

(b) To receive any annual financial statements of the Association within ninety (90) days following the end of the Association's fiscal year.

(c) To receive written notice of all annual and special meetings of the Association or of the Board, and Lenders shall further be entitled to designate a representative to attend all such meetings in order to, among other things, draw attention to violations of this Declaration which have not been corrected or made the subject of remedial action by the Association; provided, however,



nothing contained in this Section shall give a Lender the right to call a meeting of the Board or of the association for any purpose or to vote at any such meeting: and

(d) To receive written notification from the Association of any default in the performance of the obligations imposed by this Declaration, Bylaws or Association Rules by the Owner whose Condominium Unit is encumbered by a Lender, which default has not been cured within Thirty (30) days: provided, however, the Association shall only be obligated to provide such notice to Lenders who have delivered a written notice therefore to the association specifying the Condominium Unit to which such request relates.

SECTION 6. NOTICE OF DESTRUCTION OR TAKING. In the event any Condominium Unit or the Common Elements are damaged or are made the subject of any condemnation proceedings or are otherwise sought to be acquired by a condemning authority, the Board shall promptly notify any Lender affected by such destruction, taking or threatened taking.

#### ARTICLE XV

#### 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 judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 3. COVENANTS TO RUN WITH THE LAND; TERM; AMENDMENT. The covenants and restrictions of this Declaration shall run with and bind the Condominium Units and Common Areas, for the term of Twenty five (25) years from the date this declaration is recorded, after which time they shall be automatically extended for sucesive periods 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 five percent (75%) of the Condominium Unit Owners, and thereafter by an instrument signed by not less than a majority of the Condominium Unit Owners. Any amendments must be recorded. Any such amendment shall be approved by the proper officials of the city of Lake Havasu city, Arizona prior to enactment or recordation.

Prior to the conveyance of the first Condominium Unit to an Owner other than a Declarant, this Declaration and any amendments thereto may be amended or revoked by the execution by Declarant of an instrument amending or revoking the same.

Subsequent to the conveyance of the first Condominium Unit in the Property to an Owner other Declarant, this Declaration may be amended by any group of Owners entitled to vote not less than seventyfive per cent (75%) of the toal voting power of the assaociation.

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 and all of the enforcement procedures set forth herein.

SECTION 5. CONSTRUCTION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential Condominium community and for the maintenance of the Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

SECTION 6. GENDER AND NUMBER. Whenever the context of this Declaration requires, the singular shall include the plural, and vice versa, and the masculine shall include the feminine and the neuter, and vice versa.

SECTION 7. NUISANCE. The result of every act or omission whereby any provision or Restriction contained in this Declaration or any provision contained in the Bylaws or Association Rules is violated in whole or in part is hereby declared to be and shall constitute a nuisance, and every remedy allowed at law or in equity against a nuisance, either public or private, shall be applicable with respect to the abatement thereof and may be exercised by the Association or any Owner. Such remedy shall be deemed cumulative to all other remedies set forth in this Declaration and shall not be deemed exclusive.

SECTION 8. ATTORNEY'S FEES. In the event any action is instituted to enforce any of the provisions contained in this Declaration, the Bylaws, or Association Rules, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgement reasonable attorney's fees and costs for suit.

SECTION 9. NOTICES. Any notice to be given to an Owner, a Lender, or the Association under the provisions of this Declaration, shall be in writing and shall be delivered as follows:

(a) Notice to an Owner shall be delivered personally or placed in the first class United States mail, postage prepaid to the most recent address furnished by such Owner in writing to the Board for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Condominium Unit. Any notice so deposited in the mail shall be deemed delivered seventy two (72) hours after such deposit. In the case of co owners, any such notice may be delivered or sent to any one of the co owners on behalf of all co owners and shall be deemed delivered to all such co owners.

(b) Notice to a Lender shall be delivered by first class United States mail, postage prepaid, to the most recent address furnished by such Lender in writing to the Board for the purpose of notice or, if no such address shall have been furnished, to any office of the Lender in Mohave County, Arizona, or if no such office is located in Mohave County, to any office of such Lender. Any notice so deposited in the mail shall be deemed delivered seventy two (72) hours after such deposit.

(c) The declaration of an officer or authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any Owner or Owners, or to any Lender or Lenders, to the address or addresses for the giving of notice pursuant to this section, shall be deemed conclusive proof of such mailing.



(d) Notice to the Association shall be delivered by registered or certified United States Mail, postage prepaid. Any notice so deposited in the mail shall be deemed delivered upon date of receipt.

SECTION 10. EFFECT OF DECLARATION. This Declaration made for the purpose set forth in the recitals is the Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances, regulations and the like applicable thereto. Declarant shall have no liability whatsoever if any of the provisions of this Declaration, the Bylaws or Association Rules are determined to be unenforceable in whole or in part or under certain circumstances.

SECTION 11. PERSONAL COVENANT. To the extent the acceptance of a conveyance of a Condominium Unit creates a personal covenant between the Owner of such Condominium Unit and Declarant, other Owners or the Association such personal covenant shall terminate and be of no further force or effect from and after the date when a Person ceases to be an Owner except to the extent this Declaration provides for personal liability with respect to the assessments incurred during the period a Person is an Owner.

SECTION 12. NONLIABILITY OF OFFICIALS. To the fullest extent permitted by law, neither the Board nor any officer of the association shall be liable to any Owner or the Association for any damage, loss, prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act, omission, error, or vigilance if such Board member or officer acted in good faith within the scope of his or their duties.

SECTION 13. UNSEGREGATED REAL PROPERTY TAXES. Until such time as real property taxes have been segregated by the County Assessor of Mohave County for the Condominium Units, the taxes shall be paid by the Association on behalf of the Owners. In connection with such payment, the proportionate share of such tax or installment thereof for a particular Condominium Unit shall be determined by multiplying the tax or installment in question by the respective percentage interest of each Condominium unit in the Common Elements. The Association may levy a special Assessment against any Owner who fails to pay his share of any real property taxes pursuant to this Section. In the event such special Assessment is not paid within Thirty (30) days of its due date, board may resort to all remedies of the Association for the collection thereof.

SECTION 14. USE OF FUNDS COLLECTED BY THE ASSOCIATION. All funds collected by the Association, including Assessments and contributions to the Association paid by Owners, if any, shall be held by the Association in a fiduciary capacity to be expended in their entirety for no profit purposes of the Association in managing, maintaining, caring for, and preserving the Common Elements and for other permitted purposes as set forth in this declaration. No part of said funds shall inure to the benefit of any Owner (other than as a result of the association managing, maintaining, caring for, and preserving the Common Elements and other than as a result of expenditures made for other permitted purposes as set forth in this Declaration).

SECTION 15. NOTIFICATION OF SALE AND TRANSFER FEE. Concurrently with the consumation of the sale or other transfer of any Condominium Unit, or within fourteen (14) days after the date of such transfer, the transferee shall



notify the Association in writing of such transfer and shall accompany such written notice with a onrefundable transfer fee to cover Association documentation and processing. The transfer fee shall be equal to twice the then current regular monthly Assesment. The written notice shall set forth the name of the transferee and his transferor, the street address of the Condominium Unit purchased or acquired by the transferee, the transferee's mailing address, the date of the sale or transfer, and the name and address of the transferee's Lender, if any. Prior to the receipt of such written notice, all notices required or permitted to be given by the association to the Owner shall be deemed to be duly made or given to the transferee if duly and timely made and given to the transferee's predecessor in interest. The transfer fee shall be the personal obligation of the new Owner and shall be secured by the lien. Notwithstanding the other provisions hereof, this Section shall not apply to a Lender who becomes an Owner by a foreclosure.

SECTION 16. EMERGENCY VEHICLES AND PERSONNEL. Emergency vehicles and/or personnel shall have the right to accessto all Common Areas herein described when on the premises in response to any emergency or in the abatement of a public nuisance.

IN WITNESS WHEREOF, FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee, has caused its corporate name to be signed and its corporate seal to be affixed to the undersigned officer thereunto duly authorized this 17th day of April, 1981.

FIRST AMERICAN TITLE INSURANCE  
COMPANY, as Trustee.  
by M Lee Heywood