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FIRST AMENDED DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS FOR  
SUNSET VILLAS

This First Amended and Restated Declaration of Covenants,  
Conditions and Restrictions for Sunset Villas ("Declaration") is  
made pursuant to and in compliance with A.R.S. §33-1801, et. seq.,  
this 1st day of September, 2004, by HAVASU SUNSET VILLAS,  
LLC, a California Limited Liability Company, referred to as  
"Declarant".

WITNESSETH:

WHEREAS, the Declarant is the fee owner of that certain  
real property situated in Lake Havasu City, Mohave County, Arizona,  
described on Exhibit "A" attached hereto.

WHEREAS, Declarant desires to develop the subject  
property, together with all Buildings and improvements now or  
hereafter constructed on the property, and all easements and rights  
appurtenant thereto (hereinafter collectively referred to as "the  
Property") as a Single Family Residential Community, and

WHEREAS, Declarant desires to establish for its own  
benefit and for the mutual benefit of all future Owners who hold  
their interest subject to this Declaration, which is recorded in  
furtherance of establishing the general plan of lot ownership for  
the Property and for establishing rules for the use, occupancy and  
management thereof, all for the purpose of enhancing and protecting

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1 the value, utility, desirability, and attractiveness of the  
2 Property;

3 WHEREAS, Declarant executed and caused to be recorded that  
4 certain Declaration of Covenants, Conditions and Restrictions for  
5 Sunset Villas on August 3, 2004 at Book 5142, Page 359, in the  
6 records of the Mohave County Recorder's Office relating to that  
7 certain real property located in Mohave County, Arizona more  
8 particularly described on Exhibit "A" attached hereto and  
9 incorporated into the Declaration (the "property");

10 WHEREAS, the Declaration identifies Sunset Villas, LLC as  
11 the Declarant when the correct designation should be Havasu Sunset  
12 Villas, LLC, a California limited liability company.

13 WHEREAS, the Declaration in Article XI, Section 3(a)  
14 thereof, provides that the Declaration may be amended by Declarant  
15 until such time as Declarant no longer owns at least 20% of the  
16 lots and the amendments shall be effective when executed by  
17 Declarant and when recorded in the official records of Mohave  
18 County, Arizona.

19 WHEREAS, it is the intended purpose of this First Amended  
20 and Restated Declaration to amend, supersede and restate the  
21 original Declaration in its entirety and to rescind the original  
22 Declaration.

23 ARTICLE I

24 Definitions

1 Each of the following words and phrases shall, in this  
2 instrument, have the respective meaning shown below, unless a  
3 contrary meaning shall, by the context, be evident:

4 1. "Architectural Control Committee" shall mean the  
5 committee of individuals appointed in accordance with the Bylaws.

6 2. "Architectural Rules" means the rules adopted by the  
7 Architectural Committee pursuant to Article XIII of the Bylaws, as  
8 may be amended from time to time.

9 3. "Areas of Association Responsibility" means (i) all  
10 Common Area, including the Improvements and landscaping situated  
11 thereon, (ii) any portion of the Improvements situated on a lot  
12 which the Association is obligated to maintain, repair and replace  
13 pursuant to the terms of this Declaration or the terms of another  
14 recorded document executed by the Association, and (iii) all real  
15 property and the improvements situated thereon, within the project  
16 located within dedicated right-of-way with respect to which the  
17 State of Arizona, Mohave County, or the City of Lake Havasu City has  
18 not accepted responsibility for the maintenance.

19 4. "Articles" shall mean the Articles of Incorporation  
20 of the Association as said Articles of Incorporation may from time  
21 to time be amended and restated.

22 5. "Assessments" shall include the following:

23 (a) "Annual Assessment" means the amount which  
24 is to be paid by each Member of the Association for Common Expenses.

25 (b) "Special Assessment" means a charge  
26 against a particular Owner, directly attributable to the Owner, to  
reimburse the Association for costs incurred in bringing the Owner  
into compliance with the provisions of this Declaration, the

1 Articles, Bylaws, Association Rules and/or Architectural Rules, or  
2 any other charge designated as a Special Assessment in this  
3 Declaration, the Articles, Bylaws, Association Rules and/or  
4 Architectural Rules, together with attorneys' fees and other charges  
5 payable by such Owner, pursuant to the provisions of this  
6 Declaration, plus interest thereon as provided for in this  
7 Declaration.

8 Special Assessment shall also mean a charge against each  
9 Member, representing a portion of the cost to the Association for  
10 installation, construction, reconstruction, repair or replacement of  
11 any capital improvements on any of the Real Property which the  
12 Association may from time to time authorizes pursuant to the  
13 provisions of this Declaration.

14 6. "Association" shall mean and refer to the SUNSET  
15 VILLAS PROPERTY OWNERS ASSOCIATION, an Arizona nonprofit  
16 corporation, formed and maintained pursuant to Section 33-1801 et  
17 seq., Arizona Revised Statutes, composed of the Owners as defined  
18 hereinbelow.

19 7. "Association Rules" shall mean the rules and  
20 regulations adopted by the Board pursuant to the Bylaws, as they may  
21 be amended from time to time.

22 8. "Board" shall mean the Board of Directors of the  
23 Association.

24 9. "Bylaws" shall mean the Bylaws of the Association as  
25 said Bylaws may from time to time be amended.

26 10. "Common Area" and "Common Elements" shall mean all  
real property owned by the Association for the common use and  
enjoyment of the Owners, including but not limited to any and all

1 landscaping, buildings, improvements, plumbing, wires, pipes,  
2 conduits, and other utility installations thereon.

3 11. "Common Expenses" means the actual and estimated  
4 costs or financial liabilities incurred by the Association in  
5 administering, maintaining and operating the Project, together with  
6 any allocations to reserves.

7 12. "Declarant" shall mean (i) HAVASU SUNSET VILLAS,  
8 LLC, a California limited liability company, and (ii) any successor  
9 in interest of it to whom all or any of the rights of Declarant  
10 under the Articles, Bylaws and this Declaration have been  
11 transferred. Notwithstanding the provisions of the Article hereof  
12 entitled "Amendment" to the contrary, this paragraph may not be  
13 amended without the approval of Declarant.

14 13. "Declarant's Period of Control" shall mean until  
15 such time as seventy five percent (75%) of the Lots in the above  
16 described properties have been conveyed to the purchasers thereof,  
17 all right, discretion, power and authority herein granted to said  
18 Owners Association and said Lot Owners through said Owners  
19 Association, including the right to collect Assessments and appoint  
20 or remove any officer of the Association or Board Director, shall,  
21 at the option of Declarant remain with Declarant directly or through  
22 said Owners Association (referred to as "Declarant's Period of  
23 Control" in the Association Instruments).

24 Upon the sale of not less than seventy five percent (75%)  
25 of said Lots, or unless earlier required by Declarant, all such  
26 right, discretion, power and authority shall be assumed by the Lot  
Owners who are then Members of the Owners Association, through their  
Officers and Directors who shall be duly elected at such time.

1 14. "Declaration" shall mean the First Amended and  
2 Restated Declaration of Covenants, Conditions and Restrictions of  
3 the Association, as the same may from time to time be amended.

4 15. "Exhibit" means those documents so designated  
5 herein and attached hereto and each of such Exhibits is by this  
6 reference incorporated in this Declaration.

7 16. "Improvement" shall mean the buildings, roads,  
8 roadways, parking areas, lighting fixtures, fences, walls, hedges,  
9 plantings, planted trees and shrubs, recreational areas, swimming  
10 pools, pool building, entry gate and all other structures or  
landscaping of every kind and type.

11 17. "Lot" shall mean each parcel of real property  
12 designated as a lot on the Plat and where the context indicates or  
13 requires, shall include any Residential Dwelling, building,  
14 structure or other Improvements situated on the Lot.

15 18. "Member" shall mean an Owner, as defined  
16 hereinbelow, entitled to membership in the Association. Membership  
17 shall be appurtenant to and may not be separated from ownership of a  
18 Lot.

19 19. "Mortgage" shall mean any real property mortgage or  
20 deed of trust encumbering any Lot or agreement for deed.

21 20. "Mortgagee" shall mean the mortgagee under any real  
22 property mortgage or beneficiary under any deed of trust or vendor  
23 under a contract for deed, which mortgage or deed of trust or  
24 contract for deed encumbers or provides for the conveyance of any  
Lot.

25 21. "Owner" shall mean the person(s) who hold(s) record  
26 title to any Lot, including Declarant for as long as Declarant holds

1 title to a Lot. "Owner" shall include any person having a fee  
2 simple title to any Lot, but shall exclude persons or entities  
3 having any interest merely as security for the performance of any  
4 obligation. Further, if a Lot is sold under a recorded contract for  
5 deed to a purchaser, the purchaser, rather than the fee owner, shall  
6 be considered the "Owner" as long as he or a successor in interest  
7 remains the contract purchaser under the recorded contract.

8 22. "Plat" means the plat of subdivision of the Real  
9 Property as first recorded in the official records of Mohave County,  
10 Arizona, and as thereafter from time to time amended or  
11 supplemented.

12 23. "Private Roads" and "Private Streets" are synonymous  
13 and mean any street, roadway, drive, parking space, sidewalk,  
14 walkway, path or other right-of-way within the Common Area which has  
15 not expressly been dedicated to the public use.

16 24. "Property" or "Project" means the real property  
17 described on the Plat as Lots 1 through 23, together with all  
18 improvements thereon.

19 25. "Project Documents or Association Instruments" means  
20 this Declaration, the Articles, the Bylaws, the Association Rules  
21 and the Architectural Committee Rules.

22 26. "Public Purchaser" shall mean any person or other  
23 legal entity, who becomes an Owner of any Lot within the Property,  
24 except Declarant.

25 27. "Real Property" means all the real property  
26 described on Exhibit "A" hereto.

1 28. "Residential Dwelling" means any building, or  
2 portion of a building, situated upon a lot and desiged and intended  
3 for independent ownership and for use and occupancy as a residence.

4 29. "Single Family" shall mean one or more persons each  
5 related to the other by blood, marriage or legal adoption, or a  
6 group of no more than three persons not all so related, together  
7 with their domestic servants, who maintain a common household in a  
8 dwelling.

9 30. "Visible From Neighboring Property" shall mean, with  
10 respect to any given object, that such object is or would be visible  
11 to a person six feet tall, standing on any part of such neighboring  
12 Lot at an elevation of the base of the object being viewed.

13  
14  
15 ARTICLE II

16 DECLARATION

17 Section 1 Property subject to this Declaration:

18 Declarant is the owner of the real Property which is to be the  
19 subject of this Declaration and which is to be held, transferred,  
20 sold, conveyed and/or occupied subject to this Declaration and which  
21 is more particularly described as in Exhibit "A" attached hereto and  
22 incorporated by reference herein as though fully set forth.

23 Section 2 Declaration of Submission. Declarant hereby

24 submits and subjects the Property to a Property Owners Association  
25 pursuant to the Act, and in furtherance thereof, makes and declares  
26 the Restrictions contained in this Declaration, and Declarant hereby  
declares and agrees that the Property and all of the Lots shall be



1 held, conveyed, transferred, sold, leased, mortgaged, encumbered,  
2 occupied, used, and improved subject to the Restrictions, which  
3 Restrictions shall constitute covenants and conditions running with  
4 the land and shall be binding upon and inure to the benefit of  
5 Declarant, the Association, and each Owner, including their  
6 respective heirs, executors, administrators, personal  
7 representatives, successors and assigns.

8 Section 3 Description of Project.

9 The Property shall be known as **SUNSET VILLAS**

10 The Twenty Three (23) Lots are identified numerically as  
11 1 - 23 on the Recorded Plat. The dimensions of each of the Lots are  
12 set forth on the Plat.

13 The Common Elements shall consist of the entire Property,  
14 excluding the Lots. Each Lot shall bear an undivided 1/23 interest  
15 in the entire Association.

16 Section 4 Disclaimer of Representations.

17 Declarant makes no representations or warranties  
18 whatsoever that (i) the Project will be completed in accordance with  
19 the plans of the Project as they exist on the day this Declaration  
20 is recorded; (ii) any property subject to this Declaration will be  
21 committed to or developed for any use; or (iii) the use of any  
22 Property subject to this Declaration will not be changed in the  
23 future.

24 Section 5 Declarant's Easement. Declarant is hereby  
25 granted an easement to use as means of ingress and egress the  
26 Private Roads located within the Association's Common Areas and over  
other Areas of Association Responsibility to construct all  
improvements Declarant deems necessary and to use the Areas of

1 Association Responsibility and any lots and other property owned by  
2 Declarant for construction or renovation related purposes including  
3 the storage of tools, machinery, equipment, building materials,  
4 appliances, supplies and fixtures, and the performance of work  
5 respecting the Project. Declarant shall also have the right and/or  
6 easement upon over and through the Areas of Association  
7 Responsibility as may be reasonably necessary for the purpose of  
8 discharging its obligations and exercising its rights granted to or  
9 reserved by the Declarant by this Declaration. The easement shall  
10 run with the land and shall be for the benefit and use of Declarant,  
its heirs, executors, administrators and assigns.

11 ARTICLE III

12 THE ASSOCIATION

13 SUNSET VILLAS PROPERTY OWNERS' ASSOCIATION, a non-profit  
14 corporation organized under and by virtue of the laws of the State  
15 of Arizona governing non-profit corporations, shall accept  
16 responsibility for and provide such necessary and appropriate action  
17 for the proper maintenance, repair, replacement, operation,  
18 management, beautification, and improvement of that certain property  
19 and Improvements to be used in common by and for the benefit of the  
20 Owners of Lots on said properties. The affairs of the Association  
21 shall be conducted by the Board of Directors and such officers as  
22 the Board may elect or appoint in accordance with the Articles and  
the Bylaws.

23 Section 1 Declarant's Period of Control.

24 1.1 Until such time as Seventeen (17) Lots in the above  
25 described properties have been conveyed to the Public Purchasers  
26 thereof, all right, discretion, power and authority herein granted

1 to said Owners Association and said Lot Owners through said Property  
2 Owners Association, including the right to collect Assessments and  
3 appoint or remove any officer of the Association or Board Director,  
4 shall, at the option of Declarant, remain with Declarant directly or  
5 through said Owners Association (referred to as "Declarant's Period  
6 of Control" in the Association Instruments).

7 Upon the sale of not less than Seventeen (17) of said  
8 Lots, or unless earlier required by Declarant, all such right,  
9 discretion, power and authority shall be assumed by the Lot Owners  
10 who are then Members of the Owners Association, through their  
11 Officers and Directors who shall be duly elected at such time.

12 1.2 Until such time as Seventeen (17) Lots have been  
13 conveyed or transferred from Declarant to the Public Purchasers  
14 thereof, Declarant shall be liable for any Assessment referred to  
15 herein for any unoccupied Lot. In lieu of payment of such  
16 Assessment, Declarant will assume responsibility for month-to-month  
17 maintenance, repair, and management of the Common Elements until  
18 these functions are assumed by the Owners. In the event Declarant  
19 shall not convey any Lot but shall utilize any Lot for rental use or  
20 any other beneficial use, Declarant shall be liable for Assessments  
21 referred to herein. For purposes of this paragraph, assumption of  
22 control of the Association is defined as having passed,  
23 conclusively, to the Owners, collectively, upon completion of the  
24 following requirements:

25 (a) Declarant shall notify the Owner of each Lot that  
26 the Declarant has resigned and the Owner's Association shall assume  
control effective Thirty (30) days after date of notice.

1 (b) Declarant shall deliver to the Owners Association  
2 corporate minutes, records, and seal, to any one of the Owners of  
3 record receiving such notice, or to a committee organized by the  
4 Owners of record for such purpose.

5 There shall be no outstanding or accrued debts against  
6 the Association at the time of assumption of control by the Owners  
7 beginning with the date of control of the Association by the Owners.  
8 Declarant or its successor shall at no time be responsible for any  
9 Assessment against any Lots.

10 Section 2 General Duties of the Association. The  
11 Association, through its Board, shall have the duty and obligation  
12 to:

13 (a) enforce the provisions of this Declaration,  
14 the Articles, Bylaws, Association Rules and Architectural Rules by  
15 appropriate means and carry out the obligations of the Association  
16 hereunder.

17 (b) maintain and otherwise manage the following:

18 (1) all easements and Real Property and all  
19 facilities, Improvements and landscaping thereon in which the  
20 Association holds an interest, subject to the terms of any  
21 instrument transferring such interest to the Association;

22 (2) all personal property in which the  
23 Association holds an interest, subject to the terms of any  
24 instrument transferring such interest to the Association; and

25 (3) all property, real or personal, which  
26 the Association is obligated to repair or maintain pursuant to this  
Declaration.

1 (c) pay all real and personal property taxes and  
2 other charges assessed to or payable by the Association.

3 (d) obtain for the benefit of the Common Area,  
4 water, gas and electric, refuse collections and other services.

5 Section 3 General Powers of the Association. The  
6 Association, through its Board, shall have the power, but not the  
7 obligation, to:

8 (a) employ a manager or other persons and contract  
9 with independent contractors or managing agents who have  
10 professional experience in the management of residential  
11 developments similar to the Project, to perform all or any part of  
12 the duties and responsibilities of the Association;

13 (b) acquire interests in real or personal property  
14 for offices or other facilities that may be necessary or convenient  
15 for the management of the Project, the administration of the affairs  
16 of the Association or for the benefit of the Members;

17 (c) borrow money as may be needed in connection  
18 with the discharge by the Association of its powers and duties;

19 (d) provide trash pickup and disposal service for  
20 the benefit of the Owners and their Lots;

21 (e) negotiate and enter into contracts with  
22 Institutional Mortgagees and mortgage insurers and guarantors as may  
23 be necessary or desirable to facilitate the availability of loans  
24 secured by Mortgages within the project.

25 Section 4 Delegation of Powers. The Association shall  
26 have the right, according to law, to delegate to committees,  
officers, employees or agents any of its duties and powers under  
this Declaration, the Articles, Bylaws, Association Rules and

1 Architectural Rules; provided, however, no such delegation to a  
2 professional management company, the Architectural Committee or  
3 otherwise shall relieve the Association of its obligation to perform  
4 such delegated duty.

5 Section 5 Non-Liability of Officials. To the fullest  
6 extent permitted by law, neither Declarant, the Board, the  
7 Architectural Control Committee or any other committees of the  
8 Association nor any member thereof, nor any directors or officers of  
9 the Association, shall be liable to any Owner, tenant, the  
10 Association or any other person for any damage, loss or prejudice  
11 suffered or claimed on account of any decision, approval or  
12 disapproval of plans or specifications (whether or not defective),  
13 course of action, act, inaction, omission, error, negligence or the  
14 like made in good faith and which Declarant, the Board, or such  
15 committees or person reasonably believed to be within the scope of  
16 their respective duties.

17 Section 6 Indemnification. To the fullest extent  
18 permitted by law, every director and every officer of the  
19 Association, the Members of the Architectural Control Committee,  
20 Declarant (to the extent a claim may be brought against Declarant by  
21 reason of its appointment, removal or control of members of the  
22 Board or the Architectural Control Committee), and every other  
23 person serving as an employee or direct agent of the Association, or  
24 on behalf of the Association as a member of a committee or  
25 otherwise, shall be indemnified by the Association, against all  
26 expenses and liabilities, including attorneys' fees, reasonably  
incurred by or imposed upon him in connection with any proceeding to  
which he may be a party, or in which he may become involved, by

1 reason of his being or having served in such capacity on behalf of  
2 the Association (or, in the case of Declarant, by reason of having  
3 appointed, removed or controlled or failed to control members of the  
4 Board or the Architectural Control Committee), or any settlement  
5 thereof, whether or not he is a director, officer or member of the  
6 Architectural Control Committee or serving in such other specified  
7 capacity at the time such expenses are incurred, provided that the  
8 Board shall determine, in good faith, that such officer, director,  
9 Member of the Architectural Control Committee or other person, did  
10 not act, fail to act, or refuse to act willfully or with gross  
11 negligence or fraudulent or criminal intent in the performance of  
12 his duties. The foregoing rights of indemnification shall be in  
13 addition to and not exclusive of all other rights to which such  
persons may be entitled at law or otherwise.

14 Section 7 Association Rules. The Association, through  
15 its Board, shall be empowered to adopt, amend or repeal such rules  
16 and regulations as it deems reasonable and appropriate (the  
17 "Association Rules"), binding upon all persons subject to this  
18 Declaration and governing the use and/or occupancy of the Common  
19 Area or any other part of the Project. The Association Rules may  
20 include the establishment of a system of fines and penalties  
21 enforceable as Special Assessments. The Association Rules shall  
22 govern such matters in furtherance of the purposes of the  
23 Association, including, without limitation, the use of the Common  
24 Area; provided, however, that the Association Rules may not  
25 discriminate among Owners except as expressly provided or permitted  
26 herein, and shall not be inconsistent with this Declaration, the  
Articles or Bylaws. A copy of the Association Rules as they may

1 from time to time be adopted, amended or repealed or a notice  
2 setting forth the adoption, amendment or repeal of specific portions  
3 of the Association Rules shall be delivered to each Owner in the  
4 same manner established in this Declaration for the delivery of  
5 notices. Upon completion of the notice requirements, said  
6 Association Rules shall have the same force and effect as if they  
7 were set forth in and were part of this Declaration and shall be  
8 binding on the Owners and all other persons having any interest in,  
9 or making any use of, the Real Property, whether or not actually  
10 received by them. The Association Rules, as adopted, amended or  
11 repealed, shall be available at the principal office of the  
12 Association to each Owner or other person reasonably entitled  
13 thereto, upon request. In the event of any conflict between any  
14 provision of the Association Rules and any provisions of this  
15 Declaration or the Articles or Bylaws, the provisions of the  
16 Association Rules shall be deemed to be superseded by the provisions  
17 of this Declaration, the Articles or Bylaws to the extent of any  
18 such conflict.

17           Section 8 Easements. The Association is authorized and  
18 empowered to grant upon, over, across, through or under Real  
19 Property owned or controlled by the Association such permits,  
20 licenses, easements and rights-of-way for sewer lines, water lines,  
21 underground conduits, storm drains, television cable and other  
22 similar public or private utility purposes, roadways or other  
23 purposes as may be reasonably necessary and appropriate for the  
24 orderly maintenance, preservation and enjoyment of the Common Area  
25 or for the preservation of the health, safety, convenience and  
26 welfare of the Owners and Members, provided that any damage to a



1 Residence resulting from such grant shall be repaired by the  
2 Association at its expense.

3       Section 9 Entry on Lots. The officers, agents,  
4 employees and independent contractors of the Association shall have  
5 a nonexclusive easement to enter any Lot for the purpose of  
6 performing or satisfying the duties and obligations of the  
7 Association hereunder, provided that such entry shall occur (a) at a  
8 reasonable hour and (b) after reasonable notice has been given to  
9 the Owner of such Lot. In the event that there is an emergency and  
10 the Owner of such Lot is not available at the time of such  
11 emergency, the officers, agents, employees and independent  
12 contractors of the Association may enter such Lot immediately and  
13 without notice for the sole purpose of taking such action as is  
14 necessary under the circumstances.

15       Section 10 Discipline of Members. In addition to all  
16 other rights, powers and duties possessed by and vested in the Board  
17 under this Declaration, the Articles and the Bylaws, the Board shall  
18 possess and be vested with the right and power to (a) impose  
19 reasonable monetary penalties, in such amounts as determined by the  
20 Board in its sole discretion, against an Owner and (b) seek  
21 reimbursement for costs as follows:

22       10.1 As a disciplinary measure for any breach of any of  
23 the (a) limitations, restrictions, conditions or covenants set forth  
24 in this Declaration (other than a breach by failure to pay an  
25 Assessment), (b) provisions of the Articles or the Bylaws or (iii)  
26 rules or regulations adopted by the Board pursuant to this  
Declaration, the Articles or the Bylaws.

1           10.2 As a means of reimbursing the Association for costs  
2 incurred by the Association (a) for the repair of damages to the  
3 Common Area or any Improvements or personality thereto or thereon  
4 allegedly caused by such Owner, its guests or any occupant of such  
5 Owner's Lot or (b) in bringing such Owner or the occupant of such  
6 Owner's Lot and/or said Lot into compliance with this Declaration  
7 (other than the payment of Assessments), the Articles, Bylaws or  
8 said rules and regulations.

9           Section 11 Monetary Penalties. The imposition of a  
10 monetary penalty pursuant to Section 10 must be done in good faith  
11 and in a fair and reasonable manner. The Owner must be given 15  
12 days prior notice of the imposition of a monetary penalty. Said  
13 notice must set forth reasons for the imposition of the monetary  
14 penalty and may be given by any method reasonably calculated to  
15 provide actual notice. Any notice given by mail must be given by  
16 first-class, registered or certified mail sent to the last address  
17 of the Owner shown on the Association's records. The Owner must be  
18 provided an opportunity to be heard, orally or in writing, not less  
19 than five days before the effective date of the imposition of each  
20 monetary penalty by a properly convened meeting of the Board. Any  
21 such breach which is not remedied in the calendar month in which the  
22 monetary penalty is imposed against an Owner by reason thereof  
23 shall, until fully remedied, be deemed to constitute a new breach in  
24 each succeeding calendar month for which the Board may in each such  
25 calendar month impose a new monetary penalty pursuant to this  
26 Section.

Section 12 Implied Rights. The Association may exercise  
any right or privilege given to the Association expressly by the

1 Project Documents and every other right or privilege reasonably to  
2 be implied from the existence of any right or privilege given to the  
3 Association by the Project Documents or reasonably necessary to  
4 effectuate any such right or privilege.

5 Section 13 Identity of Members. Membership in the  
6 Association shall be limited to Owners of Lots. An Owner of a Lot  
7 shall automatically, upon becoming the Owner thereof, be a member of  
8 the Association and shall remain a member of the Association until  
9 such time as his ownership ceases for any reason, at which time his  
membership in the Association shall automatically cease.

10 Section 14 Voting Procedures. No change in the  
11 ownership of a Lot shall be effective for voting purposes unless and  
12 until the Board is given actual written notice of such change and is  
13 provided satisfactory proof thereof. The vote for each such Lot  
14 must be cast as a unit, and fractional votes shall not be allowed.  
15 In the event that a Lot is owned by more than one person or entity  
16 and such Owners are unable to agree among themselves as to how their  
17 vote or votes shall be cast, they shall lose their right to vote on  
18 the matter in question. If any Member casts a vote representing a  
19 certain Lot, it will thereafter be conclusively presumed for all  
20 purposes that he was acting with the authority and consent of all  
21 other Owners of the same Lot unless objection thereto is made at the  
22 time the vote is cast. In the event more than one vote is cast for  
23 a particular Lot, none of the votes shall be counted and all of the  
votes shall be deemed void.

24 Section 15 Voting by Mail. Unless the Project Documents  
25 require otherwise, when directors are to be elected or any other  
26 matter is submitted to a vote of the members, such vote may be

1 conducted by mail as provided in the Bylaws or as determined by the  
2 Board.

3 Section 16 Transfer of Membership. The right and  
4 obligations of any Member may not be assigned, transferred, pledged,  
5 conveyed or alienated in any way except upon transfer of ownership  
6 of an Owner's Lot, and then only to the transferee of ownership to  
7 the Lot. A transfer of ownership to a Lot may be effected by deed,  
8 intestate succession, testamentary disposition, foreclosure of a  
9 mortgage of record, or such other legal process as now in effect or  
10 as may hereafter be established under or pursuant to the laws of the  
11 State of Arizona. Any attempt to make a prohibited transfer shall  
12 be void. Any transfer of ownership to a Lot shall operate to  
13 transfer the Membership appurtenant to said Lot to the new Owner  
14 thereof. Each Purchaser of a Lot shall be subject to all of the  
15 terms, conditions and obligations set forth in this Declaration upon  
16 becoming the Owner of a Lot.

16 Article IV

17 PROPERTY RIGHTS AND USE RESTRICTIONS

18 Section 1 Property Rights.

19 1.1 Owners' Easements of Enjoyment. Every Owner shall  
20 have a right and easement of enjoyment in and to the Common Area,  
21 for the purpose for which the Common Area is intended, which shall  
22 be an appurtenant to and shall pass with the title to every Lot,  
23 subject to the following provisions:

24 (a) The right of the Association to charge  
25 reasonable fees for the use of any facility situated upon the Common  
26 Area.

1 (b) The right of the Association to suspend the  
2 voting rights and right to use the facilities by an Owner for any  
3 period during which any Assessment against his Lot remains unpaid or  
4 for any infraction of this Declaration or the rules or regulations  
5 duly promulgated by the Association, the Board or any duly  
6 constituted committee of the Association or Board subject to the  
7 further provisions of this Declaration and the Bylaws.

8 (c) The right of the Association to dedicate,  
9 transfer or convey, all or any part of the Common Area to any public  
10 agency, authority, or utility for such purposes and subject to such  
11 conditions as may be agreed to by the Members as hereinafter  
12 provided.

13 (d) The right of Declarant and its agents and  
14 representatives, in addition to the rights set forth elsewhere in  
15 this Declaration, to nonexclusive use, without charge, of the Common  
16 Area for maintenance of sales facilities, and display and exhibit  
17 purposes.

18 1.2 Delegation of Use. Any Owner may delegate, in  
19 accordance with this Declaration, his right of enjoyment to the  
20 Common Area to the members of his family, his tenants, lessees,  
21 guests, and invitees, provided such delegation is for a reasonable  
22 number of persons and at reasonable times.

23 1.3 Owners' Easement of Enjoyment Limitations. An  
24 Owners' beneficial interest, right and easement of enjoyment in and  
25 to the Common Area shall not be conveyed, transferred, alienated or  
26 encumbered separate and apart from an Owners' Lot and such right and  
easement of enjoyment in and to the Common Area shall be deemed to  
be conveyed, transferred, alienated or encumbered upon the sale of

1 any Owners' Lot, notwithstanding the description in the instrument  
2 of conveyance, transfer, alienation or encumbrance may not refer to  
3 the Common Area.

4 (a) The Common Area shall remain undivided and no  
5 action for partition or division of any part thereof shall be  
6 permitted.

7 (b) Each Owner, tenant and occupant of a Lot, and  
8 the invitees, tenants, agents and employees of such Owner, may use  
9 the Common Area in common with the Owners, invitees, tenants, agents  
10 and employees of the other Lots in accordance with the purposes for  
11 which it is intended without hindering or encroaching upon the  
12 lawful right of such others.

13 (c) No Owner will be exempted from liability for  
14 Assessments with respect to the Common Area by waiver of the  
15 enjoyment of the right to use the Common Area or by abandonment of  
16 his Lot or otherwise.

17 (d) Any Owner who rents or leases a Lot to another  
18 shall forfeit his right to the use and enjoyment of the Common Area  
19 during the rental or lease term unless the Owner owns another Lot or  
20 Lots which are not rented or leased. The Owner's right to use and  
21 enjoyment of the Common Area shall be deemed transferred to the  
22 tenant for the term of the lease.

23 Section 2 Use Restrictions; Lots.

24 2.1 Use and Occupancy. The Lots in Sunset Villas shall  
25 be used for and solely accommodate single family residential  
26 dwellings. No gainful occupation, profession, trade or other  
nonresidential use shall be conducted on any Lot. Nothing herein  
shall be deemed to prevent the leasing of any Lot to a Single Family

1 from time to time by the Owner thereof, subject to all of the  
2 provisions of this Declaration. Lots owned by Declarant may be used  
3 for sales and construction offices for the purpose of enabling  
4 Declarant to sell Lots within the Property, until such time as all  
5 of the Lots owned by Declarant have been sold to Public Purchasers.  
6 A maximum of two of any combination of cars, motorcycles or other  
7 motor vehicles shall be parked or maintained on any Lot. No cars,  
8 motorcycles or other motor vehicles shall be parked or located on  
9 the Common Area or any roads or streets within the Property except  
in designated parking spaces or parking areas.

10           2.2 Antennas. No antenna, parabolic dish or other  
11 device for the transmission or reception of television or radio  
12 signals or any other form of electromagnetic radiation shall be  
13 erected, used or maintained outdoors on any Lot whether attached to  
14 a vehicle, building, structure or otherwise, unless and except as  
15 approved in writing by the Board. The Association Rules may include  
16 reasonable regulations regarding erection, use and maintenance of  
17 such devices for the purposes of minimizing the visual and other  
impacts to the Property of such devices.

18           2.3 Utility Service. No lines, wires or other devices  
19 for the communication or transmission of electric current or power,  
20 including telephone, television and radio signals shall be erected,  
21 placed or maintained anywhere in or upon any Lot unless the same  
22 shall be contained in conduits or cables installed and maintained  
23 underground or concealed in, under or on buildings or other  
24 structures approved in writing by the Architectural Control  
25 Committee. No provision hereof shall be deemed to forbid the  
26 erection of temporary power or telephone structures incident to the

1 construction of buildings or structures approved in writing by the  
2 Board.

3       2.4 Improvements and Alterations. No alterations,  
4 repairs, excavation or other work which in any way alters the  
5 appearance of any Lot or the Improvements located thereon from its  
6 natural or improved state existing on the date such Lot was first  
7 conveyed or transferred by Declarant to a Public Purchaser shall be  
8 made or done without the prior written approval of the Board, except  
9 as otherwise expressly provided in this Declaration. No building,  
10 fence, wall or other structures shall be commenced, erected,  
11 maintained improved, altered, made or done without the prior written  
12 approval of the Architectural Control Committee. No awnings or  
13 other structures shall be attached to any residential dwelling or  
14 other structure without the prior written approval of the  
15 Architectural Control Committee unless allowed under the Association  
16 Rules. The Board shall establish a procedure for the preparation,  
17 submission and determination of applications for any such alteration  
18 or Improvement. The Board shall have the right to refuse to approve  
19 any plans or specifications or grading plans, which, in its opinion,  
20 are not suitable or desirable for aesthetic or other reasons. In  
21 passing upon such plans and specifications, it may take into  
22 consideration the suitability of the proposed Improvement and of the  
23 materials of which it is to be built, the site upon which it is  
24 proposed to erect the same, the harmony thereof with the  
25 surroundings, the effect of the Improvement as planned on the  
26 outlook from the adjacent or neighboring Lot, Common Area and such  
other matters as it may deem pertinent. All subsequent additions to  
or changes or alterations in any building, fence, wall or other



1 structure, including exterior color scheme and building materials,  
2 shall be subject to the prior approval of the Architectural Control  
3 Committee. No changes or deviations in or from such plans and  
4 specifications once approved shall be made without prior written  
5 approval of the Board. All decisions of the Board shall be final  
6 and no Lot Owner or other parties shall have recourse against the  
7 Board, the Architectural Control Committee or any of their  
8 respective members, for or with respect to any decisions made in  
9 good faith.

9           2.5 Maintenance of Lawns and Plantings. The Association  
10 shall maintain the lawns and plantings on all Common Areas and, for  
11 this purpose, Declarant and the Association shall have the right, at  
12 any time, to plant, replace, maintain and cultivate landscaping,  
13 shrubs, trees, grass and plantings on any Common Area and on such  
14 easements over an Owner's Lot as may have been granted to the  
15 Association, regardless of whether any Owner or the Association is  
16 responsible hereunder for maintenance of such areas. No Owner shall  
17 remove, alter, injure or interfere in any way with any landscaping,  
18 shrubs, trees, grass or plantings placed upon any Common Area by  
19 Declarant or the Association without the written consent of the  
20 Board having first been obtained. The Association or its authorized  
21 agents shall have the right to enter upon any Lot, at any reasonable  
22 time, for the purpose of planting, replacing, maintaining or  
23 cultivating such landscaping shrubs, trees, grass or plantings in  
24 the Common Area, and shall not be liable for trespass for so doing.

24           2.6 Maintenance and Repair of Residential Dwellings,  
25 Buildings and Landscaping. Each Owner shall at all times keep and  
26 maintain their Residential Dwelling, all landscaping and

1 Improvements on their respective Lot in good condition and repair  
2 and adequately painted or otherwise finished. If any Residential  
3 Dwelling, landscaping or Improvement upon any Lot shall be permitted  
4 to fall into disrepair, the Association shall have the right, after  
5 30 days' notice to an Owner, to maintain such landscaping and to  
6 repair, paint or otherwise maintain the exterior of any Residential  
7 Dwelling or Improvement (and without notice in the event of an  
8 emergency) which the Association, acting through its Board,  
9 determines in its discretion is in violation of this provision. All  
10 costs and expenses so incurred by the Association shall be borne by  
the Owner, and shall be paid to the Association on demand.

11 2.7 Trash Containers and Collection. No garbage or  
12 trash shall be placed or kept on any Lot except in covered  
13 containers of a type, size and style which are approved in writing  
14 by the Board or authorized by the Association Rules. In no event  
15 shall containers be maintained so as to be Visible From Neighboring  
16 Property except to make the same available for collection and, then,  
17 only the shortest time reasonably necessary to effect such  
18 collection. All rubbish, trash or garbage shall be removed from the  
19 Lots and shall not be allowed to accumulate thereon. No  
incinerators shall be kept or maintained on any Lot.

20 2.8 Overhangs. No tree, shrub or planting of any kind  
21 on any Lot shall be allowed to overhang or otherwise to encroach  
22 upon any Common Area from ground level to a height of 12 feet,  
23 without the prior written approval of the Board.

24 2.9 Entry on Lots. During reasonable hours, Declarant,  
25 any member of the Board, or any authorized representative of any of  
26 them, shall have the right, but not the obligation, to enter upon

1 and inspect any Lot and the Improvements thereon, except for the  
2 interior portions of any Residential Dwelling, for the purpose of  
3 ascertaining whether or not the provisions of this Declaration have  
4 been or are being complied with, and such persons shall not be  
5 deemed guilty or trespass by reason of such entry.

6 2.10 Machinery and Equipment. No machinery or equipment  
7 of any kind shall be placed, operated or maintained upon adjacent to  
8 any Lot except such machinery or equipment as is usual and customary  
9 in connection with the use, maintenance or construction of  
10 buildings, Improvements or structures which are within the permitted  
11 uses of such Lot.

12 2.11 Restriction on Further Subdivision. No Lot shall  
13 be further subdivided or separated into smaller lots or parcels by  
14 any Owner, and no portion less than all of any such Lot, nor any  
15 easement or other interest therein, shall be conveyed or transferred  
16 by any Owner, without the prior written approval of the Board. No  
17 Lot may be converted into a condominium, cooperative, timeshare or  
18 other similar type of entity without the prior written approval of  
19 the Board. No portion of a Lot, but for the entire Lot, together  
20 with the Improvements thereon, may be rented or leased, and then  
21 only to a Single Family; provided, however, that no Lot may be  
22 leased or subleased without prior written notice to the Board of the  
23 names of the lessee and their family members and the term of the  
24 lease, and without compliance with such other rules and regulations  
25 as may be established by the Board.

26 2.12 Signs. Except as otherwise provided in this  
Declaration, no signs whatsoever which are Visible From Neighboring  
Property shall be erected or maintained on any Lot except such signs

1 the nature, number and location of which have been approved in  
2 writing by the Board except that such approval shall not be  
3 necessary in connection with the display of any signs of reasonable  
4 dimensions located on or in such Owner's Lot notifying the public  
5 that said Lot is "for rent" or "for sale"; provided, however, that  
6 any Owner displaying a "for rent" or "for sale" sign shall, in good  
7 faith and using its reasonable best efforts, endeavor to effect the  
8 rental or sale of its Lot, as the case may be.

8 2.13 Utility Easements. There is hereby created a  
9 blanket easement upon, across, over and under each Lot for ingress,  
10 egress, installation, replacing, repairing and maintaining all  
11 utility and service lines and systems, including, but not limited  
12 to, water, sewers, gas, telephones, electricity, television cable or  
13 communication lines and systems, etc. By virtue of this easement,  
14 it shall be expressly permissible for the providing utility or  
15 service company to install and maintain facilities and equipment on  
16 the Lots and the Common Area and to affix and maintain wires,  
17 circuits and conduits on, in and under the roofs and exterior walls  
18 of all Improvements.

18 2.14 Animals. No animals, birds, fowl, poultry or  
19 livestock, other than two generally recognized house or yard pets,  
20 shall be maintained on any Lot covered by this Declaration and then  
21 only if they are kept, bred or raised thereon solely as domestic  
22 pets and not for commercial purposes. No house or yard pet  
23 permitted under this paragraph shall be allowed to make an  
24 unreasonable amount of noise, or to become a nuisance. No structure  
25 for the care, housing or confinement of any house or yard pet  
26 permitted under this paragraph shall be maintained so as to be

1 Visible From Neighboring Property. Upon the written request of any  
2 Owner, the Board shall conclusively determine, in its sole and  
3 absolute discretion, whether, for the purposes of this paragraph, a  
4 particular animal, bird, fowl, poultry or livestock is a generally  
5 recognized house or yard pet, constitutes a nuisance, or whether the  
6 number of animals or birds on any such Lot is reasonable. Any  
7 decision rendered by the Board shall be enforceable as other  
8 restrictions contained herein. All pets must be kept on a leash and  
be accompanied by their Owner when not on the Lot where they reside.

9           2.15 Nuisances. No rubbish or debris of any kind shall  
10 be placed or permitted to accumulate upon or adjacent to any Lot,  
11 and odors shall be permitted to arise therefrom so as to render any  
12 such Lot or any portion thereof unsanitary, unsightly, offensive or  
13 detrimental to any other Lot in the vicinity thereof or to its  
14 occupants. No nuisance shall be permitted to exist or to operate  
15 upon any such Lot so as to be offensive or detrimental to any other  
16 Lot in the vicinity thereof or to its occupants. Without limiting  
17 the generality of any of the foregoing provisions, no exterior  
18 speakers, horns, whistles, bells or other sound devices, except  
19 security devices used exclusively for security purposes, shall be  
20 located, used or placed on any Lot. The Board in its sole  
21 discretion shall have the right to determine the existence of any  
22 such nuisance. No motorcycles or motor driven vehicles not legal  
23 for operation on public roadways shall be operated within the  
24 Property; provided, however, the Association Rules may include  
25 reasonable regulations regarding the use and operation of  
26 motorcycles and motor driven vehicle not legal for operation on

1 public roadways consistent with the objective of minimizing noise  
2 and other adverse impacts on the Property.

3 2.16 Clothes Washing Drying Facilities. Outside  
4 clotheslines or other outside facilities for drying or airdrying  
5 clothes shall not be erected, placed or maintained on any Property.  
6 No washing machines or dryers shall be kept or maintained on any Lot  
7 except within a Residential Dwelling without the prior written  
8 approval of the Board.

9 2.17 Mineral Exploration. No portion of the Property  
10 shall be used in any manner to explore for or to remove any water,  
11 oil or other hydrocarbons, minerals of any kind, gravel, earth or  
12 any earth substance of any kind.

13 2.18 Diseases and Insects. No Owner shall permit any  
14 thing or condition to exist upon any Lot which shall induce, breed  
15 or harbor infectious plant diseases or noxious insects.

16 2.19 Drainage Easement. There is hereby created a  
17 blanket easement for drainage of groundwater on, over and across the  
18 Property. No Owner shall obstruct, divert, alter or interfere in  
19 any way with the drainage of groundwater upon, across or over any  
20 portion of the Property.

21 2.20 Water Usage. Each Owner shall comply with the  
22 reasonable regulations contained in the Association Rules respecting  
23 water usage and water conservation.

24 2.21 Leasing. All leases must be in writing and shall  
25 provide that the terms of the lease shall be subject in all respects  
26 to the provisions of the Project Documents and any failure of the  
lessee to comply with the terms of the Project Documents shall be a  
default under the lease. Upon the leasing of a residence, the Owner

1 shall promptly notify the Association of the commencement date and  
2 the termination date of the lease and the names of each lessee or  
3 other persons who will be occupying the residence during the terms  
4 of the lease.

5 Section 3 Use Restrictions, Common Area.

6 3.1 Permitted Uses:

7 (a) Parking in designated parking spaces and  
8 parking areas by any Owner, his guests and invitees for purposes  
9 connected with or incidental to any use of such Owner's Lot.

10 (b) Access for vehicles and pedestrians between  
11 public streets and any parking areas situated within the Common Area  
12 and any Owner's Lot, for purposes connected with or coincidental to  
13 any use of such Owner's Lot.

14 (c) Access for pedestrians on any sidewalks or  
15 walkways for the purposes connected with or incidental to any use of  
16 any Owner's Lot.

17 (d) Access for persons engaged in maintaining any  
18 portion of the Common Area or any Owner's Lot.

19 (e) Such other uses as may be adopted from time to  
20 time by the Board and set forth in the Association Rules.

21 (f) In general, the Common Area shall be used for  
22 the benefit of the Owners, for the furnishing of services and  
23 facilities for which the same are reasonably intended and for the  
24 enjoyment to be derived from such reasonable and proper use, without  
25 hindering the exercise or encroaching upon the right of any other  
26 Owner to utilize the Common Area.

27 3.2 Restricted Uses:

1 (a) With the exception of the storage supplies,  
2 materials or equipment necessary for the discharge of Declarant's  
3 duties under this Declaration, the Common Area shall not be used by  
4 Owners for storage of supplies, materials or personal property of  
5 any kind.

6 (b) The Common Area shall be subject to such other  
7 restrictions as may be adopted by the Board and set forth in the  
8 Association Rules.

9 (c) In general, no activity shall be carried on nor  
10 condition maintained by any Owner upon the Common Area which  
11 detracts from the appearance of the Property or hinders or  
12 encroaches upon the right of any other Owner to utilize the Common  
13 Area as reasonably intended.

14 Section 4 Maintenance of Common Area by Association.

15 The Association may at any time, as to any Common Area, conveyed,  
16 leased or transferred to it, or otherwise placed under its  
17 jurisdiction, in the discretion of the Board, without any approval  
18 of the Owners being required:

19 (a) Reconstruct, repair, replace or refinish any  
20 Improvement or portion thereof upon any such area (to the extent  
21 that such work is not done by a governmental entity, if any,  
22 responsible for the maintenance and upkeep of such area) in  
23 accordance with (1) the last plans thereof approved by the Board,  
24 (2) the original plans for the improvement of (3) if neither of the  
25 foregoing is applicable and if such Improvement was previously in  
26 existence, then in accordance with the original design, finish or  
standard of construction of such Improvement as same as existed.



1 (b) Construct, reconstruct, repair, replace or  
2 refinish any road Improvement or surface upon any portion of such  
3 area used as a road, street, walk and parking area.

4 (c) Replace injured and diseased trees or other  
5 vegetation in any such area, and plant tress, shrubs and ground  
6 cover to the extent that the Board deems necessary for the  
7 conservation of water and soil and for aesthetic purposes.

8 (d) Place and maintain upon any such area such  
9 signs, markers and lights as the Board may deem appropriate for the  
10 proper identification, use and regulation thereof.

11 (e) Remove all papers, debris, filth and refuse  
12 from the Common Area and wash or sweep paved areas as required;  
13 clean and relamp lighting fixtures as needed.

14 (f) Repaint striping, markers, directional signs,  
15 etc., as necessary.

16 (g) Pay all real estate taxes and assessments on  
17 the Common Area.

18 (h) Pay all electrical, water, gas and other  
19 utility charges or fees for services furnished to the Common Area.

20 (i) Pay for and keep in force at the Association's  
21 expense public liability insurance with companies acceptable to the  
22 Association in amounts with limits of liability desired by the  
23 Owners or required of the Owners pursuant to any other recorded  
24 document affecting the Property, such insurance to name the  
25 Association or the Owners or both as named insureds.

26 (j) Do all such other and further acts which the  
Board deems necessary to preserve and protect the Common Area and

1 the beauty thereof, in accordance with general purposes specified in  
2 this Declaration.

3 (k) The Board shall be the sole judge as to the  
4 appropriate maintenance of all grounds within the Common Area.

5 (l) Pay for the construction or installation of  
6 lights and other utility services in the Common Area.

7 (m) Nothing herein shall be construed so as to  
8 preclude the Association from delegating its power set forth above  
9 to a manager or agent or to other person, firms or corporations.

10 Section 5 Damage or Destruction of Common Area by  
11 Owners. In the event any Common Area is damaged or destroyed by an  
12 Owner or any of his guests, tenants, licensees or agents, such Owner  
13 does hereby authorize the Association to repair said damaged area  
14 and the Association shall so repair damaged area in a good and  
15 workman like manner in conformance with the original plans and  
16 specifications of the area involved, or as the area may have been  
17 modified or altered subsequently by the Association, in the  
18 discretion of the Association. The amount necessary for such  
19 repairs shall be paid by said Owner, upon demand, to the  
20 Association.

21 Section 6 Declarant's Exemption. Notwithstanding any  
22 other provision contained in this Declaration, Declarant may display  
23 or post any signs, flags, poles or other objects in the Common Area  
24 or on any Lot owned by Declarant, which Declarant, in its sole  
25 discretion, deems appropriate in connection with its sale or rental  
26 of Lots and the development of the Property or any Lots owned by  
Declarant. Anything contained in Article XI, Section 3 to the  
contrary notwithstanding, this paragraph will not be amended,

1 modified or rescinded without the (a) prior written consent of  
2 Declarant and (b) recording said written consent in the Office of  
3 the County Recorder of Mohave County, Arizona.

4 ARTICLE V

5 OWNERSHIP OF COMMON AREA

6 Section 1 Ownership of Common Area. The Association is  
7 the Owner of the fee estate in and to the Common Area existing on  
8 the date of this Declaration and shall become the Owner of the fee  
9 estate of any additions to the Common Area. The Common Area shall  
10 remain in the Ownership and control of the Association and there  
11 shall be no partition thereof.

12 Section 2 Easements over the Common Area. The Board may  
13 grant permits, licenses and easements over, upon, under and across  
14 the Common Area for utilities, roads and other purposes which are  
15 reasonably necessary to the ongoing development and operation of the  
16 Property. Each Owner hereby grants to each director of the  
17 Association an irrevocable power of attorney to execute a deed(s) or  
18 other instrument(s) to grant said permits, licenses and easements.

19 Section 3 Encroachments. In the event any portion of  
20 the Common Area encroaches upon any Lot or any Improvement on a Lot  
21 encroaches upon the Common Area or another Lot as a result of the  
22 construction, reconstruction, repair, shifting, settlement or  
23 movement of any portion of the Improvements or the drainage of  
24 rainwater from the roof of any Improvement on a Lot, a valid  
25 easement for the encroachment and for the maintenance of the same  
26 shall exist, and the rights and obligations of Owners shall not be  
altered in any way by said encroachments; provided, however, that in  
no event shall an easement for encroachment be created in favor of

1 an Owner if said encroachment occurred due to the willful misconduct  
2 of any Owner. In the event any portion of a structure on the  
3 Property is partially or totally destroyed and then repaired or  
4 rebuilt, each Owner agrees that easements for encroachments over  
5 adjoining Lots or Common Area and for the maintenance of said  
6 encroachments shall exist for as long as said encroachment shall  
7 exist. A nonexclusive easement for ingress, egress and support  
8 throughout the Common Area is and shall be appurtenant to each Lot,  
9 and the Common Area is and shall be subject to such easement.

10 Section 4 Reservations to Declarant. Notwithstanding  
11 anything contained in this Declaration to contrary, Declarant, for  
12 itself and its successors in interest, hereby reserves a  
13 nonexclusive easement over, under, upon and across the Common Area  
14 for common driveway purposes, drainage and encroachment purposes and  
15 for ingress and egress, all for Declarant's reasonable use in  
16 completing any Improvements and performing necessary repair work  
17 within the Property, said reservation of easement becoming effective  
18 concurrently with the conveyance by Declarant to the Association of  
19 the Common Area without necessity of Declarant setting forth such  
20 reservation in the deed with respect to said conveyance.

21 Notwithstanding the Article entitled "Amendment", no amendment,  
22 revocation or rescission of said reservation of easement may be had  
23 prior to the conveyance by Declarant (or its successor) of the last  
24 Lot without the (a) written consent of the Declarant and (b)  
25 recording of such consent in the Office of the Recorder of Mohave  
26 County, Arizona.

25 Section 5 Ownership of Maintenance and Recreational  
26 Equipment. The Association shall be and become the Owner of all

1 maintenance, recreational and other equipment acquired by it (a) for  
2 the maintenance and improvement of the Property and (b) to implement  
3 the performance of its other duties hereunder. The transfer of such  
4 personal property by the Association pursuant to the Bylaws shall  
5 transfer title thereto free and clear of any claim on the part of  
6 any Owner.

7  
8 ARTICLE VI

9 ARCHITECTURAL CONTROL COMMITTEE

10 Section 1 Architectural Control Committee. No  
11 building, fence, wall or other structure shall be constructed,  
12 erected, placed or altered upon any Lot, nor shall any trees,  
13 bushes, shrubs or plants which are in excess of six feet in height,  
14 or any likely to grow to a height in excess of six feet, be planted  
15 or placed on any Lot, until the building or alteration plans,  
16 landscaping plans, specifications, location plat and color scheme  
17 thereof have been approved by the Architectural Control Committee  
18 appointed by the Board or Declarant in accordance with the Bylaws.  
19 Notwithstanding anything to the contrary in this Declaration or the  
20 Bylaws, Declarant hereby reserves to itself the power to appoint a  
21 majority of the members of the Architectural Control Committee until  
22 90 percent of the Lots have been sold by Declarant. In considering  
23 any such plans, the Architectural Control Committee shall take into  
24 account (a) the quality of workmanship and materials to be used, (b)  
25 harmony of external design with existing structures in the property,  
26 (c) the interference, or potential for interference with the view  
from any Lot and (d) compliance with this Declaration. In the event  
the Architectural Control Committee fails to approve or disapprove

1 any such plans, specifications, plats or schemes within 30 days  
2 after all necessary documents have been received by the  
3 Architectural Control Committee, the Owner requesting said approval  
4 may submit a written notice to the architectural control committee  
5 advising the same of its failure to act; only if the Architectural  
6 Control Committee fails to approve or disapprove any such plans,  
7 specification, plats or schemes within 30 days after receipt of said  
8 notice from the Owner, said plans, specifications, plats or schemes  
shall be incontrovertibly deemed to be approved.

9 Section 2 Amendments. Notwithstanding Article XI,  
10 Section 3, no amendment, revocation or rescission of this Article  
11 may be had, nor shall Declarant, or any successor thereof, be  
12 prohibited from completing the improvement and development of the  
13 Property prior to the conveyance by Declarant (or its successor) of  
14 the last Lot without the (a) written consent of Declarant and (b)  
15 recording of such consent in the office of the Recorder of Mohave  
16 County, Arizona. Such written consent shall not be required after  
17 the conveyance by Declarant (or its successor) of all the Lots.

#### 18 ARTICLE VII

#### 19 ASSESSMENTS

20 Section 1 Annual Assessments. The Board has and shall  
21 have the right and power to make and levy from time to time,  
22 reasonable Annual Assessments upon the Lots to meet anticipated  
23 Common Expenses of the Association and to change from time to time  
the amount, installments and/or frequency of payment of assessments.

24 1.1 No increase or decrease in the amount of such  
25 reasonable Annual Assessments for Common Expenses expenditures of  
26 the Association in any one fiscal year of the Association which

1 exceeds 20 percent of the regular Assessment for the immediately  
2 preceding fiscal year may be made without the vote or written  
3 ballot of the Owners entitled to exercise a majority of the total  
4 voting power, provided that such vote or written ballot shall  
5 include the votes of a majority of the Owners other than Declarant.  
6 Each Owner, except Declarant, shall be assessed separately for a  
7 share of such anticipated Common Expenses, which share shall be  
8 levied against each Owner according to the ratio of the number of  
9 Lots owned by the Owner assessed to the total number of Lots  
10 subject to Assessment. While Declarant is not liable for  
11 Assessments, whether Annual or Special, on a per Lot owned basis,  
12 Declarant is obligated to provide support to the Association,  
13 whether by virtue of money, manpower, equipment or materials  
14 supplied, to the extent (but in no event an amount to exceed the  
15 per Lot owned Assessment amount) reasonably necessary to properly  
16 maintain the Common Area until such time as the Assessment revenue  
17 from the Owners, other than Declarant, is sufficient to meet the  
18 needs of the Association.

19 1.2 Separate written notices of the making of such  
20 Annual Assessment (including in such notice the amount thereof and  
21 the frequency of payment) shall be deposited into the United States  
22 mail, postage prepaid, directed to the attention of each Owner,  
23 bearing the address such Owner shall have directed the Association  
24 to deliver such notice, at least 30 days prior to the beginning of  
25 a fiscal year.

26 Section 2 Special Assessments. The Board may also levy  
and collect Special Assessment(s) for capital improvements or other  
purposes in the same manner as Annual Assessments are levied and

1 collected as described in Section 1. The amount of any such Special  
2 Assessment, together with any late payment penalty incurred pursuant  
3 to this article, costs and reasonable attorneys' fees in the event  
4 enforcement is commenced, shall be and become a lien upon any Lot in  
5 the same manner as Annual Assessments become a lien. Provided,  
6 however, no such Special Assessment exceeding, in the aggregate, 5  
7 percent of the budgeted gross expenses of the Association for the  
8 then current fiscal year of the Association may be levied without  
9 the vote or written ballot of the owners entitled to exercise a  
10 majority of the total voting power, provided that such vote or  
11 written ballot shall include the votes of a majority of the Owners  
12 other than Declarant. The provisions of the preceding sentence  
13 shall not apply to Special Assessment(s) for repair, or the like,  
described in the Article entitled "Destruction; Insurance".

14 Section 3 Nonpayment of Assessments. If the Association  
15 does not receive an Owner's payment of the entire amount of the  
16 Annual or Special Assessment imposed upon the Owner's Lot pursuant  
17 to this Article within 15 days after the due date thereof, a late  
18 payment penalty by way of liquidated damages shall be immediately  
19 due from such Owner. Each of the Owners recognizes and acknowledges  
20 that the late payment of an Assessment will cause the Association to  
21 incur additional costs and expenses in connection with its  
22 management, control, maintenance, architectural control and  
23 preservation of the Property and that it is extremely difficult and  
24 impractical to ascertain the extent of such damages. Accordingly,  
25 each Owner shall pay to the Association a late payment penalty in an  
26 amount to be determined by the Board.

3.1 No late payment penalty may be imposed more than



1 once for delinquency of the same payment; however, the imposition  
2 of a later payment penalty on any delinquent payment shall not  
3 eliminate nor supersede late payment penalties imposed on prior  
4 delinquent payments. Any Assessment, if not paid more than fifteen  
5 (15) days after its due date, shall be deemed delinquent and a late  
6 payment penalty (as described in Section 3) shall be due from the  
7 first day following the due date of the Assessment. The late  
8 payment penalty represents a fair and reasonable estimate of, and  
9 constitutes liquidated damages for, the costs and expenses (other  
10 than attorneys' fees, court costs and other costs incurred by the  
11 Association in connection with the foreclosure of the lien on the  
12 Lot(s) for the delinquent Annual or Special Assessments) which the  
13 Association will incur by reason of the late payment. Acceptance  
14 of any late payment penalty by the Association shall neither  
15 constitute a waiver of such Owner's default with respect to the  
16 late payment, nor prevent the Association from exercising any of  
its other rights and remedies hereunder or at law.

17 3.2 In addition to the late payment penalty described  
18 above, each Owner shall pay to the Association interest on all  
19 delinquent Assessments at an annual percentage rate of 12 percent  
20 from the date the delinquent Assessment was due and the amount of  
21 reasonable attorneys fees, court costs and other costs incurred by  
22 the Association in connection with the foreclosure of the lien on  
23 the Lot(s) for the delinquent Annual or Special Assessments. The  
24 Board may, from time to time, to the extent permitted by law,  
25 increase the amount of the late payment penalty. The Board shall  
26 advise the Owners in writing of any increase in the late payment  
penalty not less than 30 days prior to the effective date of any

1 such increase.

2 Section 4 Creation of the Lien and Personal Obligation.

3 Each Owner (including Declarant) of any Lot, by acceptance of a deed  
4 or other conveyance creating in such Owner the interest required to  
5 be deemed an Owner, whether or not it shall be so expressed in any  
6 such deed or other conveyance, is deemed to covenant and agree to  
7 pay to the Association: Annual Assessments and Special Assessments,  
8 such Assessments and other fees to be fixed, established and  
9 collected from time to time as provided in this Declaration. Such  
10 Assessments and fees, together with interest thereon, late charges,  
11 attorneys' fees and court costs, and other costs of collection  
12 thereof, as hereinafter provided, shall be a continuing lien upon  
13 the Lot against which each such Assessment is made. Each such  
14 Assessment, together with such interest, late charges, costs and  
15 attorneys' fees, shall also be the personal obligation of the Owner  
16 of such Lot at the time when the Assessment becomes due.

16 On any Assessment not paid within thirty (30) days after  
17 the due date, the Association may bring an action at law against the  
18 Owner personally obligated to pay the same, or foreclose the lien  
19 against the Lot.

19 Section 5 Payment of Assessments. Until such time as the  
20 Board shall change the same pursuant to Section 1, such Assessments  
21 shall be due and payable monthly on the first day of each calendar  
22 month, commencing, as to all Lots, on the first day of the calendar  
23 month next following the first conveyance by Declarant of a Lot.

24 Section 6 Common Area Taxes. Anything in Section 1 to  
25 the contrary notwithstanding, if any tax is assessed to Declarant or  
26 to the Association upon the Common Area, a share thereof shall be

1 included in the Assessment upon each Owner which share shall be the  
2 portion which bears to the total tax assessed the same relationship  
3 as the number of Lots owned by such Owner bears to the total number  
4 of Lots in the Association.

5       Section 7 Subordination of Assessment Liens. The lien  
6 of the Assessments provided for herein shall be subordinate to the  
7 lien of any first Mortgage given for value. Sale or transfer of any  
8 Lot shall not affect the Assessment lien. However, the sale or  
9 transfer of any Lot pursuant to judicial or nonjudicial foreclosure  
10 of a first Mortgage shall extinguish the lien of such Assessments as  
11 to payments which became due prior to such sale or transfer. No  
12 sale or transfer shall relieve such Lot from lien rights for any  
13 Assessments thereafter becoming due. Where the Mortgage of a first  
14 Mortgage of record, or other purchaser of a Lot, obtains title to  
15 the same as a result of foreclosure, such acquirer of title, its  
16 successors and assigns, shall not be liable for the share of the  
17 Common Expenses or Assessments by the Board chargeable to such Lot  
18 which become due prior to the acquisition of title to such Lot by  
19 such acquirer. Such unpaid share of Common Expenses or Assessments  
20 shall be deemed to be a Common Expense collectible from the Owners  
21 of all of the Lots, excluding such acquirer, its successors and  
22 assigns. Nothing herein shall relieve the non paying Owner from the  
23 obligation to pay all Assessments which had accrued prior to  
24 foreclosure.

25       Section 8 Estoppel Certificates. The Board shall  
26 furnish, or cause an appropriate officer of the Association to  
furnish, upon demand by any person, a certificate signed by an  
officer of the Association setting forth whether the Assessments on

1 a specified Lot have been paid. A properly executed certificate of  
2 the Association as to the status of Assessments on a Lot is binding  
3 upon the Association as of the date of its issuance.

4 Section 9 Waiver of Assessment Liability. No Owner may  
5 be exempt from personal liability for Assessment levied by the  
6 Board, nor release the Lot owned by it from the liens and charges  
7 hereof by waiver of the use or enjoyment of any of the Common Area  
8 or by abandonment of its Lot.

8 ARTICLE VIII

9 DESTRUCTION; INSURANCE

10 Section 1 Insurance Requirements. The Board shall keep  
11 insured against loss by perils under a multi-peril policy(ies) of  
12 hazard insurance (a) all buildings, if any, and other insurable  
13 improvements in the Common Area and (b) all fixtures, building  
14 service equipment, common personal property and supplies owned by  
15 the Association, under one master extended coverage hazard  
16 policy(ies) for the benefit of all Owners. The amount of coverage  
17 of such insurance shall be not less than 100 percent of the  
18 insurable value (based on then current replacement cost) of said  
19 buildings and Improvements and fair market value of personal  
20 property determined annually by an insurance carrier selected by the  
21 Board. The name of the insured under each policy of such insurance  
22 shall be substantially "Sunset Villas Property Owner's Association",  
23 for use and benefit of individual followed, if desired, by either  
24 the Association or the insurance carrier(s), by the designation of  
25 the Owners. Authority to adjust losses covered by the Association's  
26 policy(ies) shall be vested in the Board, and the Board is hereby  
irrevocably appointed as the attorney-in-fact for every Owner for

1 this purpose. Insurance proceeds shall be payable directly to the  
2 Association for the use and benefit of the Owners and the Mortgages,  
3 as their interests may appear. The premiums for such policy shall  
4 be paid as a Common Expense by the Association.

5 Section 2 Repair and Reconstruction. In the event of  
6 any loss, damage or destruction so insured against, the Board shall  
7 cause the same to be replaced, repaired or rebuilt. In the event  
8 the cost of such replacement, repair or rebuilding exceeds the  
9 hazard insurance proceeds received therefore, the Board shall levy  
10 and collect a Special Assessment in an equal amount from each Owner  
11 in the Property. In any event, all such hazard insurance proceeds  
12 received for such loss, damage or destruction shall be used for such  
13 replacement, repair or rebuilding.

14 Section 3 Insurance of Lot Improvements. Each Owner  
15 shall keep all buildings and other insurable improvements on such  
16 Owner's Lot insured for the benefit of such Owner.

17 Section 4 Liability Insurance. The Board shall procure  
18 and keep in force during the term hereof insurance in the name of  
19 the Association and the Owners against any liability to the public  
20 (including the Owners) resulting from any occurrence in or about the  
21 Common Area with coverage in the amount of at least \$1,000,000 per  
22 occurrence, for personal injury and/or property damage. Such  
23 insurance shall also provide coverage for any legal liability that  
24 results from lawsuits related to employment contracts in which the  
25 Association is a party. Premiums on such policy shall be paid as a  
26 Common Expense by the Association. The policy(ies) of such  
insurance shall contain a waiver of subrogation by the issuer(s)

1 against (a) the Association, (b) each of the directors serving from  
2 time to time on the Board, and (c) the Owners.

3 ARTICLE IX

4 CONDEMNATION

5 Section 1 Interpretation. In the event of any conflict  
6 between the provisions of this Article and those of any other  
7 article of this Declaration, the provisions of this Article shall  
8 govern and control.

9 Section 2 Definitions. In this Article, the following  
10 words and phrases shall have, respectively, the following meanings:

11 2.1 "Appropriation" means any taking of or damage to any  
12 part of the Common Area (or any interest therein) by reason of any  
13 exercise of the power of eminent domain (whether by condemnation  
14 proceedings, inverse condemnation or otherwise) or by reason of any  
15 transfer of any part of the Common Area (or any interest therein)  
16 made in avoidance of such an exercise.

17 2.2 "Condemnor" means any governmental entity or person  
18 possessing the right and power of eminent domain which exercises  
19 said right and power, or threatens so to do, with respect to any  
20 part of the Common Area (or any interest therein).

21 2.3 "Award" means compensation, including, but not  
22 limited to, monetary and other consideration, paid by a Condemnor  
23 for an Appropriation.

24 Section 3 Board of Directors as Attorney-In-Fact. The  
25 Board is hereby irrevocably appointed as the attorney-in-fact for  
26 every Owner to (a) negotiate with any condemnor for settlement of an  
Award for any Appropriation, (b) defend any action brought for an  
Appropriation, and to engage and compensate counsel and expert

1 witnesses therefore or to aid the Board in the exercise of any of  
2 its powers under this article, (c) conduct, arrange or supervise an  
3 independent appraisal to determine the value of the Common Area  
4 affected by any Appropriation, (d) receive in the name of the  
5 Association an Award and to retain the same, pending its  
6 disbursement, in a non interest-bearing bank account in the name of  
7 the Association, and (e) disburse or retain the same, pursuant to  
8 the following Section of this Article. Notwithstanding any  
9 provision herein to the contrary, Mortgagees shall automatically be  
entitled to join in Appropriation proceedings.

10 Section 4 Distribution of Award. If any Award  
11 affecting all or a portion of the Common Area is not apportioned  
12 among the Owners by court judgment or by agreement between the  
13 Condemnor and the Board as the Owners' agent, and after the value of  
14 the Common Area affected by any Appropriation has been determined by  
15 independent appraisal, as soon as may be practicable after the  
16 receipt by the Association of any Award, the Board will disburse the  
same pursuant to the following:

17 4.1 First, to contractors, subcontractors, materialmen  
18 and others for the costs of the repair or restoration of damage or  
19 destruction to the Common Area caused by an Appropriation, or to the  
20 Association in reimbursement for such costs; the balance of the  
21 award is hereinafter referred to as "Award Balance".

22 4.2 Second, the Award Balance to the Association. In  
23 the event that the entire Common area is appropriated, the Award  
24 Balance shall be distributed to the Owners so that each Owner  
25 receives one equal share of such Award Balance for each Lot in the  
26 Property owned by such Owner. In the event that the Common Area is

1 appropriated only in part, the Award Balance shall be retained by  
2 the Association or disbursed to the Owners in whole or in part as  
3 determined by the Board of Directors.

4 ARTICLE X

5 ACCOUNTING; RIGHT OF INSPECTION

6 Section 1 Maintenance of Books and Records. The Board  
7 shall maintain books of account of all its receipts and expenditures  
8 and shall cause such books to be made available thereon to the  
9 Association. The Board shall deliver a copy of such report to the  
10 Owner of each Lot within 120 days after the end of such year. Each  
11 Owner (or its duly appointed representative) shall be entitled at  
12 reasonable times to inspect the books and records of the  
13 Association, to have such books and records examined at said Owner's  
14 expense by an attorney or accountant representing such Owner and to  
15 make excerpts or copies of such books and records or portions  
16 thereof, and each such Owner (or its duly appointed representative),  
17 at his own expense, shall have the right, upon submission of a  
18 written request to the Board, to have such books and records  
19 independently audited by an accountant so long as such request is  
20 reasonable and made in good faith.

21 Section 2 Inspection of Documents. The original or a  
22 copy of this Declaration, the Articles, the Bylaws and any rules or  
23 regulations concerning the Property shall be available for  
24 inspection by Owners at the Association's principal place of  
25 business at all reasonable times during office hours.

26 ARTICLE XI

GENERAL PROVISIONS

Section 1 Effect of Declaration. The limitations,



1 restrictions, conditions and covenants set forth in this Declaration  
2 constitute a general scheme for (a) the maintenance, protection and  
3 enhancement of the value of the Property and all Lots, and (b) the  
4 benefit of all Owners. Said limitations, restrictions, conditions  
5 and covenants are imposed on each Lot and the Common Area for the  
6 benefit of every other Lot and the present and future Owners  
7 thereof. Said limitations, restrictions, conditions and covenants  
8 are and shall be covenants running with the land or equitable  
servitudes, as the case may be.

9       Section 2 Method of Termination. This Declaration shall  
10 continue in full force and effect unless terminated by the  
11 affirmative vote or written consent, or any combination thereof, of  
12 the Owners representing ninety percent (90%) or more of the votes in  
13 the Association. If the necessary votes and consents are obtained,  
14 the Board shall cause to be recorded with the County Recorder of  
15 Mohave County, Arizona, a Certificate of Termination, duly signed by  
16 the President or Vice President and attested by the Secretary or  
17 Assistant Secretary of the Association, with their signatures  
18 acknowledged. Thereupon this Declaration shall have no further  
19 force and effect, and the Association shall be dissolved pursuant to  
the terms set forth in its Articles.

20       Section 3 Amendments. Subject to the other provisions  
21 of this Declaration, this Declaration may be amended as follows:

22               (a) Until such time as Declarant no longer owns at  
23 least (20%) twenty percent of the Lots, amendments or modifications  
24 shall be effective when executed by Declarant and when recorded in  
25 the official records of Mohave County, Arizona. Thereafter, this  
26

1 Declaration may be amended at any time by the written approval or  
2 Affirmative vote of not less than 75% of the Members.

3 (b) An amendment or modification that requires the  
4 affirmative vote or written approval of the Members as hereinabove  
5 provided shall be effective when executed by the President and  
6 Secretary of the Association who shall certify that the amendment or  
7 modification has been approved as hereinabove provided, and when  
8 recorded in the official records of Mohave County, Arizona.

9 Section 4 Interpretation. Except for judicial  
10 construction, the Association shall have the exclusive right to  
11 construe and interpret the provisions of this Declaration. In the  
12 absence of any adjudication to the contrary by a court of competent  
13 jurisdiction, the Association's construction or interpretation of  
14 the provisions hereof shall be final, conclusive and binding as to  
15 all persons and property benefited or bound by this Declaration. In  
16 the event of any conflict between this Declaration and the Articles,  
17 Bylaws, Association Rules or Architectural Committee Rules, this  
18 Declaration shall control. In the event of any conflict between the  
19 Articles and Bylaws, the Articles shall control. In the event of  
20 any conflict between the Bylaws and the Association Rules or the  
21 Architectural Committee Rules, the Bylaws shall control.

22 Section 5 Enforcement. The Association, or any Owner,  
23 shall have the right to enforce, by proceedings at law or in equity,  
24 all restrictions, conditions, covenants and reservations, now or  
25 hereafter imposed by the provisions of this Declaration or any  
26 amendment thereto, including the right to prevent the violation of  
any such restrictions, conditions, covenants, or reservations and  
the right to recover damages or other dues for such violation. The

1 Association or any Owner shall also have the right to enforce, by  
2 proceedings at law or in equity, the provisions of the Articles or  
3 Bylaws and any amendments thereto. With respect to the  
4 Architectural Control Committee rules and decisions, Assessment  
5 liens or any other liens or charges and Association Rules, the  
6 Association shall have the exclusive right to the enforcement  
7 thereof.

7 Section 6 No Waiver. Failure by the Association or by  
8 any member to enforce any covenant, condition, or restriction herein  
9 contained, or the Articles, Bylaws, Association Rules or  
10 Architectural Rules in any certain instance or on any particular  
11 occasion shall not be deemed a waiver of such right on any such  
12 future breach of the same or any other covenant, condition or  
13 restriction.

14 Section 7 Cumulative Remedies. All rights, options and  
15 remedies of Declarant, the Association, the Owners or Mortgagees  
16 under this Declaration are cumulative, and not one of them shall be  
17 exclusive of any other, and Declarant, the Association, the Owners  
18 and the Mortgagees shall have the right to pursue any one or all of  
19 such rights, options and remedies or any other remedy or relief  
20 which may be provided by law, whether or not stated in this  
21 Declaration.

21 Section 8 Severability. Invalidation of any one or a  
22 portion of these covenants, conditions or restrictions by judgment  
23 or court order shall in no way affect any other provisions which  
24 shall remain in full force and effect.

25 Section 9 Binding Effect. By acceptance of a deed or by  
26 acquiring any ownership interest in any of the property subject to

1 this Declaration, each Person, for himself or itself, his heirs,  
2 personal representatives, successors, transferees and assigns, to  
3 all of the provisions, restrictions, covenants, conditions, rules  
4 and regulations now or hereafter imposed by this Declaration and any  
5 amendments thereof. In addition, each such person by so doing  
6 thereby acknowledges that this Declaration sets forth a general  
7 scheme for the improvement and development of the Project and hereby  
8 evidences his interest that all the restrictions, conditions,  
9 covenants, rules and regulations contained in this Declaration shall  
10 run with the land and be binding on all subsequent and future  
11 Owners, grantees, purchasers, assignees, lessees and transferees  
12 thereof. Furthermore, each such person fully understands and  
13 acknowledges that this Declaration shall be mutually beneficial,  
14 prohibitive and enforceable by the various subsequent and future  
15 Owners. Declarant, its successors, assigns and grantees, covenants  
16 and agrees that the estates and the other rights created by this  
17 Declaration shall not be separated or separately conveyed, and each  
18 shall be deemed to be conveyed or encumbered with its respective  
19 estate even though the description in the instrument of conveyance  
20 or encumbrance may refer only to the estate.

21 Section 10 Joint and Several Liability. In the case of  
22 joint ownership of a Residence, the liabilities and obligations of  
23 each of the joint Owners set forth in or imposed by this Declaration  
24 shall be joint and several.

25 Section 11 Survival of Liability. The termination of  
26 membership in the Association shall not relieve or release any such  
former Member from any liability or obligation incurred under or in  
any way connected with the Association during the period of such

1 membership, or impair any rights or remedies which the Association  
2 may have against such former Member arising out of, or in any way  
3 connected with such membership and the covenants and obligations  
4 incident thereto.

5 Section 12 Attorneys' Fees. In the event the  
6 Association employs an attorney to enforce any lien granted to it  
7 under the terms of this Declaration or to collect any Assessments or  
8 other amounts due from an Owner or to enforce compliance with or  
9 recover damages for any violation or noncompliance with this  
10 Declaration, the Articles, Bylaws, Association Rules and/or  
11 Architectural Rules, the prevailing party in any such action shall  
12 be entitled to recover from the other party its reasonable  
13 attorneys' fees incurred in any such action.

14 Section 13 Violations and Nuisance. Every act or  
15 omission whereby any provision of the Declaration is violated in  
16 whole or in part is hereby declared to be a nuisance and may be  
17 enjoined or abated, whether or not the relief sought is for negative  
18 or affirmative actions, by Declarant, the Association or any Owner.

19 Section 14 Rule Against Perpetuities. If any interest  
20 purported to be created by this Declaration is challenged under the  
21 Rule against Perpetuities or any related rule, the interest shall be  
22 construed as becoming void and of no effect as of the end of the  
23 applicable period of perpetuities computed from the date when the  
24 period of perpetuities starts to run on the challenged interest; the  
25 "lives in being" for computing the period of perpetuities shall be  
26 (i) those which would be used in determining the validity of the  
27 challenged interest, plus (ii) those of the issue of the Board who

1 are living at the time the period of perpetuities starts to run on  
2 the challenged interest.

3 Section 15 Change of Circumstances. Except as otherwise  
4 expressly provided in this Declaration, no change of conditions or  
5 circumstances shall operate to extinguish, terminate or modify any  
6 of the provisions of this Declaration.

7 Section 16 Law, Ordinances and Regulations. The  
8 covenants, conditions and restrictions set forth in this Declaration  
9 and the provisions requiring Owners and other persons to obtain the  
10 approval of the Board or the Architectural Committee with respect to  
11 certain actions are independent of the obligation of the Owners and  
12 other persons to comply with all applicable laws, ordinances and  
13 regulations, and compliance with this Declaration shall not relieve  
14 an Owner or any other person from the obligation to also comply with  
15 all applicable laws, ordinances and regulations.

16 Any violation of any state, municipal, or local law,  
17 ordinance or regulation pertaining to the ownership, occupation or  
18 use of any property within the Property is hereby declared to be a  
19 violation of this Declaration and subject to any or all of the  
20 enforcement procedures set forth herein.

21 Section 17 References to this Declaration in Deeds.  
22 Deeds to and instruments affecting any Lot or any part of the  
23 Project may contain the covenants, conditions and restrictions  
24 herein set forth by reference to this Declaration; but regardless of  
25 whether any such reference is made in any Deed or instrument, each  
26 and all of the provisions of this Declaration shall be binding upon  
the grantee-Owner or other person claiming through any instrument  
and his heirs, executors, successors and assignees.

1           Section 18 Notices. If notice of any action or proposed  
2 action by the Board or any committee or of any meeting is required  
3 by applicable law, this Declaration or resolution of the Board to be  
4 given to any Owner, Lessee or Resident then, unless otherwise  
5 specified herein or in the resolution of the Board, such notice  
6 requirement shall be deemed satisfied if notice of such action or  
7 meeting is published once in any newspaper in general circulation  
8 within Mohave County. This section shall not be construed to  
9 require that any notice be given if not otherwise required and shall  
10 not prohibit satisfaction of any notice requirement in any other  
11 manner.

11           Section 19 Notification of Sale and Transfer Fee.

12 Concurrently with the consummation of the sale or other transfer of  
13 any Lot, or within Fourteen (14) days after the date of such  
14 transfer, and transferee and shall notify the Association in writing  
15 of such transfer and shall accompany such written notice with a non-  
16 refundable transfer fee to cover Association documentation and  
17 processing. The transfer fee shall be in the amount to be  
18 established by the Board, but shall in no event exceed twice the  
19 then current regular monthly Assessment. The written notice shall  
20 set forth the name of the transferee and his transferor, the street  
21 address of the Lot purchased or acquired by the transferee, the  
22 transferee's mailing address, the date and sale or transfer, and the  
23 name and address of the transferee's Lender, if any. Prior to the  
24 receipt of such written notice, all notices required or permitted to  
25 be given by the Association to the Owner shall be deemed to be duly  
26 made or given to the transferee's predecessor in interest. The  
transfer fee shall be the personal obligation of the new Owner and

1 shall be secured by the lien. Notwithstanding the other provisions  
2 hereof, this Section shall not apply to a Lender who becomes an  
3 Owner by a foreclosure proceeding or any deed of assignment in lieu  
4 of foreclosure.

5 Section 20 Leases. Any agreement for the leasing or  
6 rental of a Residential Dwelling (hereinafter in this Section  
7 referred to as a "lease") shall provide that the terms of such lease  
8 shall be subject in all respects to the provisions of this  
9 Declaration, the Articles, the Bylaws, the Association Rules, the  
10 Architectural Rules and any applicable agreements between the  
11 Association and any federal agency. Said lease shall further  
12 provide that any failure by the tenant thereunder to comply with the  
13 terms of the foregoing documents shall be a default under the lease.  
14 All leases shall be in writing. Any Owner who shall lease his Lot  
15 shall be responsible for assuring compliance by such Owner's tenant  
16 with this Declaration, the Articles, the Bylaws, the Association  
17 Rules and the Architectural Rules, and shall be jointly and  
18 severally responsible for any violations thereof by his tenant.

19 Section 21 Dedication of Private Roads. It is the  
20 express intent of Declarant to establish and maintain the Project as  
21 a private community for the purpose of enhancing and protecting the  
22 value, desirability and attractiveness of the Project and the  
23 quality of life within the Project. Consistent with such intent,  
24 Declarant desires that all road, walkways, parking spaces and other  
25 thoroughfares within the Project be private and reserved for the  
26 Owners of Residences within the Project, along with their tenants,  
family members, guests and invitees. Therefore, the Association  
shall not, without the prior written consent of all Members,



1 dedicate, convey or transfer any ownership interest in the Private  
2 Roads lying within the project to the City, Mohave County, or to any  
3 governmental agency or body within the State of Arizona.

4 Section 22 Construction by Declarant. Nothing in this  
5 Declaration shall limit the right of Declarant to alter the Common  
6 Area or the Lots, or to construct such additional improvements as  
7 Declarant deems advisable prior to completion of improvements upon  
8 and sale of the entire Project. Such right shall include but shall  
9 not be limited to erecting, constructing and maintaining on the Real  
10 Property such structures and displays as may be reasonably necessary  
11 for the conduct of the business of completing the work and disposing  
12 of the same by sale, lease or otherwise. This Declaration shall not  
13 limit the right of a Declarant at any time prior to acquisition of  
14 title by a Purchaser to establish on the Real Property additional  
15 licenses, reservations and rights-of-way to itself, to utility  
16 companies, or to others as may from time to time be reasonably  
17 necessary to the proper development and disposal of the Project.  
18 Declarant reserves the right to alter its construction plans and  
19 designs as it deems appropriate. Declarant shall exercise its  
20 rights contained in this provision in such a way as not to  
21 unreasonably interfere with the Members' rights to use and enjoy the  
22 Common Area.

23 Section 23 Assignment by Declarant. The rights of  
24 Declarant hereunder may be assigned and/or transferred to any  
25 successor or successors to all or part of Declarant's interest in  
26 the Project by an express assignment incorporated in a recorded  
deed, lease or other instrument transferring such interest to such  
successor.

1           Section 24 Sales Program. Declarant shall have the  
2 absolute right to conduct a sales program within the Property,  
3 including maintaining a sales office and a construction office,  
4 displaying signs, flags and other sales material throughout the  
5 Property and otherwise conduct a sales program until the sale and  
6 conveyance by Declarant of the last Lot in the Property, whichever  
7 shall first occur. This Section shall not be amended, modified or  
8 rescinded prior to the conveyance by Declarant of the last Lot  
9 without the (a) prior written consent of Declarant, and (b)  
10 recording of said written consent in the Office of the County  
Recorder of Mohave County, Arizona.

11           Section 25 Gender. The singular, wherever used in this  
12 Declaration shall be construed to mean the plural when applicable,  
13 and the necessary grammatical changes required to make the  
14 provisions of this Declaration apply either to corporations or  
15 individuals, men or women, shall in all cases be assumed as though  
16 in each case fully expressed.

17           Section 26 Section Headings. The marginal or topical  
18 headings of the sections contained in this Declaration are for  
19 convenience only and do not define, limit or construe the contents  
of the sections or this Declaration.

20           Section 27 Invalid Terms. In the event any limitation,  
21 restriction, condition, covenant or provision contained in this  
22 Declaration is to be held invalid, void or unenforceable by any  
23 court of competent jurisdiction, the remaining portions of this  
24 Declaration shall, nevertheless, be and remain in full force and  
25 effect.  
26

1           Section 28 Exhibits. All exhibits, if any, referred to  
2 herein and attached hereto are a part hereof.

3           Section 29 Statutory Construction. In the event of any  
4 discrepancies, inconsistencies or conflicts between the provisions  
5 of this Declaration and the Articles, Bylaws, Association Rules and  
6 Architectural Rules, the provisions of this Declaration shall  
7 prevail.

8           IN WITNESS WHEREOF, this Declaration has been executed as of  
9 the 1st day of September, 2004.

Havasu Sunset Villas, LLC  
a California Limited Liability  
Company

By: [Signature]

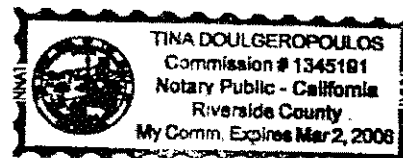
Its Owner

13 STATE OF ARIZONA)  
COUNTY OF MOHAVE) ss:

14           The foregoing instrument was acknowledged before me this  
15 1st day of September, 2004, by Robert C. Richey as  
16 managing member of Havasu Sunset Villas, LLC, a California limited  
17 liability company, on behalf of the limited liability company and  
18 further acknowledged to me that the limited liability company  
19 executed the within instrument pursuant to its operating agreement  
20 or a resolution of its members.

21 [Signature]  
22 Notary Public

23 My Commission Expires: 3-2-2006



**EXHIBIT "A"**

**SUNSET VILLAS, according to the plat thereof recorded March 25, 2004  
at Fee No. 2004-0235832, being a subdivision of Lots 2 through 5, Block 1,  
Tract 2192, Lake Havasu City, Arizona, recorded at Fee No. 68-51211,  
records of Mohave County, Arizona**

4

Ret:



PAGE: 1 of 4 FEE # 2007093795

**B: 7009 P: 819**

OFFICIAL RECORDS  
OF MOHAVE COUNTY  
JOAN MCCALL,  
COUNTY RECORDER



11/01/2007 10:46 AM Fee: \$14.00  
DOC TYPE: CCR  
PAID BY: WACHTEL BIEHN & MALM

1 **WACHTEL, BIEHN & MALM**  
2 **ATTORNEYS AT LAW**  
3 **2240 McCULLOCH BOULEVARD**  
4 **LAKE HAVASU CITY, AZ 86403**

5  
6 **SECOND AMENDMENT TO DECLARATION OF**  
7 **COVENANTS, CONDITIONS AND RESTRICTIONS FOR**  
8 **SUNSET VILLAS**

9  
10 This Second Amendment to the Declaration of Covenants, Conditions and  
11 Restrictions for Sunset Villas is made and entered into this 20<sup>th</sup> day of August, 2007, by  
12 HAVASU SUNSET VILLAS, LLC, a California Limited Liability Company ("Declarant")  
13 as follows:

14 **WITNESSETH:**

15 **WHEREAS**, Declarant executed and caused to be recorded that certain  
16 Declaration of Covenants, Conditions and Restrictions for Sunset Villas on August 3, 2004  
17 at Book 5142, Page 359, and that certain First Amended Declaration of Covenants,  
18 Conditions and Restrictions on September 10, 2004 at Book 5200, Page 115 in the records  
19 of the Mohave County Recorder's Office relating to that certain real property located in  
20 Mohave County, Arizona more particularly described on Exhibit "A" attached hereto and  
21 incorporated into the Declaration and as described on Exhibit "A" attached hereto (the  
22 "property");

23 **WHEREAS**, the Declaration in Article XI, Section 3(a) thereof, provides that the  
24 Declaration may be amended by Declarant until such time as Declarant no longer owns at  
25 least 20% of the lots and the amendments shall be effective when executed by Declarant  
26 and when recorded in the official records of Mohave County, Arizona.

Wachtel, Biehn & Malm  
Attorneys at Law  
2240 McCulloch Blvd.  
Lake Havasu City  
Arizona 86403  
(928) 855-5115  
Fax: (928) 855-5211

820

1           **WHEREAS**, Declarant declares that it owns at least 20% of the lots in Sunset  
2 Villas and, as such, is entitled to make this amendment.

3           **NOW, THEREFORE**, Declarant hereby amends the Declaration as follows:

4           2. Article IV, Section 2.21 is hereby amended as follows:

5                 Section 2.21 Leasing. All leases must be in writing and shall provide that  
6 the terms of the lease shall be subject in all respects to the provisions of the Project  
7 Documents and any failure of the lessee to comply with the terms of the Project Documents  
8 shall be default under the lease. Any owner who desires to lease their Residential  
9 Dwelling or Lot may do so only through a professional management company that is in the  
10 business of managing residential leases. Owners are prohibited from leasing their  
11 Residential Dwellings or Lots on their own or otherwise through an entity or person who is  
12 not a professional rental management agent. Upon the leasing of the residence, the Owner  
13 shall promptly notify the Association of the commencement and the termination date of the  
14 lease and the names of each lessee or other persons who will be occupying the residence  
15 during the terms of the lease.

16           IN WITNESS WHEREOF, this amendment to the Declaration has been executed  
17 as of this 13<sup>th</sup> day of September, 2007.

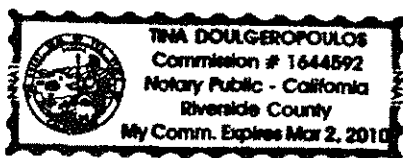
18                                 Havasu Sunset Villas, LLC,  
19                                 a California Limited Liability  
20                                 Company

21                                 By:   
22                                 Its: Owner

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**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of RiversideOn September 13, 2007 before me, Tina Dougeropoulos, Notary Publicpersonally appeared Robert C. Richey☒ personally known to me☐ (or proved to me on the basis of satisfactory evidence)

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**Title or Type of Document: Second Amendment to Declaration of C, C, & R's for Sunset VillasDocument Date: 9-13-07 Number of Pages: TwoSigner(s) Other Than Named Above: None**Capacity(ies) Claimed by Signer(s)**Signer's Name: Robert C. Richey

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☒ Other: Owner

Signer Is Representing: Homeowner Sunset Villas
 RIGHT THUMBPRINT  
OF SIGNER  
Top of thumb here

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

 RIGHT THUMBPRINT  
OF SIGNER  
Top of thumb here

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