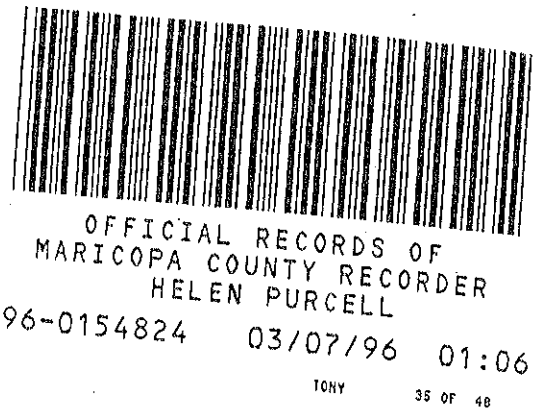


COVENANTS,  
CONDITIONS  
AND  
RESTRICTIONS

COVENANTS,  
CONDITIONS  
AND  
RESTRICTIONS

When recorded, return to:  
Casa Bella Realty and Management  
P.O. Box 55447  
Phoenix, AZ 85078-5447



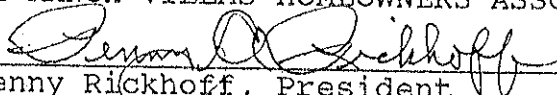
CERTIFICATE OF AMENDMENT TO THE  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
ADOBE RANCH VILLAS

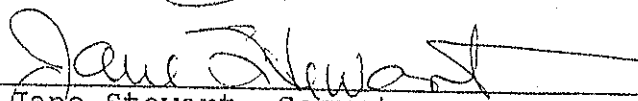
The undersigned President and Secretary of Adobe Ranch Villas Homeowners Association, Inc. hereby certify that at the meeting of the membership which was completed on November 6, 1995 by the affirmative vote of owners holding in excess of ninety percent (90%) of the total voting power in the Association, the Declaration of Covenants, Conditions and Restrictions for ADOBE RANCH VILLAS recorded at Document 94-0079055 of the records of the Maricopa County, Arizona Recorder and applying to the property described in the plat of record in the office of the Maricopa County, Arizona Recorder in book 369 of Maps, Page 48, was amended as set forth in Exhibit A attached hereto and by reference incorporated herein.

THEREFORE, said President and Secretary of ADOBE RANCH VILLAS HOMEOWNERS ASSOCIATION, INC. hereby certify the adoption of this amendment.

DATED this 23<sup>rd</sup> day of February, 1996.

ADOBE RANCH VILLAS HOMEOWNERS ASSOCIATION, INC.

By   
Penny Rickhoff, President

By   
Jane Stewart, Secretary

STATE OF ARIZONA  
County of Maricopa

)  
) ss  
)

This 23<sup>rd</sup> day of February, 1996, before me the undersigned Notary Public, personally appeared Penny Rickhoff, the President of ADOBE RANCH VILLAS HOMEOWNERS ASSOCIATION, INC., and as such officer and being authorized to do so executed the foregoing instrument for the purposes therein contained by signing the name of the Association as such officer.

IN WITNESS WHEREOF, I do hereby set my hand and official seal.

  
Notary Public

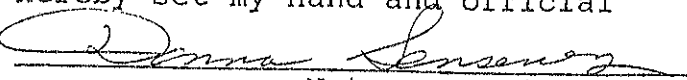
My Commission expires: 11/6/96

STATE OF ARIZONA  
County of Maricopa

)  
) ss  
)

This 23<sup>rd</sup> day of February, 1996 before me the undersigned Notary Public, personally appeared Jane Stewart, the Secretary of ADOBE RANCH VILLAS ASSOCIATION, INC., and as such officer and being authorized to do so executed the foregoing instrument for the purposes therein contained by signing the name of the Association as such officer.

IN WITNESS WHEREOF, I do hereby set my hand and official seal.

  
Notary Public

My commission expires: 11/6/96

EXHIBIT A

AMENDMENT TO DECLARATION OF COVENANTS  
CONDITIONS AND RESTRICTIONS

AMENDMENT I

ARTICLE IV - SECTION 4

ARCHITECTURAL COMMITTEE

The members of the Architectural Committee, not only shall consist "of not less than three (3) members appointed by the board", but "Each member appointed shall be appointed for a term of three (3) years. A member may serve more than one term but not more than two consecutive terms".

AMENDMENTS TO DECLARATION OF COVENANTS  
CONDITIONS AND RESTRICTIONS

**AMENDMENT 1**

ARTICLE IV - SECTION 4

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Express  
WHEN RECORDED, MAIL TO:  
CRUSE, FIRETAG & BOCK  
5611 North 16th Street  
Phoenix, AZ 85016



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL

94-0079055 01/28/94 05:00

TAMMIE 1 OF 1

AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR ADOBE RANCH VILLAS

ARTICLE I: RECITALS

SECTION 1. THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ADOBE RANCH VILLAS (the "Declaration") is made on the 28th day of January, 1994, by Barton Homes, Inc., an Arizona corporation (the "Declarant"). The Declarant is the owner of the following described real property and improvements located thereon which are located in Maricopa County, Arizona, and more particularly described as:

"Lots 1 through 38 of ADOBE RANCH VILLAS, according to the Plat of Record in Book 369 of Maps, Page 48, records of Maricopa County, Arizona" (the "Property").

SECTION 2. Declarant intends to construct buildings containing Townhouses (as hereinafter defined) on the Property and desires to impose certain easements, restrictions, covenants and conditions on the Property to protect the value and desirability of the Property.

SECTION 3. Declarant hereby declares the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purposes of protecting the values and desirability of, and which shall run with, the above described Property and the easements, restrictions, covenants and conditions shall be binding upon all persons or entities having any right, title or interest in and to the above described Property or any part thereof, together with their heirs, personal representatives, successors and assigns.

SECTION 4. The easements, restrictions, covenants and conditions shall inure to the benefit of all persons or entities having any right, title or interest in and to the above described Property or any part thereof, together with their heirs, personal representatives, successors and assigns.

recording # 930570330  
date 12/13/93

## ARTICLE II: DEFINITIONS

SECTION 1. "Architectural Committee" means the committee established by the Board pursuant to Article IV Section 4 of this Declaration.

SECTION 2. "Architectural Committee Rules" means the rules adopted by the Architectural Committee as said rules may be amended from time to time.

SECTION 3. "Articles" means the Articles of Incorporation of the Association which have been or will be filed in the Office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

SECTION 4. "Association" shall mean and refer to ADOBE RANCH VILLAS Homeowners Association, Inc., an Arizona nonprofit corporation and its successors and assigns.

SECTION 5. "Association Rules" means the rules and regulations adopted by the Association, as the same may be amended from time to time.

SECTION 6. "Board" means the Board of Directors of the Association.

SECTION 7. "Bylaws" means the bylaws of the Association, as such bylaws may be amended from time to time.

SECTION 8. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

"Tracts 'A' through 'G' of ADOBE RANCH VILLAS, a subdivision recorded in Book 369 of Maps, Page 48, records of Maricopa County, Arizona."

SECTION 9. "Declarant" shall mean and refer to Barton Homes, Inc., an Arizona corporation.

SECTION 10. "First Mortgage" means any mortgage or deed of trust with first priority over any other mortgage or deed of trust.

SECTION 11. "First Mortgagee" means the holder of any First Mortgage.

SECTION 12. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.



SECTION 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation and excluding Declarant.

SECTION 14. "Plat" means the plat of survey of ADOBE RANCH VILLAS, which plat has been recorded with the County Recorder of Maricopa County, Arizona, in Book \_\_\_\_\_ of Maps, Page \_\_\_\_\_, and all amendments thereto.

SECTION 15. "Project" means the Property described in Section 1 and in Section 8, together with all buildings and other improvements located thereon and all easements, rights and appurtenances belonging thereto.

SECTION 16. "Project Documents" means this Declaration and the Articles, Bylaws, Association Rules and Architectural Committee Rules.

SECTION 17. "Property" shall mean and refer to that certain real property hereinbefore described.

SECTION 18. "Purchaser" means any person other than the Declarant who by means of a voluntary transfer becomes the Owner of a Lot.

SECTION 19. "Single Family" means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of persons not all so related, together with their domestic servants who maintain a common household in a dwelling.

SECTION 20. "Single Family Residential Use" means the occupation or use of a residence by a Single Family in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.

SECTION 21. "Townhouse" means any portion of a building situated upon a Lot which is designed and intended for independent ownership for use and occupancy as a residence by a single family and which is connected by a Party Wall to another portion of the same building which portion is also designed and intended for independent ownership for use and occupancy as a residence by a single family.

SECTION 22. "Visible from Neighboring Property" means, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

### ARTICLE III: PROPERTY RIGHTS

SECTION 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded;

B. The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and the recreational facilities thereon, if any.

SECTION 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment to the Common Area and facilities, if any, to the members of his family, his tenants or contract purchasers who reside on the property.

SECTION 3. Maintenance and Repair of Buildings. No building, residence, improvement or structure upon any Lot nor the landscaping on any Lot, shall be permitted to fall into disrepair, and it shall be the Owner's responsibility at Owner's sole cost and expense to maintain the Lot in a neat and clean manner free of trash and other unsightly objects and the Association shall have the right, but not the obligation to enter upon such Owner's Lot to perform all such maintenance, repair and replacement the Association deems necessary in its sole discretion upon the Owner's failure to do so within thirty (30) days after receiving written notice from the Association requesting such repair, replacement and/or maintenance be performed. The cost of such repair, replacement and/or maintenance performed by the Association shall be added to and become a part of the annual assessment to which the Lot is subject as hereinafter provided in ARTICLE VII, Section 3.

The City of Scottsdale is not responsible for and will not accept responsibility for the maintenance of any of the Common Areas, improvements thereon or streets in the ADOBE RANCH VILLAS subdivision described in Article I, Section 1, of the Covenants, Conditions and Restrictions.

### ARTICLE IV: THE ASSOCIATION

SECTION 1. Rights, Powers and Duties. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, By-Laws, and this Declaration together with such

rights, powers and duties as may be reasonably necessary to effectuate the objectives and purposes of the Association as set forth in this Declaration.

SECTION 2. Board of Directors and Officers. The affairs of the Association shall be conducted by a board of directors and such officers and committees as the Board may elect or appoint, in accordance with the Articles and the By-Laws.

SECTION 2.1. Indemnification. The Association shall indemnify Developer and every Director and Officer and their heirs, executors, administrators, successors and assigns against all loss, cost and expense, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party, by reason of being or having been a Director or officer of the Association (or in the case of Developer by reason of the appointment, control or removal of members of the Board), including reasonable matters wherein he shall be finally adjudged in such action, suit or proceeding to be liable for or guilty of negligence, except to the extent such liability, damage or injury is covered by any type of insurance; however, this indemnification shall not cover any acts of gross negligence, willful misconduct or with fraudulent or criminal intent. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director, Developer or officer may be entitled.

SECTION 3. Association Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations (the "Association Rules"). The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be available for inspection by the Members at reasonable times. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

SECTION 4. Architectural Committee. The Board shall establish an architectural committee (the "Architectural Committee") consisting of not less than three (3) members appointed by the Board to regulate the external design, appearance and use of the Property and to perform such other functions and duties as may be imposed upon it by this Declaration, the By-Laws or the Board.

#### ARTICLE V: MEMBERSHIP

SECTION 1. Identity of Members. Membership in the Association shall be limited to Owners of Lots. An Owner of a

Lot shall automatically, upon becoming the Owner thereof, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

SECTION 2. Transfer of Membership. Membership in the Association shall be appurtenant to each Lot and a membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of a Lot and then only to such Purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the Association.

#### ARTICLE VI: VOTING RIGHTS

SECTION 1. Classes of Members. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners of Lots, with the exception of the Declarant and Developer. Each Class A member shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When seventy-five percent (75%) of the Lots have been conveyed to Purchasers; or

(b) Five (5) years after the conveyance of the first Lot to a Purchaser; or

(c) When the Declarant notifies the Association in writing that it is converting its Class B membership to Class A membership.

SECTION 2. Joint Ownership. When more than one person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one ballot be cast with respect to any Lot. The vote or votes for each such Lot must be cast, as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a ballot representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one ballot is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

SECTION 3. Corporate Ownership. In the event any Lot is owned by a corporation, partnership or other association, the corporation, partnership or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the president or general partner of such corporation, partnership or association shall have the power to vote the membership.

SECTION 4. Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any assessments or other amounts due under any of the provisions of this Declaration, the Articles, By-Laws and Association Rules and Architectural Committee Rules for a period of fifteen (15) days, said Owner's right to vote as a Member of the Association shall be suspended and shall remain suspended until all payments, including accrued interest and attorneys' fees, are brought current, and for a period not to exceed 60 days for any infractions of the Declaration, the Articles, By-Laws and Association Rules and Architectural Committee Rules.

ARTICLE VII: COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. Creation of the Lien and Personal obligation of Assessments. The Declarant, for each Lot owned by it, hereby covenants, and each Owner of a Lot by becoming the Owner thereof, whether or not it is expressed in the deed or other instrument by which the Owner acquired ownership of the Lot, is deemed to covenant and agree to pay to the Association: (1) annual assessments, (2) supplemental assessments and (3) special assessments for capital improvements. The annual, supplemental and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owners' successors in title unless expressly assumed by them.

SECTION 2. Purpose of the Assessments. The assessments levied by the Association shall be used exclusively for the upkeep and maintenance of the Common Area, as the Association is obligated to maintain under ARTICLE XI of this Declaration.

SECTION 3. Maximum Annual Assessment.

(a) Until January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment for each Lot shall be Eight Hundred Forty Dollars (\$840.00).



(b) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the Board may, without a vote of the Association, increase the maximum annual assessment during each fiscal year of the Association by an amount that does not exceed an amount that is proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (All Items), U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics (1967 = 100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefor by the United States government.

(c) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment may be increased by an amount greater than the maximum increase allowed pursuant to (a) above, only by a vote of at least two-thirds (2/3) of the votes entitled to be cast by Owners who are voting in person or by proxy at a meeting duly called for such purpose.

SECTION 4. Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are, or will, become inadequate to meet all expenses of the Association, for any reason, including, without limitation, nonpayment of assessments by the Owners, it shall immediately determine the approximate amount of such inadequacies for such fiscal year and prepare a supplemental budget and levy a supplemental assessment against each Lot in such amount as the Board deems necessary in order to obtain the amount of such inadequacies. Notice of any such supplemental assessment shall be given to each Owner. The supplemental assessment shall be paid on such dates and in such installments as may be determined by the Board. No supplemental assessment shall be levied by the Board until such assessment has been approved by at least two-thirds (2/3) of the Owners who are voting in person or by proxy at a meeting duly called for such purpose.

SECTION 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any fiscal year, a special assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement of the Common Area, including fixtures and personal property related thereto, for any other lawful Association purpose, provided that any such assessment shall have the assent of Owners having at least two-thirds (2/3) of the votes entitled to be cast by Owners who are voting in person or by proxy at a meeting duly called for such purpose.

SECTION 6. Notice and Quorum for Any Action Authorized Under ARTICLE VII Sections 3, 4 or 5. Written notice of any meeting called for the purpose of taking any action authorized

under ARTICLE VII Section 4, 5 or 6 shall be sent to all Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast sixty percent (60%) of all the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the number of votes present to constitute a quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 7. Uniform Rate of Assessment. Annual, supplemental and special assessments must be fixed at a uniform rate for all Lots except that the Declarant shall pay only 25% of the annual, special or supplemental assessment attributable to Lots owned by the Declarant until any Residence on any such Lot is occupied for single family residential use. If a Lot ceases to qualify for the reduced 25% rate of assessment during the period to which an annual, supplemental or special assessment is attributable, such assessment shall be prorated between the applicable rates on the basis of the number of days in the period that the Lot qualified for such rate.

SECTION 8. Date of Commencement of Annual Assessment; Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the first Lot to a Purchaser. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Board may require that the annual assessment be paid in installments and in such event the Board shall establish the due dates for each installment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment, or any installment of an assessment, not paid within thirty (30) days after the assessment, or the installment of the assessment, first became due shall bear interest from the due date at the rate of six percent (6%) per annum or the prevailing fixed FHA/VA interest rate for new home loans, whichever is higher. Any assessment, or any installment of an assessment, which is delinquent shall become a continuing lien on the Lot against which such assessment was made. The lien may be perfected by the recordation of a "Notice of Claim of Lien" which shall set forth (1) the name of the delinquent Owner as shown on the records of the Association, (2) the legal description, street address and number of the Lot

against which the claim of lien is made, (3) the amount claimed as of the date of the recording of the notice including interest, lien recording fees and reasonable attorneys' fees, (4) the name and address of the Association. The Association's lien shall have priority over all liens or claims created subsequent to the recordation of the Notice of Claim of Lien except liens for real property taxes on the Lot, assessments on any Lot in favor of any municipal or other governmental body and the liens which are specifically described in ARTICLE VII of the Declaration.

Before recording a lien against any Lot the Association shall make a written demand to the defaulting Owner for payment of the delinquent assessments together with interest and reasonable attorneys' fees, if any. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Lot of the defaulting Owner. The Association shall not be obligated to release any lien recorded pursuant to this Section until all delinquent assessments, interest, lien fees and reasonable attorneys' fees have been paid in full whether or not all of such amounts are set forth in the Notice of Claim of Lien.

The Association shall have the right, at its option, to enforce collection of any delinquent assessments, together with interest, lien fees, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law including, but not limited to, (a) bringing an action at law against the Owner personally obligated to pay the delinquent assessments and such action may be brought without waiving any lien securing any such delinquent assessments or (b) bringing an action to foreclose its lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

SECTION 10. Subordination of the Lien to Mortgages. The lien of the assessment as provided for in this Declaration shall be subordinate to the lien of any First Mortgage or deed of trust on any Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due from the lien thereof.

SECTION 11. Exemption of Owner. No Owner of a Lot may exempt himself from liability for annual, supplemental or special assessments levied against his Lot or for other amounts which he



may owe to the Association under the Declaration, the Articles, By-Laws and Association Rules and Architectural Committee Rules by waiver and non-use of any of the Common Area and facilities, if any, or by the abandonment of his Lot.

SECTION 12. Maintenance of Reserve Fund. Out of the annual assessments, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and such improvements on the Lots as the Association is obligated to maintain.

SECTION 13. No Offsets. All Assessments shall be payable in accordance with the provisions of the Declaration, and no offsets against such Assessments shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Declaration, the Articles, By-Laws and Association Rules and Architectural Committee Rules.

#### ARTICLE VIII: PERMITTED USES AND RESTRICTIONS

SECTION 1. Residential Use. All Lots shall be used, improved and devoted exclusively to single family residential use. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any Lot. All buildings or structures erected upon the Property shall be of new construction and no buildings or structures shall be moved from other locations onto the Property without the prior written approval of the Architectural Committee.

SECTION 2. Animals. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any property and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be visible from neighboring property. Upon the written request of any Owner, the Board shall determine whether, for the purposes of this Section, a particular animal is a generally recognized house or yard pet, or nuisance, or whether the number of animals on any such property is reasonable. Any decision rendered by the Board shall be enforceable to the same extent as other restrictions contained in this Declaration.

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

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

SECTION 5. Improvements and Alterations. No improvements, alterations, repairs, excavations, landscaping (except for such planting and landscaping as is installed in accordance with the initial construction of buildings on a lot or such planting or landscaping as is enclosed by a fence or wall or in area not maintained by the Association) or other work which in any way alters the exterior appearance of any property or the improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by Declarant to a Purchaser, shall be made or done without the prior written approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, landscaping, residence or other structure shall be commenced, erected, maintained, improved, altered, made or done without the prior written approval of the Architectural Committee. No change or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee. All decisions of the Architectural Committee shall be final and no Owner or other parties shall have recourse against the Architectural Committee for its refusal to approve any such plans and specifications or plot plan, including lawn area and landscaping.

SECTION 6. Temporary Occupancy. No trailer, tent, shack, garage or barn, and no temporary buildings or structure of any kind shall be used by any time on any portion of the Property for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such property shall be removed immediately after the completion of construction.

SECTION 7. Trucks, Trailers, Campers and Boats. No mobile home, motor home, trailer, truck, camper, truck with a camper shell, boat, boat trailer or similar vehicle or equipment shall be parked, kept, placed, maintained, constructed, reconstructed, serviced or repaired, upon any street (public or private), Lot, driveway, or Common Area.

SECTION 8. Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed, serviced or repaired on any Lot, Common Area,

street (public or private) or other property so as to be visible from neighboring property, and no inoperable vehicle may be stored or parked on any Lot, Common Area, street (public or private) or any other property, so as to be visible from neighboring property; provided however, the provisions of this Section 8 shall not apply to emergency repairs.

SECTION 9. Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any property and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such property as to be offensive or detrimental to any of the property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, shall be located, used or placed on any such property.

SECTION 10. Trash Containers and Collection. No garbage or trash shall be placed or kept on any property except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be visible from neighboring property except to make the same available for collection and then, only for the shortest time reasonably necessary to effect such collection. The Board shall have the right to require all Owners to place their garbage or trash containers at a specific location for collection or to require all Owners to subscribe to a trash collection service. All rubbish, trash and garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot. No garbage or trash containers shall be kept or placed on any grass or other landscaped area.

SECTION 11. Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any property so as to be visible from neighboring property.

SECTION 12. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any property except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a residence, appurtenant structures, or other improvements, and except that which Declarant or the Association may require for the operation and maintenance of the Property.

SECTION 13. Restriction on Further Subdivision and Time Shares. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner, and no portion less than all of any such Lot shall be conveyed or transferred by any Owner

without the prior written approval of the Board. Neither the ownership nor occupancy or any Lot shall be in time shares. No Owner shall transfer, sell, assign or convey any time share in his Lot and any such transaction shall be void. "Time share" as used in this Section shall mean the right to occupy a Lot or any one of several Lots during five (5) or more separated time periods less than thirty (30) days per period over a period of at least five (5) years, including renewable options, whether or not coupled with an estate or interest in a Lot or a specified portion of a Lot.

**SECTION 14. Signs.** No signs whatsoever (including, but not limited to, commercial, advertising, political and similar signs) shall be erected or maintained anywhere on the Property including but not limited to, the inside or outside of windows in any building located on the Property, except:

(a) Such signs as may be required by legal proceedings;

(b) Not more than one (1) residential identification sign with a total face area of eighty (80) square inches or less for each Lot; and

(c) One (1) "for rent" or "for sale" sign not larger than five (5) square feet for each Lot provided such sign has been approved in writing by the Architectural Committee.

**SECTION 15. Declarant's Exemption.** Notwithstanding any other provision of the Declaration, the Articles, By-Laws and Association Rules and Architectural Committee Rules, it shall be expressly permissible for the Declarant and/or Developer or its duly authorized agents, employees and representatives to maintain during the period of construction and sale of Lots such facilities, structures and signs as are necessary or convenient to the sale of the Lots, including, but without limitation, a business office, storage area, construction yards, model units or homes and sales offices; provided, however, that such use of the Common Area by the Declarant must be reasonable and must not interfere with any Owner's use and enjoyment of the Common Area.

**SECTION 16. Planting and Landscaping.** Except for (i) such planting and landscaping as is installed in accordance with the initial construction of buildings on a Lot, or (ii) such planting and landscaping as is enclosed by a fence or wall or in an area not maintained by the Association, no planting or landscaping shall be done and no fences, hedges or walls shall be erected or maintained on any Lot without the prior written approval of the Architectural Committee.

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ARTICLE IX: EASEMENTS

SECTION 1. Utility Easement. There is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing, and maintaining all utilities, including, but not limited to, water, sewer, gas, telephone, electricity and a cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility to erect and maintain the necessary poles and other necessary facilities and equipment on the Common Area. This easement shall in no way affect any other recorded easements on the Common Area.

SECTION 2. Easement for Encroachments. The Declarant presently intends to construct townhouses on the Lots, with a Townhouse located on each Lot. In the event a Townhouse constructed on a Lot encroaches upon another Lot or the Common Area a valid easement for such encroachment and for the maintenance of same, so long as it stands, shall and does exist.

SECTION 3. Easements for Ingress and Egress. Easements for ingress and egress are hereby reserved to the Declarant, the Owners, and their family, guests, tenants and invitees for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the Common Area; and for vehicular traffic over, through and across such portions of the Common Area as from time to time may be paved and intended for such purposes; and for such other purposes reasonably necessary to the use and enjoyment of a lot or the Common Area.

SECTION 4. Association's Easement For Performing Maintenance Responsibilities. The Association shall have an easement upon, across, over and under the Common Area and the Lots for the purpose of repairing, maintaining and replacing the Common Area and those portions of the Lots which the Association is obligated to maintain under ARTICLE VII of this Declaration.

ARTICLE X: PROPERTY RIGHTS

SECTION 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area. Said easement shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) the right of the Association to adopt reasonable rules and regulations governing the use of the Common Area and all facilities located thereon, if any;

(b) the right of the Association to suspend the voting rights and the rights to the use of the recreational facilities, if any, of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Declaration, the



Articles, By-Laws and Association Rules and Architectural Committee Rules:

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication or transfer shall be effective unless evidenced by an instrument signed by at least two-thirds (2/3) of each class of Members;

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

SECTION 2. Delegation of Use. Any Owner may delegate, subject to this Declaration and the Association Rules, his right of enjoyment of the Common Area and facilities to the members of his family, his tenants, his guests or invitees, provided such delegation is for a reasonable number of persons and at reasonable times.

SECTION 3. Limitations. An Owner's right and easement of enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot. 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 any Owner's Lot, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the Common Area.

ARTICLE XI: MAINTENANCE

SECTION 1. Maintenance of Common Area by the Association. The Association shall be responsible for the maintenance, repair and replacement of the Common Area and may, without any approval of the Owners being required, do any of the following:

(a) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area);

(b) Construct, reconstruct, repair, replace or refinish any portion of the Common Area used as a road, street, walk, driveway and parking area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area);

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

(d) Place and maintain upon any such area such signs as the Board may deem appropriate for the property identification, use and regulation thereof;

(e) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the appearance thereof, in accordance with the general purposes specified in this Declaration.

SECTION 2. Exterior Maintenance by Association. In addition to the maintenance, repair and replacement of the Common Area and the Improvements located thereon, the Association shall maintain, repair and replace the front yard landscaping on the Lots except for such landscaping as is located within a front yard that is enclosed by a fence or wall. In addition, the Association shall maintain, repair and replace the pool, pool area and cabana located thereon. In addition, the Association shall maintain the paint on the exterior walls of the buildings contained in the Project. The Association shall maintain the streets and sidewalks located within the Adobe Ranch Villas subdivision. In the event the need for maintenance, repair or replacement of any portion of the Lots which are to be maintained by the Association pursuant to this Section is caused by the willful or negligent act of an Owner, his family, guests, invitees or animals for whom he is legally responsible under Arizona law, the Association shall cause the maintenance or repair to be performed, and the cost of such maintenance or repair shall be paid by the Owner upon demand, such amount shall be a lien upon any Lots owned by the Owner, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of assessments.

SECTION 3. Maintenance by Owners. Each Owner shall be solely responsible for the maintenance, repair and replacement of the following portions of his Lot:

(a) The interior of his Townhouse including, the interior of any yard, patio, garage or other area enclosed by fence or wall and the contents thereof, and any air conditioning unit, heating unit, hot water heater and other fixtures and equipment which service his individual Townhouse. This obligation shall include, but not be limited to, the maintenance, repair, and replacement of windows, doors and all interior surfaces of Townhouse, including, without limitation, floors, ceilings, interior wall surfaces, sheet rock (plasterboard), or wall covering;

(b) The roof of his Townhouse;

(c) Any fixtures or pipes within his Townhouse and any utility lines or pipes from the Owner's Lot line to his Townhouse; and

(d) Such landscaping as is located in the front yard which is enclosed by a fence or wall and any landscaping contained on any side yard or backyard.

No Owner of a Lot shall do any work which will impair the structural integrity of the building in which his Townhouse is located or which will adversely affect any other Townhouse or the Common Area. No Owner shall perform any maintenance or repair work which would alter the exterior appearance of his Townhouse without the prior written approval of the Architectural Committee.

SECTION 4. Damage or Destruction of Common Area by Owners. No Owner shall in any way damage or destroy any Common Area or interfere with the activities of the Association in connection therewith. Any expenses incurred by the Association by reason of any such act of an Owner shall be paid by said Owner, upon demand, to the Association to the extent that the Owner is liable therefor under Arizona law, and such amounts shall be a lien on any Lots owned by said Owner and the Association may enforce collection of any such amounts in the same manner as provided elsewhere in this Declaration for the collection and enforcement of assessments.

SECTION 5. Payment of Utility Charges. Each Lot shall be separately metered for water, sewer and electrical service and all charges for such service to Lots shall be the sole obligation and responsibility of the Owner of each Lot. All bills for water, sewer and electric service to the Common Area shall be billed to the Association, and the Association shall be responsible for the payment of such charges.

SECTION 6. Termite and Pest Control. The Association shall have the right, but not the obligation, to perform, or contract to have performed on behalf of the Association, termite and pest control service for the Lots, and the Improvements located thereon, except for the interior of the townhouse located thereon. In the event the Association exercises its right under this Section to provide termite and pest control service to the Lots, the cost of such service shall be a common expense of the Association and shall be assessed to the Owner as part of the annual assessment levied by the Association. If the Association does not exercise its right under this Section to provide termite and pest control service to the Lots, then each Owner shall be responsible for performing, or contracting to have performed, such termite and pest control service for his Lot as is necessary to keep his Lot, and the Improvements located thereon, free from termite and pest infestation.



SECTION 7. Damage or Destruction of Common Area by Owners.

No Owner shall in any way damage or destroy any Common Area or interfere with the activities of the Association in connection therewith. Any expenses incurred by the Association by reason of any such act of an Owner shall be paid by said Owner, upon demand, to the Association to the extent that the Owner is liable therefor under Arizona law, and such amounts shall be a lien on any Lots owned by said Owner and the Association may enforce collection of any such amounts in the same manner as provided elsewhere in this Declaration for the collection and enforcement of assessments.

SECTION 8. Nonperformance by Owners. If any Owner fails to maintain any portion of his lot, and the improvements located thereon, which he is obligated to maintain under the provisions of the Project Documents, the Association shall have the right, but not the obligation, to enter upon such Owner's Lot to perform the maintenance and repairs not performed by the Owner, and the cost of any such work performed by or at the request of the Association shall be paid for by the Owner of the Lot, upon demand from the Association, and such amounts shall be a lien upon the Owner's Lot and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of Assessments.

ARTICLE XII: PARTY WALLS

SECTION 1. Rights and Duties of Adjoining Owners. The rights and duties of Owners of Lots with respect to party walls shall be governed by the following provisions:

(a) Each wall which is placed on the dividing line between separate Lots, including a wall dividing separate Townhouses, shall constitute a party wall. With respect to any such wall, each of the adjoining Owners shall assume the burden and be entitled to the benefit of the restrictive covenants contained in this Declaration, and to the extent not inconsistent with this Declaration, the general rules of law regarding party walls shall be applied;

(b) The cost of reasonable repair and maintenance of a party wall shall be shared by the adjoining Owners of such wall in proportion to the use thereof, without prejudice, however, to the right of any Owner to call for a larger contribution from the adjoining Owner under any rule of law regarding liability for negligent or willful acts or omissions;

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, tenants, licensees, guests or family (including a loss by fire or other casualty or ordinary wear and tear and deterioration from lapse of time) then, in such event, both such adjoining Owners shall proceed forthwith to

rebuild or repair the same to as good condition as formerly at their joint and equal expense; provided, however, that if the insurance proceeds payable to such Owners are insufficient to completely rebuild the party walls then the Association shall have the right to obtain the funds necessary to rebuild the party walls by levying a special assessment pursuant to Section \_\_\_\_\_ of this Declaration;

(d) Notwithstanding any other provision of this Article, an Owner who, by his negligent or wilful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements;

(e) The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owners and their successors in title;

(f) In addition to meeting the other requirements of this Declaration and of any other building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild a party wall, shall first obtain the written consent of the adjoining Owner and the Board;

(g) In the event of a dispute between Owners with respect to the repair or the rebuilding of a party wall or with respect to sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to arbitration under such rules as made from time to time to be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three (3) arbitrators, one chosen by each of the Owners, and the third by the two so chosen, or, if the arbitrators do not agree as to the selection of the third arbitrator within five (5) days, then by any Judge of the Superior Court of Maricopa County, Arizona. A determination of the matter signed by any two of the arbitrators shall be binding upon the Owners who shall share the cost of the arbitration equally. In the event one party fails to choose an arbitrator within ten (10) days after personal receipt or request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators;

(h) The provisions of this Article shall be binding upon the heirs and assigns of any Owners, but no person shall be liable for any act or omission respecting the party wall except such as took place while he was an Owner.

#### ARTICLE XIII: INSURANCE

SECTION 1. Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

(a) Comprehensive general liability insurance in an amount determined by the Board, but not less than \$1,000,000.00. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area and all other portions of the Property which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

(b) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

(c) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners;

(d) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(1) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition of recovery on the policy;

(2) That the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by owners or their mortgagees or beneficiaries under deeds of trust;

(3) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of any Owner because of the negligent acts of the Association or other Owners;

(4) Statement of the name of the insured as "ADOBE RANCH VILLAS Homeowners Association, Inc.";

(5) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the First Mortgagee of any Lot that is named in the policy at least ten (10), days in advance of the effective date of any substantial modification, reduction or cancellation of the policy;

(e) If the Property is located in an area identified by the Secretary of Housing & Urban Development as an area having special flood hazards, a policy of flood insurance on the Common

Area must be maintained in the lesser of one hundred percent (100%) of the current replacement cost of the buildings and any other property covered by the required form of policy or the maximum limit of coverage available under the National Insurance Act of 1968, as amended;

SECTION 2. Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

SECTION 3. Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to this Article shall be included in the budget of the Association and shall be paid by the Association.

SECTION 4. Insurance Obtained by Owners. Each Owner shall be responsible for obtaining property insurance for his own benefit and at his own expense covering his Lot and his Townhouse and all other Improvements situated on his Lot and all personal property situated on his Lot. Each Owner shall also be responsible for obtaining at his own expense liability insurance covering claims arising out of or in connection with the use, ownership or maintenance of his Lot.

SECTION 5. Payment of Insurance Proceeds. With respect to any loss to the Common Area covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 6 of this Article, the proceeds shall be disbursed for the repair or restoration of the damage to Common Area. With respect to any loss to any Lot, or the Improvements located thereon, which is covered by property insurance obtained by the Association, the loss shall be adjusted with the Owner of said Lot and the proceeds shall be payable to said Owner and any holders of liens on said Lot as their interest may appear.

SECTION 6. Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Area damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged

or destroyed, the Association may make a reconstruction assessment against all Lot Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Lot Owner.

#### ARTICLE XIV: RIGHTS OF MORTGAGEES

SECTION 1. In the event the Association becomes in default in the payment of taxes, assessments or other charges pertaining to the common area, one or more holders of first mortgages and/or first deeds of trust on Lots within the subdivision shall have the right, but not the obligation, acting jointly or singly, to cause said obligations to be paid. Upon such payment, the Association shall become indebted to such mortgagee or mortgagees in the amount so paid, and such indebtedness shall be immediately due and payable.

SECTION 2. Should the Association fail to timely pay the premiums on liability and hazard insurance on property owned by the Association which insurance will be maintained in such amounts as are required by the Federal Home Loan Mortgage Corporation, one or more holders of first mortgages and/or first deeds of trust on Lots within the subdivision shall have the right, but not the obligation, acting jointly or singly, to cause said premiums to be paid. Upon such payment, the Association shall become indebted to such mortgagee or mortgagees in the amount so paid and such indebtedness shall be immediately due and payable. In addition, the Association shall procure and maintain fidelity insurance coverage insuring the Association against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the Owner; such coverage shall be in such amount as is required by the Federal Home Loan Mortgage Association.

SECTION 3. The holder of a first mortgage or first deed of trust on any Lot within the subdivision shall have the right, upon submitting a written request to the Association, to receive written notification from the Association of any default by the owner of the subject Lot under the provisions of the ADOBE RANCH VILLAS Homeowners Association, Inc. Covenants, Conditions and Restrictions which has continued for a period of not less than sixty (60) days.

#### ARTICLE XV: PROFESSIONAL MANAGEMENT

The Association shall have the right to retain the services of a professional manager or management company for the ADOBE RANCH VILLAS Homeowners Association, Inc. In the event the Association does enter into an agreement with a third party for the professional management of the subdivision, or with the Declarant for any services to be rendered by the Declarant, such

agreement shall be for a term of not more than three (3) years and shall be terminable by either party without cause and without payment of a termination fee or penalty upon thirty (30) days written notice from the terminating party to the other.

#### ARTICLE XVI: GENERAL PROVISIONS

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

SECTION 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 3. Amendment. The covenants and restrictions of this declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Owners.

SECTION 4. FHA/VA Approval. As long as there is a Class B membership and provided the FHA and/or VA have approved the subdivision for FHA and/or VA loan, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Dedication of Common Area and amendment of these Covenants, Conditions and Restrictions.

SECTION 5. Arbitration. In the event of any dispute or disagreement between any Owners relating to the Project or any question of interpretation or application of the Project Constituent Documents, the determination thereof by the Board of Directors shall be final and binding on each and all of the Owners. If a decision cannot be reached by the Board of Directors in connection with any matter submitted to or considered by the Board of Directors, such matter shall be submitted and settled in accordance with the current rules and regulations of the American Arbitration Association in Maricopa County, Arizona, and any decision made or rendered thereon shall be final and binding upon all of the Owners and the Association.



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IN WITNESS WHEREOF, the undersigned, being the Declarant  
herein, has hereunto executed this Declaration this 28th day of  
January, 1994.

BARTON HOMES, INC., an Arizona  
corporation

By

Its

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this  
28th day of January, 1994, by HARRICK BACKER  
who is the PRESIDENT of  
Barton Homes, Inc., an Arizona corporation, on behalf of the  
corporation.

Virginia M. Hamplaine  
Notary Public

My Commission Expires:

7-6-94