

OF COVENANTS, CONDITIONS AND RESTRICTIONS

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THIS FIRST AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter the "Declaration"), made on the date hereinafter set forth by SECURITY TITLE AGENCY, an Arizona corporation, as Trustee under its Trust No. 5556, and not individually, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, Declarant is the owner as Trustee of certain real property (hereinafter referred to as the "Property"), located in the City of Mesa, County of Maricopa, State of Arizona, which is more particularly described as:

Lots 1 to 80, inclusive, and Tracts A, B and E, CAMELOT GOLF CLUB ESTATES, UNIT ONE, a subdivision according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 185 of Maps, at page 50.

WHEREAS, a Declaration of Covenants, Conditions and Restrictions (hereinafter the "Original Declaration") covering the Property was heretofore made and executed, and was recorded in the office of the County Recorder of Maricopa County, Arizona, on December 14, 1976, in Docket 11986, at page 567, et. seq.;

AND WHEREAS, Declarant now desires to amend said Original Declaration in certain respects, and for and to effect

that purpose desires to file and record this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Original Declaration (recorded as aforesaid on December 14, 1976 in Docket 11986, at page 567, et. seq.) be, and hereby is, fully amended, replaced and superceded by and effective upon recordation of, this Declaration, the same as though this Declaration had been first made and recorded and the Original Declaration had never existed, and Declarant hereby declares that all of the Property described above shall be held, sold and conveyed subject to this Declaration and the following easements, restrictions, covenants and conditions herein contained and set forth, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding upon all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall insure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to CAMELOT PROPERTY OWNERS ASSOCIATION, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether individually or as trustee or otherwise, and the beneficiaries of any such trust, whether one or more persons or entities, of the 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.

Section 3. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought and/or included within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners, and as to the Property herein described shall mean and include Tracts A, B and E, as shown on the subdivision map of the Property.

Section 5. "Lot" shall mean and refer to any numbered and designated lot shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Security Title Agency, an Arizona corporation, as Trustee under its Trust No. 5556, and its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

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 charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by 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 its published rules and regulations;

(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 Class B member, or after termination of the Class B Membership by two-thirds (2/3) or more of the Class A members (as hereinafter defined). No such dedication or transfer shall be effective unless an instrument has been recorded agreeing to such dedication or transfer signed by the Class B Member or after termination of the Class B Membership by two-thirds (2/3) of the Class A members.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws of the Association his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

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MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners (except the Declarant while Class B membership exists), and each Class A member shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. The Class B member shall be the Declarant. In any event Declarant 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 the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on December 31, 1980.

ARTICLE IV

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COVENANT FOR MAINTENANCE ASSOCIATION

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the Property, hereby covenants, and each Owner of any lot by acceptance or recordation to such Owner of a deed thereof whether or not shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such as assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney fees, shall be a charge on the land 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 attorney fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property and for the improvement and maintenance of the Common Area.

Section 3. Maximum Annual Assessment.

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Until January 1

of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Hundred Twenty Dollars (\$120.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five per cent (5%) above the maximum assessment for each year after said January 1 date above without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above five per cent (5%) as aforesaid, by the vote of the Declarant, if Declarant is then a Class B member and two-thirds (2/3) of the Class A members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) Subject to the foregoing, and without the necessity of obtaining any approval, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole

or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Declarant, if the Declarant is then a Class B Member and two-thirds (2/3) of the votes of the Class A members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty per cent (60%) of all the votes of the entire membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots subject hereunder to such assessment and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments:

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 Common Area to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot subject thereto 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 due dates shall be established by the Board of Directors. 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. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments:

Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight per cent (8%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. No owner may ever or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien and obligation of any and all mortgages, deeds of trust and other security documents placed or caused to be placed by Declarant upon and/or covering more than one (1) Lot for the purpose of off-site improvements in and upon the Property or covering one (1) or more lots for the purpose of construction and installation of a residence, dwelling and other improvements thereon. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by

the Declarant as long as the Class B membership exists, and thereafter by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Declarant, Board, or its designated committee, as the case may require, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will be deemed granted and/or shall not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, Declarant 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 Declarant 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. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise 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. Following the expiration of ten (10) years from the recording of these Covenants and Restrictions, this Declaration, and/or any and all of the covenants and restrictions herein, may be revoked, cancelled or amended by an instrument signed by the Owners of not less than seventy-five per cent (75%) of the lots. Notwithstanding the foregoing, this Declaration, and/or the covenants and restrictions herein, may be amended at any time prior to termination of the Class B membership herein or December 31, 1978, whichever occurs first, by Declarant with joinder and written approval of the Owners of fifty-one per cent (51%) or more of the lots. Any such revocation, cancellation, termination or amendment must be recorded to become effective.

Section 4. Annexation. Additional residential property and Common Area may be annexed to the Property and included herein at the instance of the Declarant, without consent of the members within seven (7) years of the date of this Declaration, if the Declarant is then a Class B Member, and if the FHA and VA determine the annexation is in accord with the general plan approval by them.

Section 5. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior

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approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 5th day of January, 1977.

SECURITY TITLE AGENCY, an Arizona corporation, as Trustee under its Trust No. 5557, and not individually,

By Marion A. Hakes
Trust Officer

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 5th day of January, 1977, before me, the undersigned Notary Public, personally appeared MARION A. HAKES, known to me to be the person whose name is subscribed to the foregoing instrument as Trust Officer of SECURITY TITLE AGENCY, an Arizona corporation, and who acknowledged to me that he or she executed the same for and on behalf of said corporation, being authorized so to do, and for the purposes and consideration therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Dan Brand
Notary Public

My commission expires:

My Commission Expires July 13, 1980

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SECURITY TITLE AGENCY
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SECURITY TITLE AGENCY

ARTICLES OF INCORPORATION
OF
CAMELOT PROPERTY OWNERS ASSOCIATION
(A Nonprofit Corporation)

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, hereby associate ourselves together for the purpose of forming a private corporation, not for pecuniary profit under and by virtue of the laws of the State of Arizona, and for such purpose hereby adopt Articles of Incorporation as follows:

ARTICLE I

The name of the corporation, hereinafter referred to as "the Association", shall be CAMELOT PROPERTY OWNERS ASSOCIATION.

ARTICLE II

The Association is organized pursuant to general nonprofit corporations laws of the State of Arizona.

ARTICLE III

The names, residences and post office addresses of the incorporator(s) are:

ARTICLE IV

The Association is organized and shall be operated as a homeowners association, as that term is defined in Section 528 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE V

The Association initially intends to engage in the following activities (which shall be construed as the character of the nonprofit business which the Association initially intends to conduct in the State of Arizona):

A. Providing for the acquisition, construction, managements, maintenance and care of "association property" as that term is defined in Section 528(c)(4) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law); and

B. Performing all matters to be performed by the Association, as set forth in those certain Declarations pertaining to Lots 1 through 80, inclusive, and Tracts A, B and E, Camelot Golf Club Estates, Unit One, recorded in Docket 12023, page 412 of the records of the Maricopa County, Arizona Recorder, and Lots 81 through 151, inclusive, and Tracts H, J, K, L, N and O, Camelot Golf Club Estates, Unit 2A, recorded in Docket 12703, page 226 of the records of the Maricopa County, Arizona Recorder.

Such initial intention shall in no manner whatsoever limit the character of the activities and businesses in which the Association may ultimately engage; provided, however, that the Association shall engage only in activities and businesses which may be engaged in by entities described in (and then, only to the extent permitted by) Section 528 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE VI

No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of Association property as that term is defined in Section 528(c)(4) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), and other than by rebate to members of excess membership dues, fees and assessments, (and not net earnings) to the benefit of or be distributable to any member, director or officer of the Association, or to any private individual, except that reasonable compensation may be paid for services rendered to or for the Association and other payments and disbursements may be made in furtherance of one or more of its purposes. Upon the dissolution of the Association, the assets, both real and personal of the Association, after rebate to members of excess membership dues, fees and assessments (and not net earnings) shall be dedicated to an appropriate public agency or utility to be devoted to purposes as similar as possible to those which they will require to be devoted by the

Association. In the event that such dedication is refused, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association trust or other organization to be devoted to purposes as similar as possible to those to which they were required to be devoted by the Association.

ARTICLE VII

The time of commencement of CAMELOT PROPERTY OWNERS ASSOCIATION shall be the date of issuance to it of the Certificate of Incorporation by the Arizona Corporation Commission, and the period of its existence shall be perpetual.

ARTICLE VIII

The original Bylaws of the Association shall be adopted by the initial Board of Directors.

ARTICLE IX

The number of persons to serve on the Board of Directors shall be fixed by the Bylaws of the Association, but in no event shall the number be less than three. The initial Board of Directors which shall serve until the First Annual Meeting of Members or until their successors are elected and qualify, shall consist of four (4) members whose names and addresses are as follows:

ARTICLE X

The Association does hereby appoint DONALD O. FULLER, whose address is Suite 600, 20 East Main Street, Mesa, Arizona, 85201, who has been a bona fide resident of Arizona for at least three (3) years, its initial statutory agent.

ARTICLE XI

These Articles of Incorporation may be amended by the affirmative vote of two-thirds (2/3) of the members present or represented by proxy and voting at a meeting called for that purpose, and at which a quorum exists as defined by the Bylaws.

IN WITNESS WHEREOF, for the purpose of forming a nonprofit corporation under the laws of the State of Arizona, we, the undersigned incorporator(s), have executed these Articles of Incorporation this _____ day of _____, 1983.