

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CAMINO DEL REY**

**Restated and Amended as of
January 16, 2019**

THIS DECLARATION, made as of the date hereinafter set forth by Camino del Rey Homeowners Association, Inc., an Arizona non-profit corporation representing its Members (hereinafter referred to as “Association”).

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WITNESSETH

WHEREAS, the Association and its Members are the Owners of certain real Property situated in the City of Mesa, County of Maricopa, State of Arizona, which is more particularly described on Exhibit “A” attached hereto and incorporated by reference (hereinafter referred to as the “Property”); and

WHEREAS, the Association further desires to establish for its own benefit and that of its Members and for the mutual benefit of all future Owners and Occupants of the Property or any part thereof certain easements and rights in, over and upon said Property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, the Association desires and intends that the Lot Owners, Mortgagees, beneficiaries and trustees under trust deeds, Occupants and all other persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the rights, easements, privileges and restrictions hereinafter set forth, all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part thereof, and shall inure to the benefit of each Owner thereof, and all of which are declared to be in furtherance of a plan to promote and protect the cooperative use, conduct and maintenance of the Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness thereof.

NOW, THEREFORE, the Association on behalf of itself and its Members, and for the purposes herein before set forth, declares as follows:

Article 1: Definitions. As used herein, unless the context otherwise requires, the following terms shall have the following meanings:

- 1.1 Association** means Camino del Rey Homeowners Association, Inc., an Arizona nonprofit corporation, its successors and assigns and, unless otherwise provided, shall mean and include its Board of Directors of the Association.
- 1.2 Board** means the Board of Directors of the Association.
- 1.3 CDR** is the abbreviation for Camino del Rey.
- 1.4 Common Areas** means all of the Property designated as Tracts A through L on the plat reference together with all other Property owned by the Association for the common use and enjoyment of its Members including, but not limited to, the clubhouse, swimming pool and recreations area, parking areas, streets, landscaping and all appurtenances thereto which are necessary for the operation thereof, and all other areas of the Property except the Lots.

- 1.5 Common Expenses** shall mean the expenses for the operation, maintenance, repair and restoration of the Common Areas, including but not limited to salaries, wages, payroll taxes, real Property taxes and assessments, attorneys and accountants fees, supplies, materials, parts, services, maintenance, repairs and replacements, landscaping, insurance, fuel, power and adequate reserves for the restoration and replacement of the Common Areas and appurtenances thereto.
- 1.6 Constituent Documents** shall include this Declaration, the Articles of Incorporation and the Bylaws of the Association, all as they may be amended from time to time. The Articles of Incorporation of the Camino del Rey Homeowners Association, Inc. notarized on January 12, 1984, are currently on file with the office of the Corporations Commission of the State of Arizona, the Maricopa County Recorder's Office, and the clubhouse for Homeowner reference upon request.
- 1.6 Declaration** means this instrument by which the Property is submitted to a planned unit development, as from time to time amended.
- 1.7 Improvements** means the buildings, streets, parking areas, fences, walls, plantings and all other structures and landscaping of every type and kind.
- 1.8 Lease** means any agreement for the leasing or rental of a Single Family Residence constructed on a Lot.
- 1.9 Lot** means each of the 122 numbered parcels of real Property designated on the Plat attached hereto as Exhibit "B," together with all improvements constructed or to be constructed thereon and appurtenances thereto.
- 1.10 Majority or Majority of Owners** means the Owners holding more than 50% of the votes entitled to be cast with respect to the affairs of the Association.
- 1.11 Member** shall mean an Owner of a Lot. If a Member is a corporation or a partnership, the Member shall be represented by an officer, partner, agent or authorized employee of such Member.
- 1.12 Mortgage** means any recorded, filed or otherwise perfected instrument given in good faith and for valuable consideration which is not a fraudulent conveyance under Arizona law as security for the performance of an obligation, including, without limitation, a deed of trust, but not including any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code.
- 1.12.1 Eligible Insurer of Guarantor** means an insurer or governmental guarantor of a First Mortgage on a Lot who has informed the Association of such insurer's or guarantor's address and has requested notification of the right to participate in (if applicable) any action to be taken by the Association pursuant to Articles 12, 16 and 17 hereof.

- 1.12.2 Eligible Mortgage** is a Mortgage held by an Eligible Mortgage Holder.
- 1.12.3 Eligible Mortgage Holder** means the holder of a First Mortgage against a Lot who has in writing informed the Association of such holder's address and has requested notification of the right to participate in (if applicable) any action to be taken by the Association pursuant to Articles 12, 16 and 17 hereof.
- 1.12.4 First Mortgage** means a Mortgage which is the first and senior of all Mortgages on the same Property.
- 1.12.5 Mortgagee** means a Person secured by a Mortgage, including a trustee and beneficiary under a deed of trust.
- 1.12.6 Mortgagor** means the party executing a Mortgage.
- 1.13 Occupant** means a Person or Persons, other than the Owner, in rightful possession of a Lot.
- 1.14 Owner** means the record owner, whether one or more Persons or entities, of the fee simple title, whether or not subject to any Mortgage, to any Lot, including a purchaser under an agreement for sale within the meaning of A.R.S. 33-741, but excluding those having such interest merely for the security for the performance of an obligation. In the case of Lots, the fee simple title to which is vested of record in a Trustee pursuant to A.R.S. 33-801 et seq., the Trustor shall be deemed to be the owner thereof.
- 1.15 Parking Space** means any parking space in any perimeter parking area maintained by the Association, as shown on Exhibit "B" attached hereto, but does not include any driveway constructed upon any Lot.
- 1.16 Person** means a natural individual, corporation, partnership, trustee or other entity capable of holding title to real Property.
- 1.17 Plat** means the subdivision Plat of the Property, attached hereto as Exhibit "B" and which was recorded in Book 260 of Maps at page 7 in the office of the Recorder of Maricopa County, Arizona.
- 1.18 Property** means all of the real Property described in Exhibit "A" attached hereto.
- 1.19 Record or Recording** means the Record or the act of recording at the Maricopa County Recorder's Office.
- 1.20 Simple Majority or Simple Majority of Owners** means the Owners holding more than fifty percent (50%) of the votes entitled to be cast with respect to the affairs of the Association. Only one vote per Lot is permitted.

- 1.21 Single Family** means not more than three persons, each related to the other by blood, marriage or legal adoption, or not more than two persons so related.
- 1.22 Single Family Residence** means a home on one Lot used as a residence by a Single Family.
- 1.23 Single Family Residential Use** means the occupational use of a Single Family Residence in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.
- 1.24 Super Majority or Super Majority of Owners** means the Owners holding sixty-six and two-thirds percent (66-2/3%) or more of the votes entitled to be cast with respect to the affairs of the Association. Only one voter per Lot is permitted.
- 1.25 Wall** is an upright structure serving to enclose, divide or protect.
- 1.25.1 Common Wall** is any Wall constructed on the boundary between a Lot and the Common Areas.
- 1.25.2 Party Wall** is any Wall constructed on the boundary between two (2) Lots.
- 1.25.3 Perimeter Wall** is any Wall constructed on a Lot or Association Property that borders non-Association Property.
- 1.25.4 T-Wall** is the short Wall with the light located wholly on each Lot.

Article 2: Association.

The Association has been formed to serve as the governing body for all of the Owners for the protection, improvement, alteration, expansion, augmentation, disposal, divestment, maintenance, repair, replacement and administration and operation of the Common Areas, and the assessment and payment of expenses, payment of losses, disposition of insurance proceeds received by the Association, and other matters as provided in the Constituent Documents.

The Association shall not be deemed to be conducting a business of any kind and all funds received by the Association shall be held and applied by it for the benefit of the Owners in accordance with the provisions of the Constituent documents.

Each Owner shall be a Member of the Association as soon and so long as such ownership exists. Such membership shall terminate when an Owner ceases for any reason to be an Owner, and the new Owner shall automatically succeed to such membership in the Association.

Membership in the Association shall not be transferred, pledged or alienated in any way except upon the sale of the Lot to which it is appurtenant (and then only to such purchaser) or by intestate succession, testamentary disposition, foreclosure of a Mortgage of record or other legal

process transferring fee simple title to such Lot (and then only to the Person or entity to whom such fee simple title is transferred).

Any attempt to make a prohibited transfer will be void and will not be recognized by or reflected upon the records of the Association. In the event an Owner shall refuse or neglect to transfer the membership upon the sale or other transfer of such Lot, the Association shall have the right to issue a new membership to the purchaser and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered.

- 2.1 Qualifications of Directors.** Each director shall be an Owner or the spouse of an Owner (or, if an Owner is a corporation, partnership, or trust, a director may be an officer, partner or beneficiary of such Owner) who is in compliance with these CC&Rs and the Bylaws. If a director shall cease to meet such qualifications during such director's term, the directorship and such space on the Board shall be deemed vacant.
- 2.2 Board's Determination Binding.** Subject to the right of any Owner to institute an action at law pursuant to the provisions of Article 17 hereof, in the event of any dispute or disagreement between any Owners relating to the Property, or any question of interpretation or application of the provisions of the Constituent Documents, the determination thereof by the Board shall be final and binding on each and all of such Owners.
- 2.3 Additional Provisions in the Articles of Incorporation and Bylaws of the Association.** The Articles and Bylaws may contain any provision not inconsistent with the law or with this Declaration relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and members.

Article 3: Use of Common Areas.

There shall be appurtenant to each Lot a non-exclusive and perpetual right of easement to use the Common areas in common with all other Persons entitled to use the Common Areas for their intended purposes as provided herein. Such right and easement shall extend to each Resident and qualified guests and invitees of each Owner.

Such right and easement shall be subject to such limitations, restrictions, rules and regulations as may from time to time be promulgated by the Board and shall be subject to and governed by the provisions of the Constituent Documents. The Board shall have the authority to Lease to Owners and Residents only, convey easements or grant concessions consistent with the overall character and use of the Property and to change the character, description and use thereof, subject to the provisions of the constituent Documents.

Any funds received by the Association from Leases, concessions or other sources shall be held and used for the benefit of the members of the Association pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe. Notwithstanding any provisions in the Constituent Documents, there shall be perpetual and appurtenant to the ownership of such Lot.

Article 4: Occupancy, Leasing and Use Restrictions.

For purposes of establishing a quiet and peaceful adult community to serve the particular needs and desires of adult Residents:

- 4.1** One (1) Resident of the home shall be not less than fifty-five (55) years of age and no Resident shall be less than twenty-one (21) years of age. If the elder of the Owners in residence should die, the surviving Owner in residence at that time has the right to continue in residence. No member of an Owner's or Occupant's family, nor any guest, agent, servant, tenant or invitee of an Owner or Occupant or any other Person for whom an Owner or Occupant is responsible who is less than twenty-one (21) years of age shall reside or remain on any Lot for a period of more than two (2) weeks during any calendar year. Guests who are more than twenty-one (21) years of age may visit a resident for one month, or longer with permission from the Board.
- 4.2** No part of the Property shall be used for other than a Single Family Residence and the related common purpose for which the Property was designed. Without limiting the foregoing, no Owner shall permit a Single Family Residence to be used for transient or hotel purposes. No Owner of a Lot shall rent or Lease such Lot, except any Owner who rented the Lot prior to July 6, 2005. Such Owner may continue Leasing the Lot, except that such right to Lease the Lot shall terminate upon the sale of the Lot by the Person who was the Owner as of July 6, 2005. Any Lease must be for the entire Lot and for a period of not less than ninety (90) days. It shall in all respects be subject to and in compliance with the provisions of the Constituent Documents and shall expressly provide that a violation of any such provisions shall be a default under the Lease. Owner(s) who have an immediate family member(s) who is/are fifty-five (55) plus years of age living in their unit(s) are not considered to be Leasing their Lot. A sublease is prohibited.
- 4.3** To establish a register of Leased property, each Owner of a Leased property must present the existing Arizona Rental/Lease Property Sales Tax number of a Lease currently in effect. Each Owner of a Lot that is being Leased shall provide the Board of Directors with documentation of each new tenancy which shall include the names and telephone numbers of the tenants, the term of the tenancy and photo identification with proof of age. It shall be the responsibility of the Owner(s) to provide the tenants with current copies of the Declaration of Covenants, Conditions and Restrictions, Bylaws and Rules and Regulations and amendments thereto. The Board of Directors may permit a Lot Owner to Lease his/her Lot for a maximum of one year whenever, in its opinion, such action may be necessary or desirable to alleviate a hardship resulting from death, extended illness, transfer or other similar cause. Any Lease under this circumstance will be reviewed yearly.
- 4.4** An Owner may maintain an office or shop within which he operates a computer, does bookkeeping, accounting, arts and crafts or other things of a similar nature which are low profile and low traffic and which do not cause a nuisance, providing such use complies with the zoning applicable to CDR.

- 4.5** No Owner shall keep or maintain anything or shall permit any condition to exist upon such Owner's Lot or cause any condition on the Property which materially impairs or interferes with the use and enjoyment by any other Owners of their Lots and the Common Areas.
- 4.6** No Owner shall have more than two (2) commonly accepted household pets at any one time without the prior written consent of the Board. No pets shall be allowed upon the Common Areas without leashes, and the Owner shall immediately remove from any Lot and the Common Areas any defecation left by such pets. No pets which create a nuisance for other Owners or Occupants shall be allowed.
- 4.7** If the Board determines that any motor vehicle is creating loud or annoying noises by virtue of its operation on the Property, or that the parking or storage of any vehicle or trailer on the Property is unsightly or detracts from the overall character of the Property, such determination shall be conclusive and final that the operation or storage of such vehicle is a nuisance and that, upon notice by the Board to the Owner of the vehicle or the Owner of the Lot upon which it is stored or operated, such activity shall be prohibited within the Property.
- 4.8** No structure of a temporary character other than temporary construction facilities utilized in connection with the repair or restoration of any Improvement shall be permitted upon the Property, and no tent, shack, barn, or trailer shall be permitted on the Property, temporarily or permanently, unless with the prior written consent of the Board.
- 4.9** No barbecue or other incendiary or smoke producing devices shall be used or operated except on the patio or rear area of any Lot and in no case shall such devices be operated in such manner as to create a nuisance for Occupants of adjoining Lots.
- 4.10** A "For Sale" sign and/or a dignified name and/or address sign(s) are the only signs allowed on an Owner's Property. Per 2007 Legislative updates, Sections 33-1261(C) and 33-1808(C), the size of a "For Sale" sign shall be in conformance with the industry standard size sign, which shall not exceed 18"x24", and the industry standard size sign rider, which shall not exceed 6"x24", and a "For Sale" sign no larger than 6"x24" can be placed in an Owner's window.
- 4.11** No other signs or graphics of any nature, whatsoever, shall be so permitted on an Owner's Property or Common Area without the prior written consent of the Board.
- 4.12** No spotlight, floodlights or other high intensity lighting shall be placed or utilized upon any Lot or any structure erected thereon which will in any manner allow light to be directed or reflected on any other Lot or the Common Areas without the prior written consent of the Board.

- 4.13** No window air conditioners or portable units of any kind shall be installed in any Single Family Residence or any other structure upon any Lot without the prior written consent of the Board.
- 4.14** No exterior window treatments including, without limitation, shutters, shade screens, mirrors and stained glass shall be permitted without the prior written consent of the Board. Enclosures, shade screens or other items affecting the exterior appearance of any patio or rear yard shall not be permitted without such consent and shall be subject at all times to the provisions of Article 10 hereof.
- 4.15** No clothesline shall be installed and no personal property shall be stored on any Lot which is visible from any other Lot or from the Common Areas.
- 4.16** Without limiting the foregoing, each Owner shall maintain and keep his or her Lot at all times in a safe, sound and sanitary condition and shall repair or otherwise correct any condition and refrain from any activity which might interfere with the reasonable enjoyment by other Lot Owners of their Lots or of the Common Areas.
- 4.17** No Owner shall place or permit any personal property, garbage, debris and refuse to be placed and accumulate in the visible areas in or adjacent to any Lots. All garbage, debris and refuse shall be kept in suitable containers which must be stored within an area which is not visible from any other Lot or the Common areas.
- 4.18** Unless otherwise authorized by law, antennas one meter or less in diameter or diagonal measurement which are designed for over-the-air reception of signals from direct broadcast satellites (DBS), multi-channel multi-point distribution providers (MMDS) or television broadcast stations (TVBS), together with their mounting hardware and mast if applicable (an "Antenna System") and which are placed or installed on a lot must comply with the following restrictions unless the particular restrictions would impair the user's ability to receive signal from a provider of DBS, MMDS, or TVBS (a provider):
- (A)** An Antenna System must be placed on the Lot in such manner as to not be visible from any other Lot or the Common Areas.
 - (B)** If an Antenna System cannot be placed on the Lot in such a manner without impairing the user's ability to receive signals from a Provider, the Antenna System must be installed in a location which reduces to the greatest extent possible its visibility from other Lots or the Common Areas without impairing the user's ability to receive such signals.
 - (C)** If no other location is available without impairing the user's ability to receive signals from a Provider and an Antenna System must be mounted on a residence or other structure and is visible from any other Lot or the Common Areas, the System must be painted a color which will blend into the background against which it is mounted, provided such painting does not promote signal loss or void warranties.
 - (D)** Antenna Systems designed to receive video transmissions from MMDS or TVBS which require masts to receive an acceptable signal must be mounted on masts which do not exceed twelve feet (12') in height above the roof line,

provided that no mast shall be higher than is necessary to establish line of sight contact with the transmitter.

- (E) A restriction shall be considered to impair the user's ability to receive signals from a Provider if compliance with the restriction would unreasonable delay or prevent installation, maintenance or use of the System or preclude reception of an acceptance quality signal.

4.19 Pursuant to the right of entry provided for in Article 5 hereof, the Board or its authorized agents may enter upon any Lot on which a violation of these restrictions exists and may correct such violation at the expense of the Owner of such Lot. Such expense shall be secured by a lien against the Lot as provided in Article 24.1 hereof.

The Association may modify the foregoing restrictions and may otherwise restrict and regulate the occupancy and use of the Property by reasonable rules and regulations of general application adopted by the Board from time to time.

Article 5: Entry by the Board or its Agent.

Requests for entry to a Lot or Residence are to be made in advance and at a reasonable time convenient to the Owner of such Lot. In the case of an emergency, such right of entry shall be immediate.

5.1 Owners shall permit the Association or their representatives, when so required, to enter their Lot and/or Residence for the purpose of performing installations, alterations or repair to mechanical or electrical systems.

5.2 Owners shall permit other Owners or their representatives to enter their Lot for the purpose of repairing or maintaining a Party Wall.

5.3 In the event of a violation, the Board or their representatives may correct such violation at the expense of the Owner of such Lot. Expenses, if not paid, shall be secured by a lien against the Lot as provided in Article 24.1 hereof.

5.4 In the event of an emergency, the party exercising the right of entry shall take reasonable measures to secure the Residence until the Owner or Occupant has been notified of such entry.

Article 6: Parking Spaces.

Parking spaces shall be part of the Common Areas and the Board shall have full authority to establish, operate and manage such parking spaces for and on behalf of all Owners, and the use thereof shall be subject to such rules and regulations as may be imposed by the Board.

6.1 Liability of Association. Neither the Association nor the Board shall assume any

liability of any kind or nature with respect to any vehicles moved within or parked upon any portion of the Common Areas. Any Person operating or parking any vehicles within the boundaries of the Common Areas shall do so entirely at such Person's own risk and such Person shall indemnify and hold both the Association and The Board harmless from and against all claims, demands, actions, causes of actions, and proceedings arising out of the presence of any such vehicle within the boundaries of the Common Areas.

Article 7: Copy of Declaration to New Members.

The Board shall give each new Owner of a Lot a copy of this Declaration, as amended, within sixty (60) days written notice of the conveyance of a Lot to such new Owner. However, the failure of the Board to provide such copy shall not relieve the new Owner from compliance with this Declaration nor waive any of the rights, conditions or restrictions stated herein or create any liability on the part of the Association, the Board or their agents.

Article 8: Alterations, Additions and Improvements.

No alterations of any Common areas or additions or improvements thereto or to any exterior portion of a Single Family Residence shall be made by any Owner without the prior written approval of the Board. Any Owner may make non-structural alterations within the interior of any Single Family Residence without the prior written approval of the Board, but such Owner shall be responsible for damage to an adjoining Lot which may result from such alteration.

Article 9: Walls.

The rights and obligations of Occupants with respect to walls as designated in the graphic attached hereto as Exhibit "C" shall be as follows:

- 9.1** The Occupant(s) of adjoining Lots have the right to use the Party Wall that separates the Lots equally, provided that such use by one Occupant does not interfere with the use and enjoyment of the other Occupant(s).
- 9.2** In the event that any Party Wall is damaged or destroyed through the act of any Occupant (whether such act is negligent or otherwise culpable), it is the obligation of the Owner(s) to rebuild or repair the Party Wall without cost to the adjoining Owner(s).
- 9.3** In the event a Party Wall is damaged or destroyed from ordinary wear over time, or an act of nature, it is the obligation of both Owners to rebuild or repair the Wall at their joint and equal expense.
- 9.4** There shall be no impairment of the structural integrity or any change in the size of any Party Wall without prior Board approval and the prior consent of all Owners of the Wall in question.

- 9.5** In the event of a dispute between Owners with respect to the repair or rebuilding of a Party Wall, or with respect to sharing the cost thereof, the Owners of the Wall shall submit the dispute to the Board of Directors, the decision of which shall be binding.
- 9.6** An Owner who has a Common Wall as a boundary wall has the same rights and obligations as previously stated, but shares them with the Association as the other “Owner.”
- 9.7** An Owner who has a Perimeter Wall as a boundary wall has the same rights and obligations as previously stated. To maintain the integrity of Camino Del Rey, the Owner must repair or rebuild a Perimeter Wall that is damaged.
- 9.8** The T-Wall is wholly owned by the Owner of the Lot. It is the Owner’s obligation to maintain the structural integrity and appearance of the T-Wall.

Article 10: Architectural Control.

Plans and specifications showing the nature, kind, color, shape, height, materials, location and any other physical attributes visible from any other Lot of the Common Areas shall be submitted to and approved in writing by the Architectural Committee or the Board of the following:

- 1.** A building, fence, wall, tower, awning, sign, or any other structure that is constructed, erected, placed or maintained upon the Property.
- 2.** Any exterior addition or alteration to the Property including exterior walls and entryway.

The request must be acknowledged by a member of the Architectural Committee or Board within ten (10) days of submission.

Article 11: Mortgages.

Each Owner shall have the right, subject to the provisions hereof, to make separate Mortgages against his Lot. No Owner shall have the right or authority to make, create or cause to be made or created any Mortgage, or other lien or security interest, on or affecting the Property or any part thereof, except to the extent of his Lot.

Article 12: Protection for Eligible Mortgage Holders.

All Eligible Mortgage Holders, Eligible Insurers and Guarantors shall be entitled to written notification by the Association upon:

- 1.** The commencement of eminent domain or condemnation proceedings against all or any part of the Property.

2. A written request to receive an audited or reviewed financial statement as soon as one is available, at no cost, on or before ninety (90) days following the end of the fiscal year of the Association.
3. Default by any Mortgagor in the performance of any obligation if not paid within thirty (30) days of the default.
4. Any proposed action requiring the consent of Eligible Mortgagors holding Mortgages upon a specified number or percentage of Lots set forth in the Declaration.

Article 13: Maintenance, Repairs and Replacements, Right of Access.

Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements upon or within any Single Family Residence constructed upon a Lot, all air conditioning, electrical, plumbing and heating systems and utility lines which serve such residence, and the patio, rear yard and entry area behind any fence, entry gate or gateway.

The Association shall furnish and be responsible for, as a Common Expense, all of the maintenance, repairs and replacements to the Common Areas and shall also be responsible for the maintenance and repair of the irrigation system and the maintenance, but not necessarily replacement, of existing plants and trees in the front yard areas of all the Lots extending beyond the front yard walls. Planting of new or replacement plants or trees in such front areas shall require approval of the Board. Any landscaping installed by any Owner, other than in such front yard areas, shall be kept adequately weeded, watered and neatly trimmed by such Owner.

If, due to the willful or negligent act of an Owner, a member of an Owner's family or a guest, Occupant or visitor of such Owner, or other person for whom such Owner may be responsible, damage shall be caused to a Lot or Lots or any structure(s) erected thereon or if maintenance, repairs or replacements shall be required which would otherwise be a Common Expense (as hereinafter defined), then such Owner, if liable for such damage under local law, upon receipt of a statement from the Board shall pay for such damage and for such maintenance, repairs or replacements as may be determined by the Board. The amount so payable, together with interest at the rate of twelve (12) percent per annum from the date such amount is due plus costs and attorney's fees shall be secured by a lien against such Owner's Lot as provided in Article 24.1 hereof.

An authorized representative or agent of the Board or of the Association shall be entitled to access at any time to each of the Lots as may be required in connection with the maintenance, repairs or replacements of or to the Common Areas or to any equipment, fixtures or facilities affecting or serving any Lots or the Common Areas.

Article 14: Decorating.

Each Owner shall furnish and be responsible for all of the interior decorating within the Single Family Residence constructed upon such Owner's Lot and the costs thereof, including wallpapering, painting, paneling, floor covering, draperies, window shades, curtains and all furniture and other interior decorating.

Article 15: Encroachments.

If any portion of the Common Areas shall encroach upon any Lot, or if any structure constructed upon any Lot shall encroach upon the Common Areas or upon any other Lot, whether such encroachment results from the original construction or from subsequent alterations, settlement or shifting, there shall be deemed to be mutual easements in favor of the Association and the respective Lot Owners to the extent of such encroachment so long as the same shall exist, provided however, that such easement shall not result from any alteration or addition made by an Owner without the prior written approval of the Board. The Association shall have the right to maintain the Common Areas, regardless of any encroachment.

Article 16: Destruction, Condemnation and Restoration of Common Areas.

In the event of damage, destruction or condemnation of any portion of the Common Areas, restoration of such Common Areas shall be undertaken by the Association without a vote of the Owners. Such restoration shall be performed substantially in accordance with the original plans and specifications of the Common Areas unless other action is approved by a Majority vote of all Lot Owners with the concurrence of Eligible Mortgage Holders, if any, holding Mortgages on such Lots.

Article 17: Remedies.

In the event that any Owner fails to comply with the provisions of the CC&Rs, Bylaws, or Rules and Regulation of the Association, any other Owner or the Board of Directors shall have the right to remedy the violation. Likewise, if the Board of Directors fails to comply with or enforce the provisions of the CC&Rs, Bylaws, or Rules and Regulations of the Association, any Owner shall have the right to remedy the violation.

Provisions for remedies include but are not limited to the Guidelines for enforcing the CC&Rs and Bylaws contained in the Rules and Regulations or which may be available in law or in equity resulting in the prosecution of such Owner or the Association for enforcement of such provisions.

Any proceeds resulting from legal action shall first be applied to court costs including reasonable attorney fees. The remainder of the proceeds shall first be applied to pay any unpaid assessments or other charges, and any balances shall be held by the Association for future assessments or other charges.

All expenses of the Association in connection with any such action shall be secured by a lien against the Lot of such Owner as provided in Article 24 hereof.

Article 18: Insurance Requirements Generally.

The Association shall obtain and maintain in full force and effect at all times certain casualty, liability and other insurance as hereinafter provided. All such insurance shall be obtained, to the extent possible, from responsible companies duly authorized to do business in the State of Arizona with a rating in Best's Insurance Guide (or any comparable publication) of at least A-AAA (or other comparable rating). All such insurance shall name the Association, its Board or its authorized representative as the insured. The Board shall review such insurance at least annually and shall adjust the amounts thereof as it deems necessary or appropriate. Th the extent possible, such insurance shall:

1. Provide for subrogation by the insurer as to claims against the Association, its directors, officers, employees and agents and against each Owner and each Owner's employees, agents and invitees and against each Mortgagee of all or any part of the Property and any other person for whom the Association or any Owner or Mortgagee may be responsible and shall provide for recognition of any authorized representative or trustee of the Association, if applicable;
2. Provide that the policy of insurance shall not be terminated, canceled or substantially modified without at least thirty (3) days prior written notice to the Association, except for non-payment of the premium when it become due;
3. Contain, if available, an "agreed amount" and an "inflation guard" endorsement;
4. Contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of any Lot Owner or the Association due to the negligent acts of the Association or any Owner(s).

The cost and expense of all insurance obtained by the Association shall be a Common Expense (as hereinafter defined).

18.1 Casualty Insurance. The Association shall obtain and maintain casualty insurance covering the Common Areas covering loss or damage by fire and such other hazards as are covered under standard extended coverage policies, for not less than one hundred percent (100%) of the replacement cost of the Common Areas (exclusive of land, foundations, excavations and other items normally excluded from coverage. Such policy or policies of casualty insurance shall, to the extent available, contain a standard all risk endorsement and shall insure against all other perils customarily covered with respect to projects which are similar in construction, location and use.

18.2 Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive public liability and property damage insurance covering liability for bodily injury, including death, and liability for property damage occurring in, upon or

about the Common Areas. The limits of liability for such coverage shall not be less than \$1,000,000 for each injury or death and \$1,000,000 for each occurrence with respect to bodily injury and property damage.

18.3 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain and maintain worker's compensation and employer's liability insurance as may be necessary to comply with applicable law.

18.4 Fidelity Bonding. The Association shall obtain and maintain bonds covering all persons or entities which handle funds of the Association, including without limitation any professional manager and any of such manager's employees, in amounts not less than \$25,000.

18.5 Insurance by Owners. Each Owner is responsible to insure his or her Lot together with all improvements constructed thereon against loss or damage by fire and any casualty insured against under the standard form of extended coverage endorsement now in use in the State of Arizona.

18.6 Other Insurance by the Association. The Association shall have the authority and power to obtain and maintain other and additional insurance and fidelity bonds.

Article 19: Rights and Obligations.

The purchaser(s) and seller(s) of a Property (Lot) must abide by all terms as set forth by the CC&Rs, Bylaws, and Rules and Regulations of the Association.

Any outstanding or existing issues must be rectified, thus clearing said Property (Lot) free and clear of all obligations before sale of such Property.

Article 20: Reserve Contribution Fee.

The Association shall have the authority to charge a transfer fee named the "Reserve Contribution Fee". The Reserve Contribution Fee shall be used for replacing, restoring and rebuilding all Common areas for the benefit of the Association. This fee shall be the responsibility of the buyer at close of escrow on all Lot sales.

The "Reserve Contribution Fee" shall be non-refundable and shall not be considered an advance payment of assessments.

The "Reserve Contribution Fee" as set forth in this article is expressly allowed, and in accordance with Arizona Revised Statute Section 33-442.

Article 21: Common Areas Owned by the Association.

All Owners shall have the non-exclusive right to use any and all of the Common Areas owned by the Association in accordance with the rules and regulations set forth by the Association. The Association shall own, operate, manage, maintain, repair, rebuild and restore all of the Common Areas for the benefit of the Lot Owners and the Association. The Association shall have the authority to dedicate, convey easements and grant concessions relative to portions of the Common Areas consistent with the overall character and use of the Property.

Subject to the provisions of Article 28 hereof and further subject to the approval of a simple Majority of Owners, the Association shall be entitled to cease the use of the Common Areas or any portion thereof for the purpose of securing repayment of loans to finance the repair, rebuilding or restoration of the Common Areas and the improvements located thereon.

Article 22: Capital Improvements.

Any expenditure in excess of one thousand dollars (\$1,000) for the purpose of the construction or purchase of a capital improvement, whether or not a special assessment is required therefor, shall require the written approval of fifty one percent (51%) of the Lot Owners. For this purpose, capital improvements shall mean a structure, facility or appurtenance, whether constituting real or personal property, not previously owned by the Association or a substantial enlargement of or addition to a previously owned facility, structure or appurtenance.

Article 23: Waiver.

Any right or remedy provided for in this Declaration shall not be deemed to have been waived by any act or omission, including without limitation any acceptance of payment or partial performance or any forbearance, except by an instrument in writing specifying such right or remedy and executed by the person against whom enforcement of such waiver is sought.

Article 24: Common Area Maintenance Expenses.

Each Lot shall be subject to an assessment for, and each Owner further agrees to pay a proportionate share of the expenses of administration and operation of the Common Areas, (herein referred to as "Common Expenses") including by way of illustration, but not of limitation, real property taxes and assessments, premiums for insurance, the cost of maintenance and repair of the Common Areas and those portions of the Lots maintained by the Association and the appurtenances thereto, reasonable reserves for contingencies, repairs, replacements or other proper purposes, all as determined by the Board. The proportionate share of the Common Expenses payable by each Owner with respect to each Lot shall be determined by a fraction, the numerator of which shall be one (1) and the denominator of which shall be one hundred and twenty-two (122).

24.1 Payment of Common Expenses. The amount of Payment of the Common Expenses, including prepayment required by any contract for the sale of a Lot, shall be determined and assessed by the Board.

If any Owner fails or refuses to make any payment of Common Expenses when due, the Association may suspend the voting rights of the Owner and the right to use the recreational facilities by the Owner or Occupant for any period during which the assessment remains unpaid.

The amount of the unpaid assessment plus a twelve percent (12%) per annum interest rate beginning from the due date of such assessment, together with a late charge not exceeding fifteen dollars (\$15.00) or ten percent (10%) of the total assessment and costs and attorney's fees, shall constitute a lien on such Owner's Lot and on any leases or proceeds therefrom. It shall be the personal obligation of the Owner of the Lot at the time the assessment became due and shall not pass to the Owner's successors in title unless assumed by them.

Such lien may, but shall not be required to be, evidenced by a notice executed by a member of the Board or a designated agent setting forth the amount of the assessment and the legal description of the Lot subject to the lien. Such lien shall be subordinate to the lien of any prior recorded Mortgage against the applicable Lot, except for the amount of such unpaid assessments and other charges which accrue after the date on which such Mortgage acquires title to or comes into possession of the applicable Lot.

Any lien for unpaid assessments and other charges prior to such date shall upon such date automatically terminate and such Mortgage shall not be liable for such unpaid assessments and other charges provided that the extinguishment of such lien shall not in any way affect the personal obligation of the Owner of the Lot at the time the payment giving rise to such lien became due.

Any person acquiring an interest in any Lot shall, upon giving written notice to the Board, be entitled to a statement stating the amount of any unpaid assessments and other charges, if any, and no lien shall attach to such Lot in excess of the amount stated in the statement, except for assessments and other charges which may accrue after the date of such statement.

The lien provided for in this Article may be foreclosed by the Association in any manner provided or permitted for the foreclosure of real Property Mortgages or deeds of trust in the State of Arizona.

24.2 Limitations on Assessments for Common Expenses. Each year, the Board may increase the assessments for Common Expenses based on the next annual budget, provided, however, that any such increase amounting to more than five dollars (\$5.00) per Lot per month or five percent (5%) of the current assessments for Common Expenses, whichever is greater, shall require the written approval of a Simple Majority of Owners.

Article 25: Notices.

Notices provided in the Constituent Documents shall be in writing and shall be mailed postage prepaid.

If mailed to the Association or the Board, notices shall be addressed to **Unit #123** unless the Association or the Board gives written notice to all Owners of a change of address.

If mailed to an Owner, notices shall be addressed to an Owner's Lot or to a designated address given in writing to the Board.

Notices shall be deemed delivered five (5) days after being deposited properly addressed in the United States mail, postage prepaid, by registered or certified mail or delivered in person.

Upon written request to the Association containing a specific address to which notices may be sent, any Mortgagee shall be given copies of all notices permitted or required by this Declaration to be given to the Owner(s) of the Lot subject to the Mortgage held by such Mortgagee.

Article 26: Purchase of Lot by Association.

Upon the consent or approval of a Majority of the Members at a general or special meeting of the Members of the Association or in such other manner deemed by the Board to be expedient, the Board shall have the power to bid for and purchase any Lot at a sale pursuant to a Mortgage foreclosure, trustee's sale under a trust deed, a foreclosure of a lien for assessments provided for in this Declaration, a sale pursuant to an order or direction of a court or other involuntary sale, and the Board shall have the authority to finance such purchase by Mortgage, special assessment or any other financing arrangement that the Board may deem necessary or expedient.

Article 27: Severability.

If any of the provisions of the Constituent Documents or the rules and regulations of the Association or any section, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid by any court of competent jurisdiction, the validity of the remainder of the Constituent Documents or the rules and regulations of the Association, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby, and the remainder of the Constituent Documents or the rules and regulations shall remain in full force and effect as if such invalid part were never included therein. Any such invalidity shall be promptly amended or reformed by such court so as to implement the intent to the maximum extent permitted by law.

Article 28: Amendments.

The covenants and restrictions of this Declaration shall run with and bind the land. The provisions of this Declaration only may be changed, modified or amended by an instrument in writing setting forth such change, modification or amendment signed by a Super Majority of Owners.

Any such change, modification or amendment accomplished under the provisions of this Article 28 shall be effective upon recording of said instrument.

Article 29: Public Dedication.

Nothing contained in this Declaration shall be deemed to constitute a dedication for public use or to create any rights in the general public. Nothing contained in this Declaration shall be construed as creating an obligation on the part of the City of Mesa or other governmental authority having jurisdiction over the Property to maintain, repair or replace any portion of the Property or the appurtenances thereto.

Article 30: Professional Management Agreement.

Any agreement for professional management of the Property shall provide for termination by the Association with or without cause and without payment of a termination fee or penalty upon thirty (30) days written notice, and no such contract or agreement shall be of a duration in excess of one (1) year, renewable by the parties for successive one (1) year periods.

EXHIBIT A

CAMINO DEL REY

LEGAL DESCRIPTION

Lots one (1) thru One Hundred Twenty-Two (122) inclusive and Tracts A thru L inclusive, CAMINO DEL REY, according to the plat of record in the Maricopa County Recorder's Office, Arizona, in Book 260 of Maps, Page 7.

WALLS

1. Party Wall: Any wall constructed on the boundary line between two Lots.
2. Common Wall: Any wall constructed on the boundary line between a Lot and the Common Areas.
3. Perimeter Wall: Any wall constructed on a Lot or Association Property that borders non-Association Property.
4. T-Wall: The short wall with the light located wholly on each Lot.

