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FIRST SOUTHWESTERN TITLE

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COUNTRYBROOK MEADOWS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
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TABLE OF CONTENTS

<u>Paragraph</u>		<u>Page</u>
	Recitals	1
1.	Definitions	1
2.	Binding Covenants; Rights and Obligations	3
3.	Property Rights and Rights of Enjoyment in the Common Areas	4
4.	Membership and Voting Rights in the Association	5
5.	Blanket Easements and Use of Common Elements	8
6.	Managing Agent	9
7.	Parking Spaces on Common Areas	9
8.	Common Expenses	9
9.	Mortgages	12
10.	Exclusive Use Rights	12
11.	Insurance	12
12.	Damage, Destruction and Condemnation	17
13.	Party Walls	19
14.	Maintenance, Repairs and Replacements	20
15.	Alterations, Additions or Improvements	21
16.	Decorating, Landscaping and Architectural Control	21
17.	Encroachments	22
18.	Rental Lots	22
19.	Use and Occupancy Restrictions	22
20.	Rights and Duties of First Mortgagee	25

21.	Exemption of Developer from Restrictions	28
22.	Remedies	29
23.	Amendment	30
24.	Notices	31
25.	Captions and Exhibits; Construction	31
26.	Severability	32
27.	Perpetuities and Restraints on Alienation	32
28.	Power of Attorney	32

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

COUNTRYBROOK MEADOWS

THIS DECLARATION is made and entered into as of the 13 day of January, 1987, by LENNAR, HOMES OF ARIZONA, INC., a Delaware corporation, and BURNS-SOUTHWEST JOINT VENTURE, an Arizona joint venture partnership (collectively the "Declarant").

WHEREAS, Declarant is the owner of that parcel of real property situated in Maricopa County, Arizona, more particularly described in Exhibit A hereto (the "Parcel"); and

WHEREAS, Declarant desires to create a planned residential community which will include recreational facilities and other common facilities for the benefit of the community; and

WHEREAS, Declarant desires to submit and subject the Parcel, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in anyway pertaining thereto (all of which are included within the term "Property" as defined in Paragraph 1.17 hereof), to the covenants, conditions and restrictions herein set forth; and

WHEREAS, Declarant desires to establish for its own benefit and for the mutual benefit of all future owners or occupants of the Property, or any part thereof, certain easements and rights in, over and upon the Property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Declarant desires and intends that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other persons hereinafter 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, covenants 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 Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property.

NOW, THEREFORE, Declarant, for the purposes above set forth, declares as follows:

1. Definitions. As used herein, unless the context otherwise requires:

1.1 "Association" means Countrybrook Meadows Homeowners Association, an Arizona nonprofit corporation, its successors and assigns.

1.2 "Board" means the Board of Directors of the Association.

1.3 "Common Areas" means that portion of the Property, together with the improvements and facilities constructed thereon, which is not part of any Lot as shown on the Plat and which has not been dedicated as a public street, including without limitation the private driveways, swimming pool(s), and other common facilities, as such may actually be constructed within the Property. Notwithstanding anything herein to the contrary, Lots 72 and 73 as shown on the Plat shall not be Lots but instead constitute a portion of the Common Areas.

1.4 "Constituent Documents" means this Declaration and any amendments thereto, the Articles of Incorporation and Bylaws of the Association, any rules and regulations of the Association, and all such other similar documents as pertain to the Project.

1.5 "Declaration" means this Declaration of Covenants, conditions and Restrictions for Countrybrook Meadows, as from time to time amended.

1.6 "Developer" means Lennar Homes of Arizona, a Delaware corporation, or any Person to whom Developer's rights hereunder are hereafter assigned by recorded instrument.

1.7 "Fractional Interest" means that fraction, the numerator of which is one and the denominator of which is the total number of Lots then in the Project.

1.8 "Institutional Guarantor" means the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association, including any successor thereto, if such agency purchases any note, or guarantees or insures the payment of any note, secured by a First Mortgage.

1.9 "Lot" means the separately designated and described parcels of land shown on the Plat, together with the improvements constructed thereon, which are to be sold and used for residential purposes. Notwithstanding anything herein to the contrary, Lots 72 and 73 as shown on the Plat shall not be Lots but instead constitute a portion of the Common Areas.

1.10 "Majority of Owners" means the Owners holding more than 50% of the total weighted voting strength (irrespective of the total number of Owners); and, any specified fraction or percentage of the Owners means the Owners of that fraction or percentage of the total weighted voting strength (irrespective of the total number of Owners).

1.11 "Mortgage" means any recorded, filed or otherwise perfected instrument pertaining to a Lot or Lots (which is not a fraudulent conveyance under Arizona law), given in good faith and for valuable

consideration as security for the performance of an obligation, including without limitation deeds of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code. "Mortgagee" means the holder of a note secured by a Mortgage, including the trustee and beneficiary under any deed of trust. "Mortgagor" means the party executing a Mortgage. "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property. "First Mortgagee" means the holder of the note secured by the First Mortgage and includes, as appropriate in the context of the regulations of any interested Institutional Guarantor, any such Institutional Guarantor with respect to said note or First Mortgage.

1.12 "Occupant" means a person or persons, other than an Owner, in rightful possession of a Lot.

1.13 "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, whether or not subject to any Mortgage, including contract sellers, but excluding those having such interest merely as 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 Arizona Revised Statutes, Section 33-801 et seq., fee simple title shall be deemed to be in the trustor.

1.14 "Parcel" means the parcel of real estate hereinabove described which is subjected to this Declaration.

1.15 "Person" means an individual, corporation, partnership, trustee or other entity.

1.16 "Plat" means the plat or plats of subdivision of the Property, and of easements and dedications, as first recorded in Book 304 of Maps at page 2 of the official records of Maricopa County, Arizona, as thereafter from time to time amended.

1.17 "Property" and "Project" are synonymous, and shall include the Lots, the Common Areas, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto.

1.18 "Record" or "recording" refers to the act of recording a document in the office of the County Recorder of Maricopa County, Arizona.

1.19 "Servicer" means the person or entity servicing a First Mortgage (including the First Mortgagee, if applicable), its successors and assigns, pursuant to the regulations of any interested Institutional Guarantor.

2. Binding Covenants; Rights and Obligations. Declarant hereby submits and subjects the Property to the rights, easements, privileges, covenants and restrictions set forth in this Declaration, and does hereby declare that all of the Property, including the Lots and Common Areas, shall be owned, leased, sold, conveyed and encumbered or otherwise held or disposed of subject to the terms, conditions and provisions of this Declaration. Each grantee of Declarant, by the acceptance of a deed of conveyance, or each purchase under any contract for such deed of conveyance, or each purchaser

under any agreement of sale, or each Person at any time owning or acquiring any interest in any part of the Property, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land and equitable servitudes, and shall bind any Person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee, purchaser or Person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance, purchase contract or other instrument whereby a Person acquires any interest in the Property.

3. Property Rights and Rights of Enjoyment in the Common Areas.

3.1 Right of Enjoyment. Subject to the provisions of Paragraph 3.3, every Owner shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title to every Lot, and except as to the Association's right to grant easements for utilities and similar and related purposes, as herein provided, the Common Areas may not be alienated, released, transferred, hypothecated or otherwise encumbered without the prior approval of two-thirds of each class of Members in the Association and all First Mortgagees.

3.2 Conveyance of Common Areas. At such time as improvements on the Common Areas have been completed and the Association has been formed and is able to operate and maintain the Common Areas, legal title to the Common Area shall be conveyed to the Association, free and clear of all liens and encumbrances. Developer shall provide to the Association, at Developer's expense, a title insurance policy insuring good and marketable title to the Common Areas in the Association.

3.3 Limitations. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with this Declaration and the Articles and Bylaws of the Association, to borrow money for the purpose of improving the Common Areas and in aid thereof to mortgage said properties; provided, however, that the consent of two-thirds of each class of members shall be required prior to the mortgaging or pledging of any portion of the Common Areas;

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas against foreclosure in the event of default upon any mortgage covering such properties;

(c) The right of the Association, as provided in its Articles and Bylaws, to suspend the enjoyment rights of any Owner or other Person for any period during which any assessment remains unpaid, and for any period not to exceed 30 days for any infraction of the Association's rules and regulations; provided, however, that

such suspension shall not prevent any Owner or Occupant from ingress to and egress from his Lot across Common Areas, including expressly but without limitation the private drives;

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Areas; and,

(e) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners, provided that no such dedication or transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Owners entitled to cast two-thirds of the votes of each class of membership has been recorded, agreeing to such dedication, transfer, purpose or condition, and unless written notice of the proposed agreement and action thereunder is sent to every Owner at least 90 days in advance of any action being taken.

3.4 Delegation of Rights. Any Owner may delegate his rights of enjoyment in the Common Areas to the members of his family who reside upon the Property or to any Occupant of his Lot. Such Owner shall notify the Association in writing of the name of any Person to whom such rights of enjoyment are delegated and the relationship of the Owner to such Person. The rights and privileges of such Person are subject to suspension as provided in this Declaration or the Bylaws of the Association to the same extent as those of the delegating Owner, and are subject to such further regulation as the Association may provide in its Bylaws.

3.5 Exclusive Use Areas. Subject to the access rights of the Association provided herein, each Owner shall have the right to the exclusive use of the areas within his Lot, including but not limited to any patio(s), balcony(ies), fenced yard area, and storage area, if any, within or appurtenant to such Lot. Easements are hereby created in favor of and running with each Lot for the creation of such exclusive control and use of each patio(s), balcony(ies), fenced yard area, storage area and garage area within or appurtenant to such Lot. The right to exclusive use of such areas shall be, and is hereby expressly declared to be, an appurtenance to the ownership of a Lot. Every Person, by accepting title to a Lot or acquiring any interest in the Property, shall be deemed to have further ratified the easements and rights created by this Paragraph 3.5.

4. Membership and Voting Rights in the Association.

4.1 Association. The Association has been, or will be, formed to serve as the governing body for all of the Owners for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Common Areas, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, and other matters as provided in this Declaration, the Articles and the Bylaws. 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 Owners in accordance with the provisions of this Declaration, the Articles and

the Bylaws.

4.2 Membership. Each Owner shall be a member of the Association so long as he shall be an Owner, and such membership shall automatically terminate when he ceases to be an Owner, and, upon the transfer of his ownership interest, the new Owner succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the Lot to which it appurtenant (and then only to such purchaser) or by intestate succession, testamentary disposition, foreclosure of a Mortgage or other legal process transferring fee simple title to such Lot (and then only to the Person to whom such fee simple title is transferred). Notwithstanding the foregoing, in the event that an Owner has granted an irrevocable proxy or otherwise pledged or alienated his voting right regarding special matters to a Mortgagee as additional security, only the vote of such Mortgagee will be recognized in regard to such special matters if a copy of such proxy or other instrument pledging or alienating such vote has been filed with the Board. In the event that more than one such instrument has been filed, the Board shall recognize the rights of the first Mortgagee to so file, regardless of the priority of the Mortgages themselves. Any attempt to make a prohibited transfer of a membership is void and will not be recognized by or reflect upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot, the Association shall have the right to record a transfer upon the books of the Association and 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.

4.3 Classes of Membership; Voting Rights of Classes. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners but, so long as any Class B memberships are outstanding, shall not include Developer. Class A members 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 voting for such Lot shall be exercised as they determine among themselves, but in no event shall the vote be split or more than one vote be cast with respect to any such Class A Lot. If such Persons are unable to agree how their single vote is to be cast, their vote shall not be counted.

Class B. The Class B member shall be Developer, who shall hold one Class B membership for each Lot owned and shall be entitled to three votes for each such Class B membership. Developer may cast said votes in such proportions on any matter as Developer may determine. Class B memberships shall cease and be converted to Class A memberships, without further act or deed, upon the happening of any of the following events, whichever occurs earlier:

(a) Upon the sale or other disposition of any particular Lot by Developer, other than in connection with an assignment by Developer of all or substantially all of its rights under this Declaration (including a pledge or assignment

by Developer to any lender as security) with respect to the Lot or Lots so sold or otherwise disposed of; or

(b) With respect to all remaining Class B memberships, upon the first to occur of the following:

(i) 120 days following the first date when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or

(ii) Three years following conveyance of the first Lot by Developer.

If any lender to whom Developer has assigned, or hereafter assigns, as security all or substantially all of its rights under this Declaration succeeds to the interests of Developer by virtue of said assignment, the Class B memberships shall not be terminated thereby, and such lender shall hold the Class B memberships on the same terms as they were held by Developer pursuant hereto.

4.4 Association Board of Directors. The Board of the Association shall initially be comprised of the individuals specified in the Association's Articles of Incorporation. Each Board member shall serve until his successor is elected and qualified at the next annual meeting of the Association or upon his resignation or removal from office, as the case may be. Except for members elected by Developer, 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). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director and his place on the Board shall be deemed vacant. Except for directors elected by Developer, directors shall be elected in the manner and at the times set forth in the Articles or Bylaws.

4.5 Board's Determination Binding. In the event of any dispute or disagreement between any Owners or other Persons relating to the Project, or any question of interpretation or application of the provisions of this Declaration, the Articles, Bylaws or rules and regulations of the Association, the determination thereof by the Board shall be final and binding on each and all of such Owners or other Persons.

4.6 Additional Provisions in Articles and Bylaws. The Articles and Bylaws may contain any provision relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents, members or other interested Persons not inconsistent with law, this Declaration or the regulations of any interested Institutional Guarantor.

4.7 Indemnification. Every director, officer and agent of the Association (whether or not such agency relationship results from appointment, election or employment) shall be indemnified by the Association, to the extent not prohibited by law, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may

become involved, by reason of his being or having been a director, officer or agent of the Association, or any settlement thereof, whether or not he is a director, officer or agent at the time such expenses are incurred, provided that the Board shall determine, in good faith, that such director, officer or agent did not act, fail to act, or refuse to act willfully or with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such directors, officers or agents may be entitled.

4.8 Accounting. The Board, at all times, shall keep, or cause to be kept, true and correct records of account in accordance with generally accepted accounting principles, together with recent audited financial statements, and shall have available for the inspection of all Owners, First Mortgagees and Institutional Guarantors, upon request, during normal business hours or other reasonable times, such books and audited financial statements which shall specify in reasonable detail all expenses incurred and funds accumulated from assessments or otherwise.

4.9 Constituent Documents. The Board, at all times, shall keep, or cause to be kept, current copies of the Constituent Documents, together with any amendments thereto, and shall make such documents available for the inspection of all Owners, First Mortgagees and Institutional Guarantors, upon request, during normal business hours or other reasonable times.

4.10 Termination of Association. In the event of the termination or dissolution of the Association, the assets of the Association shall be transferred to a successor homeowners' association, a public agency or a trust for the benefit of the Owners and Mortgagees, whichever appears to the Board, in its sole and absolute discretion, to then be the most reasonable and equitable distribution thereof.

5. Blanket Easements and Use of Common Areas. There is hereby created a blanket easement upon, across, over and under the Common Areas for ingress and egress, installing, constructing, replacing, repairing, maintaining and operating all utilities, including but not limited to water, sewer, gas, telephone, electricity, television cable, security systems, and communication lines and systems, and in addition thereto for the use of emergency vehicles of all types. By virtue of the easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary facilities and equipment on the Common Areas. Notwithstanding anything to the contrary contained in this Paragraph 5, no easements shall be created nor shall any sewers, electrical lines, water lines or other facilities for utilities be installed or relocated on the Common Areas except as initially created and approved by Developer or thereafter created or approved by the Board. This provision shall in no way affect any other recorded easements on the Property.

There is hereby created a blanket easement upon, across, over and under all Lots as is necessary and appropriate for the Association to fulfill its responsibility to maintain the drainage easement on the Property as provided in Paragraph 14.1.

Except for the use limitations provided in Paragraph 10, each Owner shall have the non-exclusive right to use the Common Areas in common with all other Owners as required for the purposes of access and ingress to and egress from, and use, occupancy and enjoyment of, the respective Lot owned by such Owner. Such right to use the Common Areas shall extend to each Owner and Occupant and the agents, servants, tenants, family members and invitees of each Owner. Such right to use and possess the Common Areas shall be subject to and governed by the provisions of this Declaration, the Articles, Bylaws and rules and regulations of the Association and such reasonable limitations and restriction as may from time to time be contained therein.

6. Managing Agent. All powers, duties and rights of the Association or the Board, as provided by law and herein, may be delegated to a managing agent under a management agreement. Any agreement for professional management, or any other contract providing for services of Developer or any other party, shall not provide for compensation to the managing agent or other contracting party in excess of those amounts standard within the community in which the Project is located, nor exceed a term of one year, which term may be renewed by agreement of the parties for successive one-year periods. Any such agreement shall provide for termination by either party with or without cause and without payment of a termination fee upon 60 days' written notice; provided, however, that the Association may terminate the agreement for cause upon 30 days' written notice. Any decision by the Association to terminate professional management and assume self-management of the Project shall not be effective until approved in writing by three-fourths of the Owners and of the First Mortgage Mortgagees (based upon one vote for each Mortgage owned).

7. Parking Spaces on Common Areas. The Association shall maintain upon the Common Areas the parking spaces, covered or uncovered. Use of any parking space within the Property shall be subject to such reasonable rules and conditions as may be imposed herein or by the Association, and the Board shall have full authority, to maintain, operate, manage, regulate, restrict the use of, and use for and on behalf of all Owners, all parking spaces in the Common Areas.

8. Common Expenses.

8.1 Assessments for Common Expenses. Except as otherwise specifically provided herein, each Owner, including Developer so long as it is an Owner, shall pay his proportionate share of the expenses of the administration and operation of the Common Areas and of any other expenses incurred in conformance with this Declaration, the Articles, Bylaws and rules and regulations of the Association (which expenses are herein sometimes referred to as "Common Expenses"), including specifically, but not by way of limitation, insurance, maintenance and repair of the Common Areas (and any and all replacements and additions thereto), water, electricity and other utilities provided to the Project (including the Lots if not individually metered or charged by Lot), and establishment and maintenance of such reasonable reserves for contingencies, replacements and other proper purposes as the Board may from time to time elect to establish and maintain. Such Common Expenses shall include such amounts as determined by the Board for the establishment and maintenance of a reserve fund, which reserve fund shall be adequate to meet the costs and expenses of customary maintenance, repairs and replacements of those Common Areas which must be maintained, repaired, and

replaced on a periodic basis; such reserve fund shall be funded and derived from the regular assessments payable in regular installments and not by means of a special assessment or levy. The proportionate share of the Common Expenses for each Owner shall be in the same ratio as his Fractional Interest. Notwithstanding anything foregoing to the contrary, so long as any Class B memberships in the Association are outstanding, Developer may elect to pay for Lots owned by Developer an amount equal to one-quarter of the amount otherwise payable hereunder as such Lots' share of the Common Expenses in the absence of this proviso. Developer may make the election provided for in the preceding sentence for any budget year by giving the Association written notice prior to the commencement of such budget year; provided, however, that Developer may make such an election for the first budget year of the Association by giving notice prior to sale and conveyance of the first Lot by Developer or the commencement of such budget year, whichever is later. An election for reduced assessments made by Developer as provided herein shall remain in effect until it is rescinded by written notice to the Association or Class B memberships in the Association cease to be outstanding, in which event the reduced assessments shall terminate and full assessments shall be payable as of the commencement of the next following budget year. In the event that Developer makes the election for reduced assessments provided for herein, Developer shall be obligated to pay, in addition to such assessments, any amount by which the Common Expenses of the Association for a budget year in which such an election is effective exceed the assessments payable by Owners (including Developer at the reduced rate). The obligations of Developer set forth in the preceding sentence shall be a lien against Lots owned by Developer pro rata and shall be enforceable by the Association in the same manner as assessments provided for herein.

8.2 Commencement. Assessments for Common Expenses provided herein shall commence for all Owners, including Developer, upon the sale and delivery of the first Lot by Developer.

8.3 Payment and Liens. Except as otherwise provided herein, payment of Common Expenses shall be in such amounts and at such times as may be provided in the Articles and Bylaws or as determined by the Board in accordance with Paragraph 8.6 hereof. Such payment, together with interest at the annual rate of 12% (but in no event in excess of the maximum lawful rate) on sums due but unpaid, costs, reasonable attorneys' fees and such reasonable late charges as the Board may impose by rule or regulation, shall constitute the personal obligation of the Person who was the Owner at the time such payment fell due. The personal obligation for delinquent payments shall not pass to an Owner's successor in title unless expressly assumed by him. If any Owner shall fail or refuse to make any such payment of Common Expenses when due, the amount thereof, together with interest, costs, reasonable attorneys' fees and any late charges, shall constitute a lien from the date such amount was due on such Owner's Lot and on any rents or proceeds therefrom; provided, however, that such lien shall be subordinate to the lien of a First Mortgage on the Lot, except for the amount of the unpaid Common Expenses which accrues from and after the date on which the First Mortgagee comes into possession of or acquires title to the Lot, whichever occurs first (together with any interest, costs, reasonable attorneys' fees and any late charges related thereto), and if any lien for unpaid assessments prior to the date the First Mortgagee comes into possession of or acquires title to the Lot has not been extinguished by the process by which the First Mortgagee came into possession

of or acquired title to the Lot, the First Mortgagee shall not be liable for unpaid assessments which accrue prior to the aforesaid date and, upon written request to the Board by the First Mortgagee, the lien shall be released in writing by the Association.

8.4 Certificate of Payment. Any Person acquiring an interest in any Lot shall be entitled to a statement from the Association setting forth the amount of unpaid assessments, if any, and such Person shall not be liable for, nor shall any lien attach to such Lot in excess of, the amount set forth in such statement, except for assessments which occur or become due after the date thereof and any interest, costs, reasonable attorneys' fees and any late charges related to such assessments. The Association may charge a reasonable fee for the preparation of any such statement.

8.5 Foreclosure of Lien. The lien provided for in this Paragraph may be foreclosed by the Association in any manner provided or permitted for the judicial foreclosure of realty mortgages or deeds of trust in the State of Arizona. All of the provisions of this Paragraph 8 relating to the lien provided for herein (including without limitation the subordination provisions) shall apply with equal force in each other instance provided for in this Declaration wherein it is stated that payment of a particular assessment, charge or other sum shall be secured by the lien provided for in this Paragraph 8.

8.6 Budget. Not later than 60 days prior to the beginning of each fiscal year of the Association, the Board shall prepare, or cause to be prepared, a pro forma annual budget for the Association for the upcoming fiscal year. The budget shall take into account all Common Expenses, and, to the extent that assessments from the prior year(s) shall have been more or less than the expenditures and provision for reserves of such prior year(s), the surplus or deficit thereof. If during the course of any fiscal year, or portion thereof, it shall appear that the assessments determined in accordance with the estimated annual budget are insufficient to cover the actual Common Expenses, or are in excess of the amount necessary to cover the actual amount necessary for payment of Common Expenses, then the Board may prepare a supplemental budget and increase or decrease the assessment as may be necessary, subject, however, to the limitations set forth in Paragraph 8.7.

8.7 Maximum Assessments. Prior to January 1 of the year following the first conveyance of a Lot by Developer to an Owner, the maximum amount which any Owner shall be required to pay as his proportionate share of the Common Expenses may not exceed \$300.00 per year. Notwithstanding the provisions of Paragraph 8.6, prior to January 1 of the year immediately following conveyance of the first Lot by Developer to an Owner, the Board may fix and thereafter adjust the assessment payable by all Owners for Common Expenses at such amounts as the Board reasonably elects, provided the maximum amount payable by each Owner does not exceed the maximum amount set forth in the preceding sentence. From and after said January 1, the maximum amount which each Owner may be required to pay as his proportionate share of the Common Expenses may be increased each year by the Board to an amount not in excess of the sum of: (i) the amount of the assessment due and payable by such Owner as his proportionate share of Common Expenses for the preceding year, plus (ii) an amount equal to 5% of the assessment due and payable by

such Owner for the preceding year, or (iii) an amount equal to the percentage change in the Consumer Price Index - United States City Average for Urban Wage Earners and Clerical Workers - All Items (1967 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics (or such other government index with which it may be replaced), for the preceding year times the amount of the assessment due and payable by such Owner for the preceding year. Notwithstanding the foregoing, if two-thirds of each class of members of the Association approve, the maximum allowable assessment may be increased by an amount greater than otherwise permitted pursuant to this Paragraph 8.7.

9. Mortgages. Each Owner shall have the right, subject to the provisions hereof, to make separate Mortgages for his respective Lot. No Owner shall have the right or authority to make or 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 only to the extent of his Lot.

10. Exclusive Use Rights. By action of the Board, portions of the Common Areas adjoining a Lot may be reserved for the exclusive control, possession and use of the Owner of the Lot. If such an area serves as access to and from two Lots, the Owners of the two Lots shall have joint control, possession and use of such portion of said area as reasonably serves both Lots. The exclusive use rights created herein are subject to the blanket utility easement, maintenance and architectural control provisions contained in this Declaration and to such reasonable rules and regulations with respect to possession, control, use and maintenance as the Board may from time to time promulgate. Easements are hereby created in favor of and running with each Lot having such an area, for the creation of such exclusive control and use of each such area. Each Owner, by accepting title to a Lot, shall be deemed to have further ratified the easements and rights to exclusive use created by this Paragraph 10.

11. Insurance. Insurance shall be carried by the Association on the Common Areas of the Property and shall be governed by the following provisions:

11.1 Authority to Purchase. The Association, by and through the Board, shall purchase and maintain certain insurance upon the Common Areas including but not limited to the insurance described in Paragraph 11.2. Such policies and endorsements thereon, or copies thereof, shall be deposited with the Association and available for inspection at reasonable times by the Owners. It shall be each Owner's responsibility to provide for himself insurance on his Lot, including, without limitation, insurance on all dwellings constructed on his Lot, insurance on the contents of any dwelling constructed on his Lot, his additions and improvements thereto, decorating therein and furnishings and personal property therein, his personal property stored elsewhere on the Property, his personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the Common Expenses as above provided, and such other insurance which is not carried by the Association as the Owner desires. No Owner shall maintain any insurance on his Lot which would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Association.

11.2 Coverage. The Association shall maintain and pay for policies of insurance as follows:

(1) Policies of a multi-peril type covering the Common Areas providing, as a minimum, fire and extended coverage, and all other coverage in kinds and amounts customarily acquired or required for projects similar in construction, location and use, including, without limitation, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, and windstorm and water damage, in an amount not less than 100% of the insurable value (based upon replacement cost as determined at least once every two years by a qualified insurance appraiser selected by the Board), and, if available, agreed amount, inflation guard and construction code endorsements.

(2) A comprehensive policy of public liability insurance covering all of the Common Areas and public ways in the Project in a minimum amount of at least \$1,000,000.00 per occurrence for personal injury, deaths and/or property damage. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association and its agents or other Owners. The scope of such coverage shall include all other coverage in the kinds and amounts customarily acquired or required for projects similar in construction, location and use, including, without limitation, liability of the Association related to employment contracts of the Association, water damage liability, liability for non-owned and hired automobiles, and liability for property of others.

(3) If there is a steam boiler in operation in connection with the Project, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing, as minimum coverage, \$100,000.00 per accident per location.

(4) If the Project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood insurance on the Project must be maintained in an amount not less than 100% of the insurable value, based upon replacement cost, or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less. Such flood insurance policy shall be in the form of the standard policy issued by the National Flood Insurance Association.

(5) The Association must obtain fidelity coverage against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written to provide protection which is in no event less than the greater of: (i) one and one-half times the Association's estimated annual operating expenses and reserves or, (ii) the sum of three months' assessments on all Lots then within the Project plus the reserve funds held by the Association. In connection with such coverage, an appropriate endorsement to the policy to cover any

person who serves without compensation shall be added if the policy would not otherwise cover volunteers.

(6) A worker's compensation policy, if necessary to meet the requirements of law.

(7) Such other insurance as the Board shall determine from time to time to be desirable.

(8) Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by any interested Institutional Guarantor, except to the extent such coverage is not reasonably available or has been waived in writing by the Institutional Guarantor.

11.3 Provisions Required. The insurance policies purchased by the Association shall, to the extent possible, contain the following provisions:

(1) The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by Owners or First Mortgagees.

(2) The conduct of any one or more Owners shall not constitute grounds for avoiding liability on any such policies.

(3) There shall be no subrogation with respect to the Association, its agents or employees, Owners and members of their household and their families and employees, and each Mortgagee of all or any part of the Property or of any Lot, or the policy(ies) should name said persons as additional insureds; and, each policy must contain a waiver of any defenses based on co-insurance or on invalidity arising from the acts of the insured.

(4) A "severability of interest" endorsement shall be obtained which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners.

(5) A statement of the name of the insured shall be included in all policies, in form and substance similar to the following:

"Countrybrook Meadows Homeowners Association, for the use and benefit of the individual owners" [designated by name, if required].

(6) A standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association, for the use and benefit of Mortgagees as their interests may appear, or which must be otherwise endorsed to fully

protect the interest of First Mortgagees, their successors and assigns.

(7) For policies of hazard insurance, a standard mortgagee clause shall provide that the insurance carrier shall notify the First Mortgagee named at least ten days in advance of the effective date of any reduction in or cancellation of the policy.

(8) Any "no other insurance" clause shall exclude insurance purchased by Owners or First Mortgagees.

(9) Coverage must not be prejudiced by (a) any act or neglect of Owners when such act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

(10) Coverage may not be cancelled or substantially modified without at least 30 days' (or such lesser period as otherwise provided herein) prior written notice to any and all insureds including First Mortgagees, their successors, and assigns, and interested Institutional Guarantors and their Servicers, if any.

(11) Any policy of property insurance which gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that such election is not exercisable without the prior written approval of the Association, or when in conflict with the insurance trust provisions contained herein, or any requirement of law.

11.4 First Mortgagee Protection.

(1) The Association shall, upon written request, provide each First Mortgagee with a letter wherein the Association agrees (a) to give timely written notice to each First Mortgagee or Servicer, or any entity or person designated by such First Mortgagee or Servicer, whenever damage (whether arising from casualty, condemnation or otherwise) to the Common Areas and related facilities exceeds \$10,000, and (b) any lapse, cancellation or material modification of any insurance or fidelity bond maintained by the Association.

(2) Each hazard insurance policy shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class VI or better, or if such rating service be discontinued, an equivalent rating by a successor thereto or a similar such rating service.

(3) Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Arizona.

(4) Policies shall not be utilized where: under the terms of the carrier's charter, bylaws or policy, contributions may

be required or assessments may be made against the Owner or First Mortgagee or any entity or person purchasing or guaranteeing any First Mortgage or may become a lien superior to any First Mortgage; by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or, the policy includes any limiting clauses (other than insurance condition) which could prevent any Owner or the First Mortgagee, its successors or assigns, from collecting insurance proceeds.

(5) The mortgagee clause of each insurance policy shall be properly endorsed, and there must have been given necessary notices of transfer, and any other action required to be taken must be taken in order to fully protect, under the terms of the policies and applicable law, the interest of all First Mortgagees, their successors and assigns. Where permissible, the insurance carrier shall be required to name the Servicer of a First Mortgage, or "[name of Servicer], its successors or assigns," as the First Mortgagee under the mortgagee clause. If permissible, where a deed of trust is utilized, the insurance carrier shall be required to use "[name of Servicer], its successors or assigns, beneficiary" or "[name of trustee], its successors or assigns, for the benefit of [name of Servicer]" instead of only the name of the trustee under the deed of trust.

(6) All insurance drafts, notices, policies, invoices and all other similar documents, or their equivalent, shall be delivered directly to each Servicer involved, if any, regardless of the manner in which the mortgagee clause is endorsed. The Servicer's address on any First Mortgagee endorsement on a policy shall be used in the endorsements in lieu of the address of the First Mortgagee if requested by the First Mortgagee.

(7) First Mortgagees may pay overdue premiums, or may secure new insurance coverage on the lapse of a policy, with respect to any insurance required to be maintained by the Association as provided in this Paragraph 11, and First Mortgagees making expenditures therefor shall be owed immediate reimbursement by the Association.

11.5 Non-Liability of Association/Board: Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board member or other Person shall be liable to any Owner or Mortgagee if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Owner may desire.

11.6 Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense, except that the amount of increase over any annual or other premium occasioned by the use, misuse, occupancy or abandonment of a Lot or its appurtenances, or of the Common Areas, by an Owner, or by any Occupant, guest or invitee of such

Owner, shall be assessed against that particular Owner.

11.7 Insurance Claims. The Association, acting by and through its Board, is hereby irrevocably appointed agent and attorney-in-fact for each Owner and for each holder of a First Mortgage or other lien upon a lot, and for each owner of any other interest in the Property, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and the Board has full and complete power to act for the Association in this regard.

11.8 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association, the Owners, First Mortgagees and interested Institutional Guarantors, as their interests may appear.

12. Damage, Destruction and Condemnation.

12.1 Definitions. As used in this Paragraph, the following terms shall have the following definitions:

(a) "Destruction" shall exist whenever the Board determines that, as a result of any casualty, damage or destruction, the Common Areas, or any part thereof, have been damaged.

(b) "Condemnation" means the taking of any property interest in the Common Areas by the exercise of a power of eminent domain, or the transfer or conveyance of such interest to a condemning authority in anticipation of such exercise.

(c) "Restoration" in the case of Destruction means the repair or reconstruction of the damaged or destroyed portions of the Common Areas in accordance with the provisions of this Paragraph. "Restoration" following any Condemnation means the repair or reconstruction of the remaining portions of the Common Areas, if any, to restore the Common Areas to an attractive, sound, functional and desirable condition, including, if the Board deems it desirable or necessary, the replacement of any improvements so taken. Insofar as reasonably possible, taking into account the portions of the Common Areas subject to Destruction or taken by Condemnation, Restoration shall be in conformance with the original plans and specifications or, if the Board determines that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes or other governmental rules or regulations then in effect, then such repair or reconstruction shall be of a kind and quality substantially the same as the condition in which such portions of the Common Areas existed before the Destruction or Condemnation. Any Restoration not in accordance with original plans and specifications shall first be approved by a majority of First Mortgagees, based on one vote for each mortgage owned.

(d) "Restoration Funds" in the case of any Destruction means any proceeds of insurance received by the

Association as a result of the destruction of any portion of the Common Areas, but excluding that portion of any proceeds of insurance legally required to be paid to any party other than the Association, including a Mortgagee of all or any part of the Common Areas, and any uncommitted funds or income of the Association other than that derived through assessments or special assessments. "Restoration Funds" in the case of Condemnation means the entire amount received by the Association as compensation for any Condemnation, including without limitation any amount awarded as severance damages, but deducting therefrom reasonable and necessary costs and expenses, including without limitation attorneys' fees, appraiser's fees and court costs, together with any uncommitted funds or income of the Association other than that derived through assessments or special assessments.

12.2 Restoration of Common Areas. In the event of any Destruction or Condemnation of the Common Areas, the Association shall undertake the Restoration of the Common Areas without a vote of the Owners unless two-thirds of each class of Members of the Association and three-fourths of the First Mortgagees (based upon one vote for each Mortgage owned) agree in writing at or prior to the special meeting hereinafter provided that the Association should not undertake the Restoration of the Property.

12.3 Construction Contract. In the event the Association undertakes the Restoration of the Common Areas, the Board shall contract with a reputable contractor or contractors who shall, if required by the Board, post a suitable performance or completion bond. The contract with such contractor or contractors shall provide for the payment of a specified sum for completion of the work described therein and shall provide for periodic disbursements of funds, which shall be subject to the prior presentation of an architect's certificate containing such provisions as may be appropriate in the circumstances and deemed suitable by the Board.

12.4 Restoration Funds. Upon receipt by the Association of any insurance proceeds, condemnation awards or other funds resulting from the Destruction or Condemnation of any portion of the Common Areas, the Association may cause such Restoration Funds to be paid directly to a bank located in Maricopa County, Arizona, whose accounts are insured by the Federal Deposit Insurance Corporation, or its successor agency, as designated by the Board, as trustee (the "Restoration Funds Trustee") for the Association. Such funds shall be received, held and administered by the Restoration Funds Trustee subject to a trust agreement consistent with the provisions of this Declaration and which shall be entered into between the Restoration Funds Trustee and the Association. Disbursement of such funds shall be made only upon the signatures of two members of the Board. Disbursements to contractors performing any repair or reconstruction upon the Common Areas shall be made periodically as the work progresses in a manner consistent with procedures then followed by prudent lending institutions in Maricopa County, Arizona.

12.5 Special Assessment for Restoration. If the Restoration Funds are, or appear to the Board to be, insufficient to pay all of the costs of Restoration, the Board shall, with the consent of two-thirds of each class of Members of the Association, levy a special assessment to make up any deficiency. Such special assessment shall be levied against all Owners

to the extent necessary to make up any deficiency for Restoration of the Common Areas. The amount of the required special assessment shall be determined by the Board, in its sole discretion. The special assessment relating to the Restoration of the Common Areas shall be levied against the Owners in the same proportion as their Fractional Interests. The special assessment shall be payable at such time (including without limitation in advance of the commencement of the repair or reconstruction), or in installments from time to time, as the Board may determine. The special assessment provided for herein shall be secured by the lien provided for in Paragraph 8 of this Declaration.

12.6 Special Meeting. In the event of the Destruction or Condemnation of the Common Areas, the Board, at its election or upon presentation of a petition signed by not less than 10% of the Owners requesting such a meeting, shall convene a special meeting of the Association for resolving whether the Association should undertake the Restoration of the Common Areas in accordance with Paragraph 12.2.

12.7 Decision Not to Restore. If the Common Areas are not to be restored following any Destruction or Condemnation, the Board shall use the Restoration Funds to pay all of the Mortgages or other liens or encumbrances of record with respect to the Common Areas which will not be restored. If any Restoration Funds remain after such application, they shall be held by the Association for working capital or reserves, in the discretion of the Board.

12.8 Emergency Repairs. Notwithstanding any provision of this Paragraph 12, the Board may, without any vote of the Owners or First Mortgagees, undertake any repair which the Board deems reasonably necessary to avoid further damage or destruction which is likely, in the Board's sole opinion, to cause substantial diminution in the value of the Common Areas or which presents an unreasonable risk of injury to persons or property.

12.9 Condemnation of a Lot. In the event of the Condemnation of all or substantially all of a Lot such that it is no longer tenable following reasonable repair or reconstruction, such Lot shall cease to be part of the Project, the Owner shall cease to be a Member of the Association, and the Fractional Interest of each remaining Owner shall automatically be recomputed to reflect appropriately the number of Lots remaining in the Project.

12.10 Destruction of a Lot. In the event that any Lot is damaged or destroyed (in whole or in part), the Owner shall promptly clear the Lot within a reasonable time following such damage or destruction. If an Owner fails to clear his Lot, as required in the foregoing sentence, the Association shall be entitled to exercise any right or remedy available under this Declaration, including affirmative injunctive relief, and shall have the further right to enter into possession of the Lot in order to undertake a clearing of the Lot in accordance with this Paragraph.

13. Party Walls.

13.1 Rights and Duties. The rights and duties of the Owners and the Association with respect to party walls shall, to the extent

not inconsistent with the provisions of this Paragraph, be governed by the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

13.2 Restoration. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions. Notwithstanding any other provision of this Paragraph, an Owner who by his negligent or willful act causes the party wall to be damaged or to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. The right of an Owner to contribution from any other Owner under this Paragraph shall be appurtenant to the land and shall pass to such Owner's successors in title.

13.3 Disputes. In the event of any dispute between Owners concerning a party wall, or under the provisions of this Paragraph, upon the written request of any one of such Owners addressed to the Association, the disputed matter shall be decided by the Board, whose decision shall be final and binding upon such Owners.

14. Maintenance, Repairs and Replacements.

14.1 Maintenance of Lots. Each Owner shall furnish and be responsible for, at his own expense all of the maintenance, repairs and replacements of his own Lot. Each Owner shall maintain his Lot in a neat and orderly condition, in accordance with such rules and regulations as may be adopted by the Association, and consistent with the level of quality, and in accordance with the plans and specifications applicable to the initial construction within the Project and the level of maintenance of the Common Areas.

14.2 Maintenance of Common Areas. Except as otherwise provided herein to the contrary, maintenance, repairs and replacements of the Common Areas shall be furnished by the Association as part of the Common Expenses, subject to the Bylaws and rules and regulations of the Association. If, due to the intentional act or negligence of an Owner or his invitee, guest or other authorized visitor (for whom the Owner may be held legally responsible), or an Occupant, damage is caused to the Common Areas or to a Lot or Lots owned by others, or maintenance, repairs or replacements are required which would otherwise be at the common expense, then such Owner or Occupant shall pay for such damage and for such maintenance, repairs and replacements as may be determined by the Board, to the extent not covered by the Association's insurance. An authorized representative of the Board, or of the manager or managing agent of the Project, and all contractors and repairmen employed or engaged by the Board or such manager or managing agent, shall be entitled to reasonable access to each of the Lots as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or any equipment, facilities or fixtures affecting or serving other Lots and the Common Areas.

14.3 Enforcement of Obligations. In the event that any Owner shall fail to maintain and repair his Lot and such improvements as required hereunder, including the timely completion of landscaping improvements as provided in Paragraph 16.1 below, the Association, following reasonable notice to the Owner (except in emergency situations where such notice is not practical), in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said Lot at any reasonable time and in any reasonable manner, and to repair, maintain, and restore the Lot, including the exterior of the improvements erected thereon, and including the completion of landscaping improvements thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due, including the imposition of interest at an annual rate of 12% and late charges in accordance with the rules and regulations of the Association, all of which shall be the personal obligation of the Owner and secured by the lien provided for in Paragraph 8.

14.4 Disputes. If any maintenance, repair, replacement or reconstruction involves more than one Lot, and if the Owners of the affected Lots do not agree as to who should perform the work, or as to the allocation of the cost thereof, the decision shall be made by the Board and the decision shall be final and binding upon the Owners.

15. Alterations, Additions or Improvements. No exterior alterations of any Lot or any additions or improvements thereto shall be made by any Owner without the prior written approval of the Board in accordance with the Bylaws and this Declaration. Any Owner may make interior alterations within his Lot which are not visible from the Common Areas or other Lots without the prior written approval of the Board, but such Owner shall be responsible for any damage to other Lots or the Common Areas as the result of such alteration, addition or improvement.

16. Decorating, Landscaping and Architectural Control.

16.1 Owner's Obligation. Each Owner, at his own expense, shall furnish and be responsible for all of the interior decorating of his own Lot, and the decorating and landscaping of any open yard areas within his own Lot. Each Owner shall have completed the landscaping improvements on his Lot within four months of the date of the close of the purchase of his Lot. Decorating of the Common Areas, and any redecorating of Lots to the extent made necessary by any damage to existing decorating of such Lots caused by maintenance, repair or replacement work on the Common Areas by the Association, shall be furnished by the Association as part of the Common Expenses.

16.2 Architectural Control. Except for customary patio furniture and reasonably sized potted plants on patios or balconies, nothing shall be stored, placed, erected, hung or permitted on any patio, balcony, parking space, fenced yard area, roof, the Common Areas or exteriors of any Lot. Exterior painting or decorating of a Lot, including without limitation canopies and awnings, must have prior written approval of the Board, which

may, in making its decision, consider the general compatibility of any such proposed decorating with other Lots and the surrounding residential area in general. Any landscaping of a fenced yard area within the exclusive use and control of an Owner or any exterior construction, alteration, replacement or repair of a Lot may be undertaken by an Owner or Occupant only if permitted by the Bylaws and approved by the Board prior to commencement. The Board may require complete plans and specifications and may charge a reasonable fee for professional services connected with reviewing and approving such plans and specifications. The Board, in considering any request for approval, may consider the architectural compatibility of such proposal with the surrounding area and any reasonable architectural guidelines adopted by the Board for uniform application to all Lots.

17. Encroachments. Each Lot and the Common Areas shall be subject to an easement for encroachments, including, but not limited to encroachments of walls, ceilings, ledges, floors, and roofs created by construction, settling and overhangs as originally designed or constructed, or as created by discrepancies between the Plat and the actual construction. If any portion of the Common Areas shall actually encroach upon any Lot, or if any Lot shall actually encroach upon any portion of the Common Areas, or if any Lot shall actually encroach upon another Lot, as the Common Areas and the Lots are shown by the Plat, a valid easement for any of said encroachments and for the maintenance thereof, so long as they stand, shall and does exist. In the event that any Lot or structure is repaired, altered or reconstructed, similar encroachments shall be permitted and a valid easement for said encroachments and for the maintenance thereof shall exist. Each Owner and any other Person acquiring any interest in the Property shall be deemed to acquiesce in and agree to the existence of such easements by accepting a deed from any seller or by acquiring any interest whatsoever in the Property.

18. Rental Lots. Notwithstanding anything herein to the contrary, Developer and any Owner may rent or lease any and all Lots (but not less than an entire Lot) owned by them, with the lessee or renter being entitled to the same privileges of use of the Lot and Common Areas and subject to the same restrictions as the Owner of the Lot would be subject. With the exception of a First Mortgagee in possession of a Lot following a default in a First Mortgage, or a foreclosure proceeding or deed or other arrangement in lieu of foreclosure, no Owner may rent or lease his Lot for transient or hotel purposes or for a period of less than 30 days. All lease agreements, including those for a month-to-month tenancy, shall be in writing and provide that the terms of the lease shall be subject in all respects to this Declaration and the Articles, Bylaws and rules and regulations of the Association, and that failure to comply with the provisions of such documents shall constitute a default under the lease agreement. A copy of the lease agreement shall be delivered by the Owner to the Board on or before the commencement of occupancy by the tenant. Each Owner renting or leasing his Lot shall remain jointly and severally liable with his tenant for the payment of any assessment required hereunder and compliance with this Declaration, the Articles, Bylaws and rules and regulations of the Association, including any fines or penalties levied as a result of a violation thereof.

19. Use and Occupancy Restrictions.

19.1 Residential Use. No part of the Property shall be

used for other than residential or other related purposes except that Developer reserves the right to maintain sales offices, model units, and signs on the Property, together with rights of ingress thereto and egress therefrom, until all Lots shall have been constructed sold and conveyed by Developer. Each Lot shall be used as permitted by this Declaration and for no other purpose. No religious, professional, commercial or industrial operations of any kind shall be conducted in or upon any Lot or the Common Areas, except such temporary uses as shall be permitted to Developer while Lots are being sold by Developer.

19.2 Cancellation of Insurance. No Owner shall permit anything to be done or kept in his Lot or in or upon any Common Areas which will result in the cancellation of insurance thereon or which would be in violation of any law.

19.3 Signs. No sign of any kind shall be displayed to the public view or from any Lot or any Common Areas without the approval of the Board except such signs as may be used by Developer in connection with the development and sale of Lots.

19.4 Pets. Subject to the provisions of Paragraphs 19.5 and 19.19, one dog, cat or other small, commonly accepted household pet may be kept in each Lot without the prior approval of the Board. All additional pets are prohibited unless approved in advance by the Board. No animal shall be kept, bred or maintained for any commercial purpose, and, except as otherwise provided above, no animals of any kind shall be raised, bred or kept in any Lot or in or upon any Common Areas. No animal shall be allowed to become a nuisance, whether by making an unreasonable amount of noise or otherwise. All pets shall be leashed when in any part of the Common Area other than an area subject to the Owner's exclusive use. Upon the request of any Owner, the Board shall determine, in its sole and absolute discretion, whether, for the purposes of this Paragraph 19.4, a particular animal is a commonly accepted household pet or whether a particular animal is a nuisance. The keeping of pets shall also be subject to such additional rules and regulations with respect thereto as the Association may adopt, including rules and regulations prohibiting the keeping of any pets whatsoever.

19.5 Nuisances. No Owner shall permit or suffer anything to be done or kept about or within his Lot which will obstruct or interfere with the rights of other Owners or Occupants, or annoy them by unreasonable noises or otherwise, nor commit or permit any nuisance about or within his Lot or commit or suffer any illegal act to be committed therein. The Owner shall comply with all of the requirements of the health authorities and of all other governmental authorities with respect to his Lot or the Common Areas.

19.6 Alterations. There shall be no structural alteration, construction or removal of any building, fence or other structure in the Property without the approval of the Board (and, until such time as all Lots are sold, the approval of Developer).

19.7 Vehicles. Except as specifically permitted by the Board, (a) no boats, trailers, motor homes, campers, trucks classed by manufacturer capacity rating as exceeding 3/4 ton, or other vehicles shall be parked or stored in or upon the Common Areas; (b) no boats, trailers, motor

homes, campers or other vehicles by manufacturer capacity, having an exceeding 3/4 ton shall be parked or stored in or upon any Lot so as to be visible from any other Lot or from the Common Areas; (c) no vehicle of any type shall be left abandoned on the Property; and (d) no vehicle shall be serviced (except for minor routine maintenance), repaired, or rebuilt in any Lot or upon the Common Areas.

19.8 Owners are Members. Subject to the limitations set forth in this Declaration, all Owners shall be members of the Association and shall comply with and be subject to the terms and conditions as set forth in the Articles, Bylaws and rules and regulations of the Association.

19.9 Lighting. Except as initially installed by Developer, no spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot, structure, balcony, patio or fenced yard area which in any manner will allow light to be directed or reflected on the Common Areas, or any part thereof, or any other Lot.

19.10 No Windbells. No windbells, windchimes or similar devices shall be permitted on the Property.

19.11 Air Conditioners. No window air conditioners or portable units of any kind visible from any other Lot shall be installed in any Lot.

19.12 Reflective Materials. No reflective materials, including but not limited to aluminum foil, reflective screens or glass, mirrors or similar type items, shall be permitted to be installed or placed on the outside or inside of any windows without the prior written approval of the Board.

19.13 Antennas. No radio, television or other antennas of any kind or nature shall be placed or maintained upon any Lot except as may be permitted by rules and regulations of the Association.

19.14 Trash Collection. The Association may maintain trash and garbage collection bins or similar facilities in such areas of the Common Areas as the Board determines. No garbage or trash shall be kept, maintained or contained in any Lot so as to be visible from another Lot or the Common Areas.

19.15 Clotheslines. Outside clotheslines or other facilities for drying or airing clothes shall not be erected, placed or maintained on the Property unless they are within a dwelling on a Lot and not visible from any other Lot or the Common Areas.

19.16 Vegetation. No shrub, tree or other vegetation belonging to any Owner shall be allowed to overhang another Lot without the consent of the Owner thereof, which consent may be revoked at any time after having been given.

19.17 No Mining. No portion of the Property shall be used in any manner to explore for or remove any water, oil or other hydrocarbons or minerals of any kind or earth substance of any kind.

19.18 Safe Condition. Without limiting the foregoing, each Owner shall maintain and keep his Lot and any Common Areas subject to his exclusive control at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective lots or the Common Areas.

19.19 Enforcement. The Board or its authorized agents may enter any Lot in which a violation of these restrictions or the rules and regulations of the Association exists and may correct such violation at the expense of the Owner of such Lot. Such expenses, and such fines as may be imposed pursuant to the Bylaws or rules and regulations of the Association, shall constitute a lien upon such Lot in accordance with the provisions of Paragraph 8.

The Association may modify or waive the foregoing restrictions with the prior approval of a Majority of Owners, or otherwise restrict and regulate the use and occupancy of the Property, the Common Areas and the Lots by reasonable rules and regulations of general application adopted by the Board from time to time. All remedies described in Paragraph 22 hereof and all other rights and remedies available at law or equity shall be available in the event of any breach by any Owner, or his guests, invitees, licensees, family members, or tenants, or any Occupant or other Person of any provision of this Paragraph 19 or the rules and regulations of the Association.

20. Rights and Duties of First Mortgagee. Notwithstanding and prevailing over any other provisions of this Declaration, the Articles, Bylaws, rules or regulations of the Association, or management agreements, the following provisions shall apply to and benefit each holder of a First Mortgage:

20.1 No Right of First Refusal. None of the Constituent Documents shall provide that the right of an Owner to sell, transfer or otherwise convey his Lot will be subject to any right of first refusal, or similar restriction, in favor of the Association. Any "right of first refusal" that may be contained in the Constituent Documents shall not impair or affect the rights of a First Mortgagee to foreclose or take title to a Lot pursuant to the remedies provided in the First Mortgage, to accept a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor, or interfere with a subsequent sale or lease of a Lot so acquired by the First Mortgagee.

20.2 Mortgagee in Possession. A First Mortgagee who comes into possession of a mortgaged Lot by virtue of foreclosure of the Mortgage, or through any equivalent proceedings, such as but not limited to the taking of a deed or assignment in lieu of foreclosure or acquiring title at a trustee's sale under a first deed of trust, or any third party purchaser at a foreclosure sale or trustee's sale, will not be liable for such Lot's unpaid dues, charges or assessments which may accrue prior to the time such First Mortgagee or third party purchaser comes into possession of such Lot, and shall acquire title free and clear of any lien authorized by or arising out of the provisions of this Declaration which secures the payment of any dues, charges or assessments accrued prior to the time such First Mortgagee or third

party purchaser comes into possession of such Lot. Any such unpaid dues, charges or assessments against the Lot foreclosed shall be deemed to be a Common Expense charged proratably against all of the Lots. Nevertheless, in the event the Owner against whom the original assessment or charge was made is the purchaser or redemptioner, the lien shall continue in effect and may be enforced by the Association for the amount of the unpaid dues, charges or assessments that were due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid assessment or charge shall continue to exist as the personal obligation of the defaulting Owner to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a member of the Association.

20.3 Consent of Mortgagees Required. Unless at least three-fourths of the First Mortgagees (based upon one vote for each First Mortgage owned), including, in the case of the partition or subdivision of any Lot, the holder of the First Mortgage for such Lot, and two-thirds of the Owners, or such higher percentage as required in this Declaration or by applicable law, have given their prior written approval, neither the Owners nor the Association shall be entitled to:

(1) By act or omission, seek to abandon or terminate this Declaration, except where provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

(2) Change the pro rata Fractional Interest or obligation of any individual Lot for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards (except as provided in Paragraph 12.9, relating to Condemnation of a Lot.

(3) Partition or subdivide any Lot.

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas by the Project shall not be deemed a transfer within the meaning of this clause.)

(5) Use hazard insurance proceeds payable or paid due to losses to the Common Areas or portion thereof for other than the repair, replacement or reconstruction of such Common Areas, except as provided herein or by statute in case of substantial loss to the Common Areas.

20.4 Tax Liens. All taxes, assessments and charges which may become liens prior to a First Mortgage under local law shall relate only to the individual Lot and not to the Project as a whole.

20.5 Priority of Mortgage. No provision of the Constituent Documents shall give an Owner, or any other party, priority over any rights of the First Mortgagee of a Lot pursuant to its First Mortgage in the case of a

distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Lots and/or Common Areas.

20.6 Amenities. All amenities pertaining to the Project (such as parking, recreation and service areas) are a part of the Project.

20.7 Notice of Default. Upon request, each First Mortgagee and Institutional Guarantor shall be entitled to written notification from the Association of any default in the performance by a Mortgagor, on such First Mortgagee's or Institutional Guarantor's Mortgage, under the Constituent Documents which is not cured within 30 days. All First Mortgagees and Institutional Guarantors shall be entitled to written notification by the Association upon the commencement of any condemnation proceedings against all or any part of the Property or the Lot securing its Mortgage.

20.8 Review of Records. First Mortgagees and Institutional Guarantors shall have the right upon reasonable written request to: (a) examine the books and records of the Association at reasonable times; (b) receive an annual financial statement of the Association within 90 days following the end of any fiscal year of the Association, which financial statement shall be audited by an independent accountant if required by the regulations of any Institutional Guarantor; and (c) to receive written notice of all meetings of the Association and to designate a representative to attend all such meetings.

20.9 No Personal Liability. A First Mortgagee shall not in any case or manner be personally liable for the payment of any assessment or charge, nor the observance or performance of any covenant, restriction, or rule and regulation of the Association, or any provision of the Articles or Bylaws, or any management agreement, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as specifically provided in this Paragraph 20.

20.10 Enforcement Against Successors. An action to abate the breach of any of these covenants, restrictions, reservations and conditions may be brought against the purchasers who have acquired title through foreclosure of a First Mortgage and the subsequent foreclosure or trustee's sale (or through any equivalent proceedings), and the successors in interest to said purchasers, even though the breach existed prior to the time said purchaser acquired an interest in such Lot.

20.11 Exercise of Owner's Rights. During the pendency of any proceedings to foreclose a First Mortgage (including any period of redemption) or from the time a trustee under a first deed of trust has given notice of sale pursuant to power of sale conferred under a deed of trust and pursuant to law, the First Mortgagee, or a receiver appointed in any such action, may but need not exercise any or all of the rights and privileges of the defaulting Owner of a Lot including, but not limited to, the right to vote as a member of the Association in the place and stead of the defaulting Owner.

20.12 Mortgagee Subject to Declaration. At such time as a First Mortgagee shall come into possession of or become record Owner of a Lot, the First Mortgagee shall be subject to all of the terms and conditions of this Declaration including, but not limited to, the obligation to pay all

assessments and charges accruing thereafter, in the same manner as any other Owner.

20.13 Lien Subordinate to First Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any First Mortgage now or hereafter placed upon any Lot; provided that such First Mortgage is in favor of a bank, savings and loan association, insurance company, mortgage banker, other institutional lender, or Institutional Guarantor and their successors or assigns; and provided further that such subordination shall apply only to the assessments which have accrued prior to a sale or transfer of the Lot to which the First Mortgage relates pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure.

20.14 No Impairment of Mortgage. Notwithstanding any provision in the Constituent Documents to the contrary, no provision of this Declaration or the Constituent Documents related to costs, use, set-back, minimum size, building materials, architectural, aesthetic or similar matters shall provide for reversion or foreclosure of title to a Lot in the event of violation thereof. No breach or violation of any provision of the Constituent Documents shall affect, impair, defeat or render invalid the interest or lien of any First Mortgagee.

20.15 Amendment. Notwithstanding and prevailing over all other provisions hereof, no amendment to this Declaration shall be made or become effective which in any way affects, diminishes or impairs any of the rights, privileges or powers granted to any First Mortgagee or which is in any way inconsistent with the customary rules, regulations or requirements of institutional First Mortgagees affected or their successors or assigns without the prior written consent of all affected institutional First Mortgagees. Upon written request, each First Mortgagee and Institutional Guarantor shall be entitled to timely written notice of any proposed action which requires the consent of a specified percentage of Mortgagees.

20.16 Enforcement. First Mortgagees shall have the right to enforce against Owners, the Association and all others, any and all provisions of this Declaration including, without limitation, this Paragraph 20. Enforcement by First Mortgagees may be by injunction, mandatory or prohibitory, or any other lawful procedure. This Declaration shall be interpreted in conformity with all rules, regulations and requirements of any Institutional Guarantor of a Mortgage on any Lot in effect as of this date or as hereafter amended, and any provision hereof which is inconsistent therewith shall be deemed modified to conform thereto.

20.17 Articles and Bylaws. The Articles, Bylaws and all rules and regulations of the Association shall be governed by this Declaration and all provisions thereof which are inconsistent herewith shall be void.

21. Exemption of Developer from Restrictions. Notwithstanding anything contained in this Declaration to the contrary (except that, in the event of a conflict with the provisions of Paragraph 20 hereof, those provisions shall be controlling), none of the restrictions contained in this Declaration shall be construed or deemed to limit or prohibit any act of Developer, its employees, agents and subcontractors, or parties designated by it in connection with the construction, completion, sale or leasing of the

Lots, or repair of Lots as required in this Declaration or any contracts of sale with Owners.

22. Remedies. In the event of any default by any Person under the provisions of this Declaration, or the Articles, Bylaws or rules and regulations of the Association, the Association, or its successors or assigns, or the Board, or its agents, or an Owner of a Lot shall have each and all of the rights and remedies which may be provided for in this Declaration, the Articles, Bylaws or rules and regulations of the Association, or which may be available at law or equity, and may prosecute any action or other proceedings against such defaulting Person for enforcement or foreclosure of its lien and the appointment of a receiver for a Lot, or for damages or injunction, whether mandatory or prohibitory, or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of a Lot and to rent the Lot and apply the rents received to payment of unpaid assessments and interest accrued thereon, and to sell the same as hereinafter in this Paragraph 22 provided, or for any combination of remedies or for any other relief, all without notice and without regard to the value of the Lot or the solvency of such Person.

The proceeds of any such rental or sale shall first be paid to discharge court costs, other litigation costs, including without limitation reasonable attorneys' fees, and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting Owner in a final judgment. Any balance of proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the Owner or the Mortgagees of the Lot, as their interests may appear. Upon the confirmation of the sale, the purchasers thereupon shall be entitled to a deed to the Lot and to immediate possession of the Lot and may apply to the court for a writ of restitution for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the judgment shall so provide, that the purchaser shall take the interest in the property sold subject to this Declaration.

All expenses of the Association in connection with any action or proceeding described or permitted by this Paragraph 22, including court costs and reasonable attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the annual rate of 12%, but in no event in excess of the maximum lawful rate, until paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his respective share of the Common Expenses, and the Association shall have a lien as provided in Paragraph 8 hereof for all of the same, as well as for nonpayment of his respective share of the Common Expenses, upon the Lot of such defaulting Owner and upon all of his additions and improvements thereto.

In the event of any such default by any Person, the Association and the Board, and the manager or managing agent, if so authorized by the Board, shall have the authority to correct such default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Person, and such assessment shall constitute a lien against a defaulting Owner's Lot as provided for in Paragraph 8 of this Declaration. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or

otherwise, by the Association or the Board.

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If any Person (either by his conduct or by the conduct of any Occupant of his Lot, or the Owner's family, guests, invitees or tenants to the extent the Owner may be held legally responsible therefor) shall violate any of the provisions of this Declaration, or the Articles, Bylaws or rules and regulations of the Association, as then in effect, and such violation shall continue for 10 days after notice in writing to the defaulting Person and the Board or shall occur repeatedly during any 10 day period after written notice or request to cure such violation, then the Board or any affected or aggrieved Owner shall have the power to file an action against the defaulting Person for a judgment or injunction, whether mandatory or prohibitory, against the Person requiring the defaulting Person to comply with the provisions of this Declaration, or the Articles, Bylaws or rules and regulations of the Association, and granting other appropriate relief, including money damages.

Anything to the contrary herein notwithstanding, any breach of any of the covenants, restrictions, reservations, conditions and servitudes provided for in this Declaration, or any right of reentry by reason thereof, shall not defeat or adversely affect the lien of any Mortgage upon any Lot but, except as herein specifically provided, each and all of said covenants, restrictions, reservations, conditions and servitudes shall be binding upon and effective against any lessee or Owner of a Lot whose title thereto is acquired by foreclosure, trustee's sale, sale, deed in lieu of foreclosure or otherwise. To the extent that summary abatement or enforcement rights are herein reserved to Developer, the Association or any other Person, judicial proceedings for enforcement must be instituted before any items of construction can be altered or demolished.

23. Amendment. Amendments to this Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. So long as there is outstanding any Class B membership in the Association any amendment must be approved by all Institutional Guarantors.

Amendments may be adopted with or without a duly held meeting of the Owners upon the approval thereof of three-fourths of the Owners then entitled to vote for directors. In the event that no meeting of Owners is held, then the requisite number of Owners must consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Notwithstanding the foregoing, any material amendment of this Declaration, including, but not limited to, any amendment which would change the Fractional Interest of any Owner, may be adopted only with the affirmative vote or consent of three-fourths of the Owners and three-fourths of all First Mortgagees (based on one vote for each Mortgage owned).

It is specifically covenanted and agreed that any amendment to this Declaration properly adopted will be completely effective to amend any and all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or the Plat, unless otherwise specifically provided in the paragraph being amended or the

amendment itself.

Except as otherwise provided herein, the Plat may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein. Copies of any amendment to the Plat shall be made available for the examination of every Owner. Such amendment to the Plat shall also be effective, once properly adopted, upon recordation in the appropriate governmental office in conjunction with the Declaration amendment.

If this Declaration, the Articles or Bylaws require the consent or agreement of all Owners and/or all lienholders and all trustees and/or beneficiaries under trust deeds, for any action specified in this Declaration, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be signed by all of the Owners and/or all lienholders and trustees and/or beneficiaries under trust deeds, or both, as required hereunder by this Declaration.

Notwithstanding any provision of this Paragraph 23, for so long as any Class B memberships in the Association are outstanding, Developer reserves the right, and shall be authorized and empowered, acting alone, to amend this Declaration as necessary to comply with, or conform this Declaration to, the requirements or guidelines of an Institutional Guarantor; provided, however, that Developer shall obtain the approval of any interested Institutional Guarantor to such amendment. Upon the adoption and recording of any such amendment by Developer, a copy of the amendment shall be made available for the inspection of every Owner or First Mortgagee.

Any change, modification or rescission of this Declaration accomplished under any of the provisions of this Paragraph 23 shall be effective upon recording such instrument.

Anything to the contrary herein notwithstanding, no amendment shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees in this Declaration, or which is in any way inconsistent with the rules, regulations or requirements of any interested Institutional Guarantor or, unless the amendment shall be consented to in writing by such Institutional Guarantor.

24. Notices. Notices provided for in this Declaration, or the Bylaws or rules and regulations of the Association, shall be in writing and shall be addressed to the Association or the Board, as the case may be, at an address to be established by the Board, or at such other address as hereinafter provided. The Association or the Board may at any time designate a different address or addresses for notices to them respectively by giving written notice of such change of address to all Owners. All notices to Owners shall be to their respective Lots. Any Owner may also designate a different address or addresses for notices to him by giving written notice of his change of address to the Board. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof. Upon written request to the Board, a Mortgagee of a Lot shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner of the Lot subject to such Mortgage.

25. Captions and Exhibits; Construction. Captions given to various paragraphs herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein are incorporated as though fully set forth where such reference is made. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the ownership and operation of the Property under the provisions of Arizona law.

26. Severability. If any provision of this Declaration, the Articles, Bylaws or rules and regulations of the Association, or any section, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration, the Articles, Bylaws or said rules and regulations, 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 this Declaration, the Articles, Bylaws, or said rules and regulations shall be construed as if such invalid part were never included therein.

27. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until 21 years after the death of the survivor of the now living descendants of United States Senator Dennis DeConcini and Arizona Governor Evan Mecham.

28. Power of Attorney. Whenever the Association or the Board is granted rights, privileges or duties in this Declaration, the Board shall have the authority to act for the Association in accordance with the Articles and Bylaws. Further, unless otherwise specifically restricted by the provisions of this Declaration, wherever the Association or the Board is empowered to take any action or do any act, including but not limited to action or acts in connection with the Common Areas, the Owners and each of them hereby constitute and appoint the Association, acting through its Board, as their attorney-in-fact for the purposes of taking such action or doing such acts including but not limited to executing, acknowledging and delivering any instruments or documents necessary, appropriate or helpful for such purposes. It is acknowledged that this power of attorney is irrevocable and coupled with an interest and by the acceptance of a deed for a Lot or by signing a contract for purchase of a Lot or by succeeding in any other manner to the ownership of a Lot, each Owner shall be deemed and construed to have ratified and expressly granted the above power of attorney.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed.

LENNAR HOMES OF ARIZONA, INC., a
Delaware Corporation.

By 
Its President

