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AMENDED AND RESTATED DECLARATON OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RED MOUNTAIN VILLAS CONDOMINIUMS

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AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED MOUNTAIN VILLAS CONDOMINIUMS

THIS DECLARATION is amended and restated this 9th day of March, 2015, by Red Mountain Villas Condominium Association, an Arizona non-profit corporation, hereinafter referred to as "Association." Haime Development, Inc. was the Association's Declarant, but the Association is no longer under Declarant control. This Amended and Restated Declaration supersedes and replaces in the entirety the Association's Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Red Mountain Villas Condominiums, recorded as Doc. No. 84-434210; Amendment thereto on May 13, 1985, at No. 85-218138; a Second Amendment thereto on September 27, 1985, at No. 85-461616; Amendment and Declaration of De-Annexation therefrom on September 11, 1986, at No. 86-490736; Declaration of Annexation and subjection therefrom on September 30, 1987, at No. 87-606668; Amendment on February 27, 1990, at No. 90-086818; Amendment of Declaration of Annexation on July 17,1996, at No. 96-0502933; Amendment thereto on August 11, 1997 at, 97-0546142; Amendment and Declaration of Annexation, at 97-0636185.

WHEREAS, Declarant was the former owner of the following real property (the "Parcel") in the County of Maricopa, State of Arizona, to wit which was developed into the Association. See EXHIBIT "A" and EXHIBIT "B" attached hereto and incorporated herein by this reference.

WHEREAS, the Association desires to submit and subject the above described property (hereinafter sometimes call "Parcel"), together with all buildings, improvements and other permanent fixtures of whatsoever kind now or hereafter located thereon, and all rights and privileges belonging or in anywise pertaining thereto (hereinafter sometimes called the "Property") to this Amended and Restated Declaration.

WHEREAS, Association 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 said premises and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Association desires and intends that the owners, 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 and restrictions hereinafter set forth, 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, Association, for the purpose above set forth, declares as follows:

1. Submission of Property. Association hereby submits and subjects the Property to this Declaration and does hereby declare that all of the Unit shall be owned leased, sold and conveyed subject to the terms, conditions and other provision of this Declaration.

Subject to the provisions of Paragraphs 4 through 4.7 below, the Association hereby creates on the Property referred to above, a condominium known as RED MOUNTAIN VILLAS CONDOMINIUM ASSOCIATION in accordance with that Horizontal Regime Map (hereinafter referred to as the "Plat") referred to in Paragraph 3.25 below.

2. Name. The name of this Horizontal Property Regime shall be RED MOUNTAIN VILLAS CONDOMINUM ASSOCIATION.

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

3.1 "Act" means Arizona's Condominium Act.

3.2 "Apartment" means a part of the Property consisting of one or more rooms (excluding the patio or balcony, storage area, if any, and any areas of exclusive use appurtenant to each Apartment) designated by number and/or letter as shown on the Plat. Each Apartment is located in one of the Buildings shown on the Plat and is composed of and includes the space enclosed and bounded by the interior finished surfaces of the floor, ceiling and perimeter walls thereof; provided, however, no structural parts of the Building in which each Apartment is located, and no pipes, wires, conduits, ducts, flues, shafts or public utility, water or sewer lines situated within an Apartment and forming part of any system serving one or more other Apartments or the Common Elements shall be deemed to be part of any Apartments.

3.3 "Apartment Unit" means an Apartment together with the exclusive use of the balcony or patio, as the case may be, and the storage area, if any, appurtenant to ownership of that Apartment, as well as any other areas of exclusive use assigned to or associated with the Apartment, and an Apartment Unit shall be referred to by the same number and letter as the Apartment. All structural parts of the Building in which each Apartment Unit is located, and all pipes, wires, conduits, ducts, flues, shafts, or public utility, water or sewer lines situated within such Apartment Unit and forming part of any system serving one or more other Apartment units or the Common Elements shall be deemed to be part of the Common Elements.

3.4 "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of Red Mountain Villas Condominiums Association, which will be a non-profit corporation whose membership will be comprised of the Owners of all the Units.

3.5 "Association" means, Red Mountain Villas Condominium Association, an Arizona non-profit corporation, or any successor or assign, whether by way of consolidation, merger, transfer or otherwise, the members of which shall be the Owners of all of the Units.

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

3.7 "Building" means any one (or all if the context requires) of the multifamily structures to be erected upon the Parcel, or upon any property which may be annexed hereto.

3.8 "Bylaws" mean the Bylaws of the Association as same may be amended from time to time.

3.9 "Common Expenses" means the items more particularly described in Paragraph 13.1 below.

3.10 "Common Elements" mean the "general common elements", as that term is defined in the Condominium Act to mean all portion of the Condominium/Project other than the Apartment Unit/Condominium Unit .Common Elements are more particularly described in Paragraph 4 below.

3.11 "Condominium" means a Unit, together with the exclusive parking rights and the non-exclusive easement to use the Common Elements as set forth in this Declaration and as provided by the Act. Each condominium shall constitute a separate freehold estate.

3.12 "Condominium Documents" means this Declaration, the Articles of Incorporation and Bylaws of the Association, the Plat, Association Rules and all other documents governing the Property, the Association and its members.

3.13 "Condominium Project" means the Property and each and every component thereof, including the Apartment Units and the Common Elements.

3.14 "Declarant" means the above recited Declarant or any person to whom Declarant's rights hereunder are specifically assigned by recorded instrument. The Association is no longer under Declarant control.

3.15 "Developer" means Ken Osborn Development, Inc., and Arizona Corporation, its successors or assigns, or any other contractor who builds for resale a significant number of units. The Association is no longer under Developer Control.

3.16 "First Mortgage" means a first lien deed of trust, as well as a first mortgage, on a Unit.

3.17 "Declaration" means this instrument by which the Property is submitted to a Horizontal Property Regime as such Declaration may from time to time be amended.

3.18 "Majority" or Majority Owners" means the Owners of more than fifty percent (50%) of the undivided ownership of the Common Elements. Any specified percentage of the Owners means that percentage of undivided ownership of the Common Elements.

3.19 "Mortgage" includes deed of trust; "Mortgagee" includes a beneficiary under a deed of trust; and "Mortgagor" includes a Trustor under a deed of trust.

3.20 "Occupant" means a person or persons, including an Owner, legally occupying or residing in a Condominium.

3.21 "Owner" or "Co-owner" or "Unit Owner" means the person or persons whose estates or interest individually or collectively aggregate fee simple ownership of a Unit, and the person or

persons who are purchasers under a valid and outstanding recorded agreement of sale with respect to a Unit, but shall not include a person whose interest is limited to security for a loan unless the context otherwise requires.

3.22 "Parcel" means the parcel or tract of real estate described above in this Declaration.

3.23 "Person" means an individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

3.24 "Plat" means the plats of survey of the Property and of all Units submitted to a horizontal property regime, as recorded in the office of the Maricopa County Recorder in Book 417 of Maps, at page 31

3.25 "Property" or "Condominium Property" shall have the same meaning as set forth in Arizona's Condominium Act, as related to the development which is the subject matter of this Declaration, together with all fixtures and equipment for the mutual use, benefit and enjoyment of the Unit Owners.

3.26 "Record" or "Recording" refers to the county records or recordings in the office of the County Recorder of Maricopa County, Arizona.

3.27 "Unit" means an Apartment Unit together with the undivided percentage interest in and to the General Common Elements, which interest and the General Common Elements are more particularly described in Paragraph 4 below.

4. Declaration. The condominium project will be developed in as many as four (4) phases, as more fully set forth below. Phase One of the project shall consist of that certain real property described as Parcel and attached as Exhibit A and of four (4) buildings together containing a total of twenty-nine (29) individual Apartments, as shown on the Plat. The project will ultimately consist of ten (10) buildings containing a total of no more than seventy-four (74) individual Apartments, said buildings and Apartments to be generally of similar type, architectural style and approximate size as those buildings and Apartments included within Phase One. Each Apartment in Phase One is separately identified numerically and described on the Plat referred to in Paragraph 3.25 of this document. Each Apartment in subsequent phases will be separately identified numerically on a plat which will be recorded with the annexation of each such subsequent phase.

4.1 Each Apartment unit shall have an undivided interest in the Common Elements which for Phase One shall be as shown on Exhibit C attached hereto and incorporated herein by this reference. Each Apartment Unit's undivided interest in the Common Elements is based upon its relative size. The formula to be used to compute and readjust each Apartment Unit's undivided interest is to divide the number of square feet of such Apartment Unit as determined by the Maricopa County Assessor's office, by the total number of square feet of all Apartment Units in annexed phases as determined by the Maricopa County Assessor's Office. To obtain an undivided percentage interest such figure would then be multiplied by 100. In any event, the maximum

undivided interest of any Apartment Unit shall not exceed that set forth in Exhibit C and the minimum undivided percentage interest shall not be less than 1.17%.

The undivided interest in the Common Areas and Facilities and the fee titles to the respective Apartment spaces conveyed therewith, shall not be separated or separately conveyed, and each said undivided interest shall be deemed to be conveyed or encumbered with its respective Apartment space, even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Apartment space.

4.3 The share of each Owner of the respective Apartment Units in the common expenses of the Common Areas and Facilities shall be proportionate to the undivided percentage interest of said Owner in the Common Elements.

4.4 The cubic content space of each Building with reference to its location on the land is described on the Plat. The boundaries of each Building shall be the exterior of the outside walls of said Building, except that where there are patios or balconies extending beyond the exterior of the outside walls, the boundaries of each Building shall be the plane of the outer edge of the exterior walls surrounding said patios or balconies or the plane of the boundary lines shown on the Plat for said patios or balconies, which extend outward farthest from the exterior walls of said Building. The upper and lower boundaries of the Building shall be as shown on the Plat.

4.5 The cubic content space of each Apartment shall consist of, and be measured by, the entire space between the horizontal and vertical boundaries thereof as shown on the Plat and described in Paragraph 3.2.

4.6 The owner of an Apartment Unit shall have an undivided interest in the Common Elements as set forth in Paragraph 4.2.

4.7 There are no Limited Common Elements included within this condominium project.

5. Consent to Restrictions, Covenants and Conditions. Each and every Owner of a Unit described herein by the acceptance of a deed therefor, and all others who at any time shall obtain any interest in the Property or a part thereof, is thereby deemed to consent, agree and affirm all of the restrictions, covenants and conditions hereof and is thereby deemed to agree to be bound by, keep and perform the same in strict compliance with this Declaration and the Articles of incorporation and Bylaws, and such rules and regulations as may be adopted , amended and repealed by the Board from time to time. Failure to comply with any of the same shall be grounds for an action to recover damages or for injunctive relief, or for the exercise of any other available remedies in accordance with law and set forth herein. Each Occupant shall be bound by the provisions of this Declaration, and the Condominium Documents.

6. Maintenance, Repairs and Replacements. Responsibility for maintenance, repairs and replacements of the Property shall be as follows:

6.1 In connection with Apartment Units, the Association shall maintain, repair and replace, at the Association's expense:

A. All common parking areas and driveways.

B. All items within an Apartment (except interior surfaces), which contribute to the support of the Building, which shall include but shall not be limited to the outside walls of the Apartment, floor and ceiling slabs, load bearing columns, load bearing walls, and all fixtures on the exterior boundary walls of an Apartment serving the Common elements or other Apartment Units.

C. All conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portions of an Apartment maintained by the Association, and all facilities contained within an Apartment which service part or parts of the Condominium Property other than the Apartment Unit within which such facilities are contained, except for each Apartment's heating and air condition units.

D. Notwithstanding the foregoing, the Association shall have authority to require Unit Owners: (a) to maintain, repair and replace all damages to window an sliding glass doors except in the case of damage for which insurance proceeds are paid under policies purchased by the Association; and (b) to undertake any other maintenance, repair and replacement work, but such work must be required by uniform regulations promulgated pursuant to Paragraph 10.12 below.

6.2 In connection with Apartment Units, the Owner shall maintain, repair and replace, at the Owner's expense:

A. All portions of his or her Apartment Unit except the portions to be maintained, repaired and replaced by the Association. Such work shall be done without disturbing the rights of other Apartment Unit Owners.

B. The interior portions of his or her Apartment Unit, including but not limited to the following items: service equipment such as dishwasher, laundry, refrigerator, oven/stove, water heater, heating and air conditioning units, whether or not such items are built-in fixtures; interior fixtures such as electrical and plumbing fixtures; floor coverings except the floor slab; all interior surfaces including but not limited to inside paint and other inside wall finishes.

C. All portions of the storage area, if any, patio or balcony and all glass in windows and doors appurtenant to his or her Apartment Unit.

D. The garages and individual parking spaces granted each owner of an Apartment Unit as set forth in Paragraph 15.

6.3 In connection with the Common Elements, maintenance, repairs and replacement of the Common Elements shall be furnished by the Association as part of the Common Expenses, subject to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association. Responsibility for portions of the Common Elements servicing or uniquely related to one Apartment Unit may be delegated to (or required of) that Apartment Unit Owner in the reasonable discretion of the Board.

6.4 Additional Provisions.

A. To the extent permitted under Arizona Law, if, due to the act or neglect of an Owner or a member of his family or his invitee or guest, or other authorized occupant or visitor of such Owner or household pet of such Owner, damage shall be caused to the Common Elements or to an Apartment Unit owned by others, or maintenance, repairs or replacements shall be required which would otherwise be at the Common Expense, then such Owner 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.

B. No Owner shall paint or otherwise decorate or change the appearance of any portion of the exterior, windows, or doors of any building without the prior written approval of the Board. Additionally, no structural additions or alterations shall be made without prior written approval from the Board of Directors.

C. Each Owner shall promptly report to the Association any defect or need for repairs, the responsibility for remedying of which is that of the Association.

D. An authorized representative of the Board, or of the manager or managing agent of the Property, and all contractors and repairmen employed or engaged by the Association or such manager or managing agent, shall be entitled to reasonable access to each of the Apartment Units as may be required in connection with maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or servicing other Apartment Units and the Common Elements.

E. In the event that any Owner shall fail to maintain and repair his Unit and such improvements as required hereunder, the Association, 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 following reasonable notice, through its agents and employees, to enter upon said Unit and to repair, maintain, and restore the Unit and the exterior of the Building any other improvements erected therein, and the cost shall be the responsibility of the Owner.

Each Owner (by acceptance of a deed for his Condominium) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand together with interest

thereon at the rate of ten percent (10%) per annum and all attorneys' fees incurred in collecting the amount due, which shall be the personal obligation of the Owner.

7. Alterations, Additions and Improvements. Except for original construction work undertaken by Declarant, with respect to any Apartment Unit or the Common Elements, there shall be no structural alterations, additions or improvements to the Common Elements without the prior approval of the majority of the Owners given at a regular or special meeting of the Members of the Association. Unless otherwise determined at any such meeting, the cost of such alterations, additions or improvements to the Common Elements shall be paid by means of a special assessment against the Owners in the proportion of their respective undivided interest in and to the Common Elements. Any Owner may make nonstructural additions, alterations and improvements within his Apartment without the prior written of the Board, but such Owner shall be responsible for any damage to his or her Apartment, the Common Elements or the Condominium Property which results from any such alterations, additions or improvements. All Owners are hereby prohibited from making any structural additions, alterations or improvements within an Apartment Unit, unless an architect or engineer, licensed in Arizona, certifies that such addition, alteration or improvement will not impair the structural integrity of the Building within which such addition, alteration or improvement is to be made, and further, an Owner must obtain the prior written approval by the Board for such addition, alteration or improvement. The Owner shall be responsible for any damage to other Apartments, the Common Elements or the Condominium Property which result from any such additions, alterations or improvements. Notwithstanding the foregoing, no addition, alteration or improvement within the Apartment Unit, whether structural or not, shall be made without the prior written approval of the Board, if said addition, alteration or improvement is reasonably visible from other portions of the Condominium Property or from the surrounding neighborhood, and prior to granting such approval, the Board must affirmatively find that the proposed addition, alteration or improvement is aesthetically pleasing and in harmony with the surrounding improvements and the Condominium Property.

8. Decorating/Alterations. Each Owner, at his or her own expense, shall furnish and be responsible for all of the decorating within his or her own Apartment and balcony, if any, from time to time, including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furniture and interior decorating; provided however, no reflective materials shall be placed in the windows or on other surfaces which can be seen from the outside of the Buildings, without the prior written approval of the Board. Subject to the provisions of this Declaration, each Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings within his or her Apartment, and such Owner shall maintain such surfaces in good condition at his or her sole expense. Said maintenance may be subject to such rules and regulations of the Association as may be necessary for the common good of the Property. Decorating of the Common Elements (other than interior surfaces within the Apartment as above provided), and any redecorating of Apartments to the extent made necessary by any damage to existing decorating of such Apartment caused by maintenance, repair or replacement work on the Common Elements by the Association, shall be furnished by the Association as part of the Common Expenses. The interior and exterior surfaces of all windows and glass doors (if any) forming part of a perimeter wall of an Apartment shall be cleaned or

washed at the expense of each Apartment Unit Owner unless the Board determines otherwise. Decorating of patios and atriums shall be the responsibility of each Unit Owner having the use of such but subject to the rules and regulations of the Board. The exterior side of all drapes, curtains or other window coverings shall be of off-white color.

Except for customary patio furniture on patios or balconies and except for plants and sun screens of a type and color approved by the Association, nothing shall be stored, placed, erected, hung or permitted on any patio, balcony, roof, the Common Elements, the exterior of the building, or upon or in the windows or outside doors of any Unit. If any Owner wishes to install a sun screen roll-up blind on rear patio, such screen must match exterior wall of Unit and be approved by the Board of Directors. Any antenna or satellite installed must be in conformity with Federal Law.

No enclosure of any type may be installed on rear patio units located in buildings G, H, I, and J. Installation of storm/screen doors at from entrance may be allowed after Board approval provided that storm or screen doors must match exterior walls. Installation of screen doors on the doors leading to the rear patio may be only allowed after obtaining Board approval, and such doors must be the same color as the exterior walls and be of the same style of door that is the front entrance.

Owners have the option of installing a ceiling fan on the rear patio provided that the color of the fan is either earth or natural tone.

Upon written approval by the Board of Directors, Owners may extend rear patio provided the extension provided said extension not extend beyond the building line.

Optional installation of carpeting or paint on rear patio and outside front entrance must be earth or natural in color.

All wrought iron fences must be black in color.

Stepping stones are permitted if installed flush to surface and do not exceed 20 inches by 20 inches.

Cleaning of decorated finished interior walls, floors and ceilings of each patio and balcony and the landscaping of such areas shall be the responsibility of the Owner of the Unit of which said patio or balcony is a part. However, painting, decorating and non-natural landscaping of such areas must have prior written approval of the Board as to compatibility of color, design and aesthetics with the entire Property. Any construction, alteration, replacement or repair of or upon the Common Elements, or within a Unit if of a structural nature, must be approved in writing 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.

9. Encroachments. If any portions of the Common Elements shall actually encroach upon any Unit, or if any unit shall actually encroach upon any portions of the Common Elements, or if any Unit shall actually encroach upon another Unit, as the Common Elements and the Units are shown by the surveys comprising the Plat, there shall be deemed to be mutual easements in favor of the Owners of

the Common Elements and the respective Owners involved to the extent of such encroachment so long as the same shall exist and for any repair or replacement of such encroaching items. However, no such easement shall exist for an encroachment created by the willful misconduct of the person seeking the benefit of such encroachment easement.

10. Use and Occupancy Restrictions.

10.1 All Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Unit or in or from any Unit, except that an Owner, Lessee or Occupant of a Unit may conduct a business activity within a Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, vibration or smell from outside the Unit; (b) the business activity conforms to all applicable zoning ordinances or requirements for the Condominium; (c) the business activity is conducted solely in the Unit; (d) the business activity does not involve persons coming to the Unit or the door-to-door solicitation of Owners, Lessees or Occupants; and (e) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other Owners, Lessees or Occupants, as may be determined from time to time in the sole discretion of the Board of Directors. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether; (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license if required for such activity. The leasing of a Unit by the Owner thereof shall not be considered a trade or business within the meaning of this Section.

10.2 Subject to the provisions of these restrictions, use of the Common Elements and Units shall be in accordance with and subject to uniform limitations and rules and regulations as established , amended and repealed by the Board of Directors.

10.3 Nothing shall be done or kept in any Unit or in any of the Common Elements which will increase the rate of insurance thereon without the prior written approval of the Board. No Owner shall permit anything to be done or kept in his Unit or in or upon any Common Elements which will result in the cancellation of insurance thereon or which would be in violation of any Federal, State or local law and regulation.

10.4 No signs other than the following shall be allowed within the Association in accordance with the Condominium Act without the written permission from the Association:

A. one 'for sale' sign which may be no larger than an industry standard for sale sign (not to exceed 18 x 24 inches) and a sign rider (not to exceed 6 x 24 inches) located on an Owner's Lot,

B. one 'for rent' sign which may be no larger than an industry standard for sale sign (not to exceed 18 x 24 inches) located on an Owner's Lot;

C. one 'open house' sign which may be no larger than an industry standard for sale sign (not to exceed 18 x 24 inches) located on an Owner's Lot;

D. political signs earlier than 71 before the day of an election and later than 3days after an election day;

All the aforementioned signs must be professionally manufactured or produced.

10.5 No pets of any kind shall be raised, bred or kept in any Unit or in or upon any Common Elements, except that a combination of not more than two (2) dogs, cats or other household pet s may be kept in each Unit, subject to uniform rules and regulations of the Association, provided that no animal shall be kept, bred or maintained for any commercial purpose. Each permitted pet shall not exceed 25 pounds when fully grown. Specifically excluded from the definition of household pets, by way of example and not by limitation include exotic animals such as monkeys, reptiles, wild animals, chickens, roosters and fowl. All pets must be leashed or otherwise contained when outside the Unit and shall not be allowed to run loose No pet (including cats) shall be left unattended in the common elements, nor shall any pet be permitted to be tied or restrained on the common elements including landscape areas and lawns. Owners must pick up and dispose of any animal waste. No pet shall be permitted to make excessive noise so that the pet becomes a nuisance, and such determination shall be left to the Board of Directors Any owner keeping an animal on the property shall indemnify and hold harmless the Association for any loss, damage, cost or liability which the Association may sustain as a result of the presence of such animals, whether or not such animals' presence has been approved by the Association. Notwithstanding the generality of the foregoing, after (i) repeated violation of this subparagraph, (ii) ten (10) days' prior written notice o the owner of such animal(s), and (iii) an opportunity for such owner to have a hearing before the Board, the Board may take such legal action to cause the pet to be removed from the premise. All attorney fees incurred shall be the responsibility of the Owner, whether or not lawsuit is filed.

10.6 The Owner shall not permit or suffer anything to be done or kept about or within his or her Unit which will obstruct or interfere with the rights of other owners or occupants, or annoy them by unreasonable noises or otherwise, nor will he or she commit or permit any nuisance about or within his or her Unit 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 the Property. All trash and garbage must be tied in plastic bags securely closed and deposited in receptacles provided for such purpose and shall not be permitted to accumulate on or about a Unit. If by reason of the occupancy or use of the Property by the Owner the rate of insurance on the building shall be increased, the Owner shall be liable for such additional insurance premiums.

10.7 Except as permitted by the Board, no boats, RV vehicles, campers, trailers or vehicles, other than licenses, well muffled, smokeless, operative motorcycles and operative passenger automobiles,

including pickup trucks not exceeding three-quarters of a ton, shall be parked or stored in any Unit or in or upon the Common Elements. No vehicle shall be repaired or rebuilt in any Unit or upon the Common Element; and no vehicle with camper shell exceeding the size of the bed and/or the height of the cab shall be parked or stored in any Unit or upon the Common Elements. No skateboards, or roller-skates shall be allowed anywhere on the property.

10.8 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 of Incorporation and Bylaws and any rule or regulation of the Association. No Owner may transfer any membership or interest in the Association, except in connection with the sale of his entire Condominium to which such membership is appurtenant. If an Owner leases his entire Condominium to another person, such Owner shall continue to possess all voting rights which he might then have in Association with regard to such Condominium. An owner may assign to a tenant of his Condominium such owner's right to use and enjoy the common elements which would otherwise be enjoyed by such Owner.

10.9 Except for an institutional lender in possession of a Condominium following a default under a first mortgage, a foreclosure proceeding, or any arrangement in lieu of foreclosure, no Condominium shall be leased for transient or hotel purposes. All leases must be for a minimum of three (3) months. The Owner is responsible to make certain the tenant complies with the terms of the Declaration and governing documents. If the tenant does not comply with the Governing Documents the Association has the right to pursue all available legal remedies against the Owner.

10.10 No Unit or any portion of the Common Elements may hereafter be further subdivided or otherwise partitioned, and any action taken in violation of this provision shall be null and void.

10.11 By-laws and reasonable rules and regulations concerning the use of the Property and all portions thereof and imposing reasonable restrictions upon the Owners and use of the Apartment Units shall be adopted and amended from time to time by the Board. The Board shall reduce such By-laws, rules and regulations, as amended to writing, shall make them available to every owner and resident, shall notify every owner and resident of where a copy may be obtained and shall furnish a copy to each owner and resident upon request.

10.12 At least eighty (80) percent of the homes within the Association to be occupied by at least one person fifty-five (55) years of age or older.

The Board of Directors has the authority to grant an exception to the age requirements and allow up to twenty percent of the homes within the Association to be solely occupied by individuals less than fifty-five years of age. These exceptions are within the sole authority of the Board of Directors to grant and shall only be given in the case of an undue hardship or a sudden unforeseen event.

11. Association. The Association has been or will be formed and shall fulfill its functions pursuant to the provisions of the Condominium Documents.

11.1 Definition, Powers, Membership. The Board of Directors shall serve as the governing body for the Condominium Project, and without limiting its powers and function, the Association shall provide for the maintenance, repair, replacement, administration and operation of the Property, the assessment of expenses, payment of losses, disposition of hazard insurance proceeds, and other matters as provided in the Act and the Condominium Documents. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it in accordance with the provisions of the Condominium Documents. Each Unit Owner shall automatically be a member of the Association so long as he or she shall be an Owner and such membership shall automatically terminate when he or she ceases to be an owner and upon the transfer of his or her ownership interest the new Owner succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association. The City of Mesa, Arizona, is not responsible for and will not accept maintenance of private utilities, private streets, landscaped areas or other private facilities within the Property now or at any future time.

11.2 Board of Directors of Association. The affairs of the Association shall be conducted by a Board of Directors, who shall be selected in the manner stated in the Articles of Incorporation and Bylaws as the same may be amended from time to time. No Director or officer of the Association shall personally profit from any contract for goods or services entered into by the Association.

11.3 Indemnification. Every Director and every Officer of the Association shall be indemnified by the Association 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 or Officer of the Association, or any settlement thereof, whether or not he is a Director or Officer at the time such expenses are incurred, provided that the Board of Directors of the Association shall determine, in good faith, that such Officer or Director did not act, fail to act, or refuse to act willfully or with gross negligence, or with fraudulent or criminal intent in the performance of his or her duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Directors or Officers may be entitled, but shall not apply to the extent such liability, damage or injury is covered by insurance of any type.

11.4 Association Grant of Easements. In addition to the blanket easements granted in Paragraph 12 below, the Association is authorized and empowered to grant licenses and easements for sewer lines, water lines, underground conduits, storm drains and other public utility purposes as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Elements or for the preservation of the health, safety, convenience and welfare of the Owners, provided that any damage to a Unit or Common Elements resulting from such grant shall be repaired by the Association at its expense.

11.5 Enforcement of Declaration. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, covenants, conditions, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any restrictions, covenants, conditions, reservations, liens or

charges herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event legal action is filed hereunder, the non-prevailing party shall, unless otherwise ordered by the Court, pay the prevailing party's reasonable attorneys' fees incurred in addition to any relief or judgment ordered by the Court.

11.6 Membership and Voting Rights.

A. Every Owner of an Apartment Unit which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Apartment Unit which is subject to assessment.

B. The total votes in the Association shall be equal to the number of Units subject to this Declaration. The votes in the Association shall be allocated equally among all Units with each Unit having one (1) vote.

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

D. Each member shall have such other rights, duties, and obligations as set forth in the Articles and Bylaws, as the same may be amended from time to time.

E. The Association membership of each Owner of an Apartment Unit within the Project shall be appurtenant to said Apartment Unit. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership of such Apartment Unit, or by intestate succession, testamentary, disposition, foreclosure of a mortgage of record, exercise of a power of sale under a deed of trust, or such other legal process as now in effect or as may hereafter be established under or pursuant to the law as of the State of Arizona. Any attempt to make a prohibited transfer shall be null and void. Any transfer of ownership to said Apartment Unit shall operate to transfer said membership to the new Owner thereof.

12. Blanket Easements and Use of Common Elements. There is hereby created a blanket easement upon, across, over and under the Property for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, cable television

and electricity. By virtue of the easement, is shall be expressly permissible for the providing utility company to erect and maintain the necessary facilities and equipment on the Property and to affix and maintain wires, circuits, conduits and related facilities and equipment on, above, across, within and under the roofs and exterior walls of the Building and Units. Notwithstanding anything to the contrary contained in this Section, no easements shall be created nor shall any sewers, electrical lines, water lines, or other facilities for utilities be installed or relocated on the Property except as initially created, programmed and approved by Declarant or thereafter created or approved by the Board. This provision shall in no way affect any other recorded easements on the property.

Each Owner shall have the right appurtenant to his Unit to use the Common Elements in common with all other Owners as may be required for the purposes of ingress and egress to and from, and use and occupancy and enjoyment of, the respective Unit owned by such owner. Such right to use the Common Elements shall extend to each Owner and the agents, servants, tenants and invitees of each Owner. Such right to use and possess the Common Elements shall be subject to and governed by the provisions of this Declaration and the Bylaws, Rules and Regulations of the Association.

12.1 Easements in Parking Areas. Easements are hereby reserved to the owners of Units in the Condominium for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes; and for the construction and maintenance of water, sewer and other utilities; and for sanitation maintenance and pickups.

13. Assessments. In accordance with and subject to the Condominium Documents, the Association shall levy, make and collect assessments against the Unit Owners so as to provide for the payment of the Common Expenses. If the units have separate meters for certain utilities, the cost of the same shall be the personal responsibility of such Unit Owner.

13.1 Common Expenses. The total amount to be assessed shall be the total of the Common Expenses which shall include:

A. All expenses of administration of the Condominium Project (including but not limited to legal, accounting and management fees); water and all other utility service for the Common Elements only; insurance required hereunder and otherwise as determined by the Board; costs of maintenance, operation, repair, replacement and betterment of the Common Elements (including but not limited to painting, landscaping, repairs, replacements, alterations, additions, reconstruction, services, supplies, labor, materials, equipment and other related items); taxes, and any valid charge against the Condominium Project as a whole as determined by the Board of Directors (including but not limited to all costs, expenses and legal fees incurred in enforcing compliance with this Declaration, deficiencies due to non-payment by Unit Owners and such costs as are deemed necessary to meet the purposes of the Association). Property taxes are to be levied against an individual Owner's Apartment Unit and his or her percentage interest in the common Elements and not against the Horizontal Property Regime as a whole.

B. 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 maintenance, repairs and replacements of those Common Elements 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.

13.2 Creation of Assessment Obligation and Purpose of Assessments.

A. Each Owner of any Apartment Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges, and (2) special assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, late charges and reasonable attorneys' fees incurred in collecting the assessments, shall be a lien on the Apartment Unit against which each such assessment is made. Each such assessment, together with interest, costs, late charges and reasonable attorneys' fees incurred in collecting the assessments, shall also be the personal obligation of the person who was the Owner of such Apartment Unit at the time when the assessment was levied. The personal obligation for delinquent assessments shall not pass to his or her successors in title unless expressly assumed by them. No Apartment Unit shall be sold, transferred or conveyed by any Owner without all assessments having been paid in full, whether or not a lien has been filed or recorded.

B. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners in the Property, for the improvement and maintenance of the Common Elements, and for all purposes set forth in this Declaration and the Articles, including but not limited to, insurance premiums, expenses for maintenance repairs and replacements of Common Elements, reserves for depreciation and contingencies and charges for water and other utilities for the Common Elements.

13.3 Annual Assessment and Special Assessment. As of the date this Declaration is recorded the maximum assessment amount shall be $2,100 for each Apartment Unit. In addition, the Association may levy special assessments as more fully set forth in subparagraphs D and E below.

A. The Board may without a vote of the membership increase the maximum annual assessment during each fiscal year of the Association by no higher than six percent (6%) per annum. Additionally, all budgets may be adopted or ratified by the Board of Directors without a vote of the membership.

B. the maximum annual assessment may be increased by an amount greater than the maximum increase allowed pursuant to Paragraph 13.3 (A) above, only by approval of two-thirds (2/3) of each class of members who are at a meeting duly called for this purpose.

C. The Board may fix the annual assessment at an amount not in excess of the maximum.

D. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any such assessment shall have the assent of Owners representing two-thirds (2/3) of the votes of each class of members who are voting at a meeting duly called for this purpose.

E. Written notice of any meeting of the members of the Association called for the purpose of taking any action authorized under this Paragraph 13.3 shall be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members entitled to cast thirty-three and one-third percent (33 1/3%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the proceeding meeting.

F. Annual and special assessments must be fixed at a uniform rate for all Apartment Units and may be collected on a monthly or annual basis, or on such other reasonable basis as determined by the Board.

G. The annual assessments provided for herein shall commence as to each Apartment Unit in a building in a phase which has been annexed on the first day of the month following the conveyance of such Apartment Unit in such building to an Owner other than the Declarant The Board shall fix the amount of the annual assessment against each Apartment at least thirty (30) days in advance of each annual assessment period. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Apartment Unit have been paid.

H. If a Unit Owner fails to perform maintenance, repairs, and replacements which are his or her obligation, then, after written notice from the Board to perform such maintenance, repairs or replacements within a reasonable time limit as may be set by the Board, the Board may perform such needed maintenance, repairs and replacements and the cost shall be the personal obligation of the Owner. I. All costs incurred in the enforcement of the provisions of this Declaration against any Unit Owner, including but not limited to attorneys' fees and court costs shall be assessed to the Unit and the Owner against whom enforcement is sought.

13.4 Determination by Board. Subject to the provisions of Paragraph 13.3 above, the total amount of the regular assessment and each Unit Owner's share thereof, as set forth herein, shall be determined and established by the Board at reasonable intervals, and in accordance with the terms

of the Articles and Bylaws. Each Unit Owner's share of the total assessment shall be paid, as directed by the Board and as set forth in the Bylaws.

13.5 Accounting. The Board of Directors, at all times, shall keep, or cause to be kept, true and correct records of account in accordance with generally accepted accounting principles, and shall have available for the inspection of all Owners and Eligible Holders, at reasonable times, such books which shall specify in reasonable detail all expenses incurred and funds accumulated from assessments or otherwise.

13.6 Payment of Assessments and Lien Rights.

A. The Board or its designated representative shall notify the Owners of Units of that Unit's share of the total assessment and when such amounts are due and payable, all assessments shall be payable in regular installments. Each Unit Owner, for himself, his heirs, successors, grantees and assigns, covenants that with respect to charges so determined during the period that he is an Owner, he will remit these charges to the Association or the party or parties as directed by the Board.

B. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Board of Directors also has the authority to levy a late fee for delinquent assessments.

C. No Owner may exempt himself from paying such assessments or charges by being a non-user of the General Common Elements or by abandoning the Unit of which he is the record Owner, or by otherwise avoiding such obligations.

D. Each assessment or any other charge made on a Unit pursuant to the Condominium Documents shall constitute a lien on such Unit to secure the payment of such amounts, which lien and the right to foreclose the same shall be in addition to an not in substitution of all the rights and remedies which the Association and the Board may have in accordance with the provisions of this Declaration or otherwise.

E. Each Owner by his acceptance of a deed to a Unit hereby expressly vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of all such assessments or charges of a debt, and to enforce the lien securing same by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in the like manner as a mortgage of real property and/or as a mechanic's lien, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The Association shall have the power to bid in any foreclosure sale pursuant to such foreclosure, and to acquire and hold, lease, mortgage and convey the Unit so purchased. The Association my institute suit to recover a money judgment for unpaid obligations of the Owner without being required to foreclose its lien on the Unit involved and without waiving the lien which secures such obligations.

The Association shall have the right, at its option, to enforce collection of any delinquent Assessments, monetary penalties and all other fees and charges owed to the Association in any manner allowed by law including, but not limited to: (a) bringing an action at law against the Unit Owner personally obligated to pay the delinquent amounts and such action may be brought without waiving the Assessment Lien securing any such delinquent amounts; or (b) bringing an action to foreclose the Assessment Lien against the Unit in the manner provided by law for the foreclosure of a realty mortgage as set forth above. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Units purchased at such sale.

14. Managing Agent. All powers, duties and rights of the Association or its Board, as provided by law and herein, shall be delegated to a managing agent under a management agreement.

15. Parking. Each Condominium shall have the right to the exclusive use of the garage included in each Apartment Unit as shown in Plat and one (1) individual parking space in front of each Apartment Unit. Such parking rights are appurtenant to each Owner's ownership of his or her condominium and cannot be separated from such ownership. The Board shall have full authority to operate, manage and use, for and on behalf of all Owners, the unassigned parking spaces situated on the Parcel.

16. Mortgages. Each Owner shall have the right, subject to the provisions hereof, to impose separate mortgages upon his or her Condominium. 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 of his or her condominium.

17. Insurance. Insurance shall be carried by the Association on the Condominium Property and shall be governed by the following provisions:

17.1 Authority to Purchase. The Board shall purchase and maintain certain insurance upon the Condominium Property, including but not limited to the insurance described in paragraph 17.2 below, which insurance is to be purchased by the Association for the benefit of the Association, the Unit Owners, and the Eligible Holders, as their interests may appear. Such policies and endorsement thereon, or copies thereof, shall be deposited with the Association. The Board shall deliver a copy of the policies, or by and through their agent advise the Unit Owners of the coverage of said policies to determine which particular items are included within the coverage so that the Unit Owners may insures themselves as they see fit if certain items are not insured by the Association. Without limiting the generality of the foregoing, it shall be each Owner's responsibility to provide for himself Owner's liability insurance, theft or other insurance covering personal property damage and loss, insurance for each Owner's personal liability, and such other insurance which is not carried by the Association as the Unit Owner desires.

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

A. A multi-peril type policy covering the entire Condominium Project 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 but not limited to vandalism and malicious mischief, in an amount to be determined by the Board of Directors.

B. A comprehensive policy of public liability insurance covering all of the Common Elements and public ways in the Condominium Project in an amount to be determined by the Board of Directors for personal injury and/or property damage. Provided however, the total amount of insurance after application of any deductibles shall be not less than eighty per cent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of the negligent acts of the Association and its agents or other Unit 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.

C. If there is a steam boiler in operation in connection with the Condominium Project, there must be in force boiler explosion insurance evidenced by the stand form of boiler and machinery insurance policy and providing coverage as determined by the Board of Directors

D. If the Condominium 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 Condominium Project must be maintained in the amount set by the Board of Directors

E. The Association may obtain fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Association.

F. A workmen's compensation policy, if necessary to meet the requirements of law.

G. Such other insurance as the Board shall determine from time to time to be desirable.

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

A. The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by Unit Owners or Eligible Holders.

B. The conduct of any one or more Unit Owners shall not constitute grounds for avoiding liability on any such policies.

C. There shall be no subrogation with respect to the Association, its employees, Unit Owners and members of their household and their families and employees, or the policy(is) should name said persons as additional insureds.

D. 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.

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

RED MOUNTAIN VILLAS CONDOMINIUMS ASSOCIATION for the use and benefit of the individual owners (designated by name, if required).

F. 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 Eligible Holders as their interest may appear, or which must be otherwise endorsed to fully protect the interest of Eligible Holders, their successors and assigns.

G. For policies of hazard insurance, a standard mortgagee clause shall provide that the insurance carrier shall notify the Eligible Holder named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

H. Any "no other insurances" clause shall exclude insurance purchased by Unit Owners or Eligible Holders.

17.4 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 shall be liable to any Owner or any other party 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 Unit 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 the said Unit Owner may desire.

17.5 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 an Apartment Unit or its appurtenances, or of the Common Elements by an Owner, shall be assessed against that particular Owner.

17.6 Insurance Claims. The Association, acting by and through its Board, is hereby irrevocably appointed agent for each Owner subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and the Board has full and complete power to act for the Association in this regard.

17.7 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association, the Unit Owners, as their interest may appear.

18. Damage and Repair. If all or any part of the Condominium Property or any Property in which the Association owns an interest is damaged or destroyed by fire or other hazard, whether or not it shall be repaired or reconstructed, shall be determined in the following manner:

18.1 Common Elements. If the damage property is part of the Common Elements or any property in which the Association owns an interest, it shall be repaired or reconstructed, unless it is determined in the manner hereinafter provided that the Condominium shall be terminated.

18.2 Apartments. In the event any multi-family structure subject to this Declaration is totally or substantially damaged or destroyed, the repair, reconstruction or disposition thereof shall be as provided by an agreement approved by the Owners of seventy-five percent (75%) of the Apartment Units in such damaged or destroyed multi-family structure.

18.3 Insurance Proceeds. An undivided share of such proceeds on account of damage to Common Elements shall be allocated to the Unit owners according to their shares in the Common Elements set forth in part 4 above. Proceeds, if any, on account of damage to Apartment Units shall be held for the Owners of damaged Apartment Units in proportion to the cost of repairing the damage suffered by each Apartment Unit Owner, which cost shall be determined by the Association.

18.4 Manner of Disbursements. The proceeds from assessments and insurance shall be disbursed in the following manner:

A. That portion of the insurance proceeds, if any representing damage, the reconstruction and repair of which is the responsibility of the Apartment Unit Owner, shall be paid to the Apartment Unit Owner or, if there is a mortgagee endorsement, then to the Apartment Unit Owner and the eligible Holder jointly, who may use such proceeds as they may determine; provided, however, to the extent that any damage to an Apartment Unit affects in any way the Common Elements or any other Owner's Apartment Unit, the proceeds must be used for reconstruction and repair of such damage.

B. The portion of insurance proceeds representing damage, the reconstruction and repair of which is the responsibility of the Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board and upon approval of an architect qualified to practice in Arizona and employed by the Association to supervise work.

18.5 Cost of Repair or Rebuilding. If the insurance proceeds are insufficient to pay all costs of repair and rebuilding, the Board shall levy a special assessment to make up any deficiency, which assessments shall be levied against all Owners in the same proportion as their percentage interest is the Common Elements. If the insurance proceeds exceed the costs of repair and reconstruction,

then following completion of such repair and rebuilding, the excess shall be paid over to all owners and their holders of First Mortgages on their Condominiums as their respective interest may appear. Each payment to the Owner and his Eligible Holder shall be by joint payee check or draft. Subject to the terms and conditions hereof, the assessment shall be levied against and all payments made to the Owners in the same proportion as their percentage interests in the Common Elements. The assessment provided for herein shall be secured by the lien provided for in paragraph 13 of this Declaration.

18.6 Termination. If it is determined in the manner above provided that the Building or Buildings containing Condominium Units shall not be repaired or reconstructed because of damage or destruction, then and in such event, the Condominium Project shall be terminated pursuant to Arizona Statute.

19. Rights of Eligible Holders

19.1 Any lien which the Association may have on any unit in the Project for the payment of common expense assessments attributable to such Unit will be subordinate to the lien or equivalent security interest of any Eligible Holder recorded prior to the date any such common expense assessments become due.

19.2 Association dues or charges may be used to create a reserve fund for maintenance, repairs and replacement of those Common Element improvements that must be replaced on a periodic basis.

20. Covenants Running with the Land. It is intended and hereby declared that the provisions of this Declaration shall be covenants running with the land, and such provisions, except as otherwise provided herein, shall apply to and be binding, to the fullest extent permitted by law, on all successors in interest to Association and shall benefit and be enforceable by every person who now, or at any time hereafter, owns or holds an interest in said Property. The Association shall have the right, in the event of any breach of any of said provisions hereto, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce this Declaration.

21. Invalidity of any Provisions. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this instrument or any part thereof, all of which are inserted conditionally on their being held valid in law and, in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid or should operate to render this Declaration invalid, this Declaration shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section or sections had not been inserted.

22. Violation of Declaration; Remedies. The following provisions are in addition to and not in lieu of any other terms and conditions contained in the Declaration relating to remedies.

22.1 Violation of any of the restrictions or conditions, or breach of any of the covenants or agreements contained herein or breach of any rules and regulations promulgated by the Board shall authorize the Association, acting through the Board or an authorized agent, or an encumbrance holder in the event that the Association refuses to act, to enter an Apartment Unit as to which said violation or breach may exist and summarily enforce such restrictions, conditions, covenants, agreements or rules and regulations and to make necessary repairs and abate and remove the thing or condition which may exist thereon contrary to the provisions hereof, at the sole expense of the Owner of said Apartment Unit, without being deemed guilty of having trespassed in any manner.

22.2 If an Owner (either by his or her conduct or by the conduct of any Occupant of his or her Apartment Unit) shall violate any of the provisions of this Declaration, or the provisions of the other Condominium Documents, the Association shall have the right to levy reasonable monetary fines against the Owner after providing both notice and opportunity to be heard. Additionally, the Association may enforce the provisions of the Declaration in any manner in law or equity including filing an Injunctive relief lawsuit against the Owner seeking a Court order compelling the Owner to adhere to the terms of the Declaration. Any attorney fees incurred in enforcing the terms of the Declaration shall be the responsibility of the Owner, whether or not a lawsuit is file.

23. Miscellaneous.

23.1 Parking Rights. The parking spaces to be provided on the Property including assigned parking spaces shall be used only for parking motor vehicles which are in operating condition and are classed by manufacturers rating as not exceeding three-quarters of a ton. In no event shall parking space in private driveways be used for parking, repairing, or reconstruction of recreational vehicles, motor homes, mobile homes, trailers of any kind, campers or boats.

23.2 Notices. Notices provided for in this Declaration or the other Condominium Documents and addressed to the Association or the Board shall be in writing and shall be addressed to the Association or the Board shall be in writing and shall be addressed to the Association or the Board, at an address to be established by the Board from time to time. The Board may designate a different address for such notices by giving written notice of such change of address to all Owners. All notices to Owners shall be to their respective Condominiums. Any Owner may also designate a different address for notices to him by giving written notice of his change of address to the Board. Notices addressed as above shall be deemed effective when placed in a United State Mail receptacle with United States First class postage prepaid or when delivered in person.

23.3 No Waiver; Remedies Cumulative. No failure or delay on the part of any person in exercising any right, power or privilege hereunder and no course of dealing between or among the persons subject hereto, shall operate as a waiver of any provision hereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof nor the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any person subject hereto would otherwise have. No notice to or demand on any person in any case shall

entitle such person to any other or further notice or demand in similar or other circumstances or constitute a waiver of rights to any other or further action in any circumstances.

23.4 Interpretation. This Declaration shall be interpreted in conformity with all rules, regulations and requirements of the Veterans Administration and the Federal National Mortgage Association in effect as of the day of this Declaration or as hereafter amended, and any provision hereof which is inconsistent therewith shall be deemed modified to conform thereto. If there is any conflict among or between the Condominium Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given first to the Articles, then to the Bylaws and then to the rules and regulations of the Association.

23.5 Descriptive Headings. The descriptive headings of the several sections of this instrument are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

23.6 Governing Law. This instrument and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Arizona.

23.7 Binding Effect. Subject to the provisions contained herein, this instrument shall be binding upon and inure to the benefit of the successors, assigns, purchasers, mortgages, trustees and beneficiaries of deeds of trust, encumbrances, grantees, donees, and lienors of and from Declarant and Association and upon and unto their respective successors, assigns, purchasers, mortgagees, trustees and beneficiaries of deeds of trust, encumbrances, grantees, donees and lienors.

23.8 Amendments to Declaration. This Declaration may be amended by the affirmative vote of Owners representing not less than sixty-seven percent (67%) of the Apartment Units. Any amendment must be recorded before it becomes effective.

CERTIFICATION

By attesting to this Amended and Restated Declaration of Covenants, Conditions and Restrictions, the President and Secretary certify that the amendments were properly adopted by the Association in accordance with the requirements of the Declaration.

Red Mountain Villas Condominiums
an Arizona non-profit corporation

BY: Carol Hurlburt (Signature)
Name: Carol Hurlburt
ITS: President

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 9 day of March, 2015, by Carol Hurlburt, the President of Red Mountain Villas Condominiums, an Arizona non-profit corporation, on behalf of the non-profit corporation.

Notary Public:
My commission Expires: 12-30-18

CANDACE KOPPEL
Notary Public - Arizona
Maricopa County
My Comm. Expires Dec 30, 2018

Red Mountain Villas Condominiums
an Arizona non-profit corporation

BY: Rose Hansen (Signature)
Name: Rose Hansen
ITS: Secretary/Treasurer

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 9 day of March, 2015, by Rose Hansen, the Secretary/Treasurer of Red Mountain Villas Condominiums, an Arizona non-profit corporation, on behalf of the non-profit corporation.

Notary Public:
My commission Expires: 12-30-15

CANDACE KOPPEL
Notary Public - Arizona
Maricopa County
My Comm. Expires Dec 30, 2018

EXHIBIT "A"

LEGAL DESCRIPTION

COMMENCING AT THE NORTH QUARTER CORNER OF SECTION 12, TOWNSHIP 1 NORTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, THENCE SOUTH ALONG THE NORTH-SOUTH MID-SECTION LINE 149.55 FEET, THENCE EAST 40.00 FEET TO A POINT ON EAST RIGHT OF WAY LINE OF 64TH ST., SAID POINT BEING THE POINT OF BEGINNIING, THENCE NORTH 89 20 39 EAST 573.21 FEET, THENCE SOUTH 0 39 21 WEST 84.36 FEET, THENCE SOUTH 51 37 35 WEST 208.43 FEET, THENCE NORTH 86 09 26 WEST 165.57 FEET, THENCE SOUTH 68 46 00 WEST 241.97 FEET, THENCE WEST 20.00 FEET, THENCE NORTH 283.72 FEET ALONG EAST RIGHT OF WAY LINE OF 64TH ST. TO THE POINT OF BEGINNING, MARICOPA COUNTY, ARIZONA.

CONTAINING 2.71 ACRES
1:8218 SQ. FT.

EXHIBIT "B"

LEGAL DESCRIPTION

COMMENCING AT THE NORTH QUARTER CORNER OF SECTION 12, TOWNSHIP 1 NORTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE MERIDIAN , THENCE SOUTH ALONG THE NORTH-SOUTH MID-SECTION LINE 54.55 FEET, THENCE EAST 40.00 FEET TO A POINT ON EAST RIGHT OF WAY LINE OF 64TH ST. SAID POINT BEING THE POINT OF BEGINNING, THENCE NORTH 89 20 39 EAST 677.13 FEET, THENCE SOUTH 0 39 21 EAST 233.41 FEET, THENCE SOUTH 51 37 35 WEST 320.03 FEET, THENCE NORTH 81 47 01 WEST 170.00 FEET, THENCE SOUTH 68 46 00 WEST 151.99 FEET, THENCE SOUTH 60 36 36 WEST 136.50 FEET, THENCE NORTH 522.05 FEET ALONG EAST RIGHT OF WAY LINE OF 64TH ST TO THE POINT OF BEGINNING, MARICOPA COUNTY, ARIZONA.

EXCEPTING THEREFROM:

COMMENCING AT THE NORTH QUARTER CORNER OF SECTION 12, TOWNSHIP 1 NORTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE MERIDIAN, THENCE SOUTH ALONG THE NORTH-SOUTH MID-SECTION LINE 149.55 FEET, THENCE EAST 40.00 FEET TO A POINT ON EAST RIGHT OF WAY LINE OF 64TH ST. SAID POINT BEING THE POINT OF BEGINNING, THENCE NORTH 89 20 39 EAST 573.21 FEET, THENCE SOUTH 0 39 21 WEST 84.36 FEET, THENCE SOUTH 51 37 35 WEST 208.43 FEET, THENCE NORTH 86 09 26 WEST 165.57 FEET, THENCE SOUTH 68 46 00 WEST 241.55 THENCE WEST 20.09 FEET, THENCE NORTH 283.72 FEET ALONG EAST RIGHT OF WAY LINE OF 64TH ST. TO THE POINT OF BEGINNING, MARICOPA COUNTY, ARIZONA

CONTAINING 3.53 ACRES
153675.90 SQ. FT.

EXHIBIT "C"

RED MOUNTAIN VILLAS CONDOMINIUM
PERCENTAGE OWNERSHIP

UNIT NO.	PORTION OF OWNERSHIP OF COMMON ELEMENTS
1	1/74
2	1/74
3	1/74
4	1/74
5	1/74
6	1/74
7	1/74
8	1/74
9	1/74
10	1/74
11	1/74
12	1/74
13	1/74
14	1/74
15	1/74
16	1/74
17	1/74
18	1/74
19	1/74
20	1/74
21	1/74
22	1/74
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32	1/74
33	1/74
34	1/74
35	1/74
36	1/74
37	1/74
38	1/74
39	1/74
40	1/74

41	1/74
42	1/74
43	1/74
44	1/74
45	1/74
46	1/74
47	1/74
48	1/74
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58	1/74
59	1/74
60	1/74
61	1/74
62	1/74
63	1/74
64	1/74
65	1/74
66	1/74
67	1/74
68	1/74
69	1/74
70	1/74
71	1/74
72	1/74
73	1/74
74	1/74