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W
GEORGE M HALL
4630 N AVENIDA RONCA
TUCSON AZ 85750

**RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR FAIRFIELD SUNRISE EAST, LOTS 1-88 AND COMMON AREAS B, C & D**

This Restated Declaration of Covenants, Conditions and Restrictions for Fairfield Sunrise East, Lots 1-88 and Common Areas B, C & D, hereinafter referred to as the "Declaration," is made this 24th day of March, 2008, to become effective March 30, 2008, with the approval of the Owners of a majority of the Lots known as:

Lots 1 through 88 and Common Areas B, C and D within Fairfield Sunrise East, a Pima County subdivision, as recorded in the office of the Pima County Recorder in Book 35 of Maps and Plats at Page 23, together with any amendments to said map or plat (the "Properties").

WITNESSETH:

WHEREAS, the Properties are a portion of Fairfield Sunrise East, Lots 1 through 520 and Common Areas A through J; and are commonly known as Sunrise Valley Townhomes; and

WHEREAS, the developer of the Properties formed the Sunrise Valley Townhomes Homeowners Association (the "Association"), an Arizona nonprofit corporation, to provide for the general upkeep, maintenance and care of all recreational area, facilities and common areas with the Properties; and

WHEREAS, the Sunrise Valley Townhomes Association executed and recorded a restatement of the Declaration, which superceded the original Declaration, as amended, effective upon its recordation on July 27, 1999 in Docket 11097 at Page 166; and

WHEREAS, in accordance with Article XII of the restated Declaration, a majority of the Owners voted affirmatively to again restate the Declaration as set forth herein; and

WHEREAS, this Declaration is intended to and restates, supercedes and completely replaces any previously recorded Declaration and amendments.

NOW, THEREFORE, the Properties will be held, conveyed, encumbered, leased, and used subject to the following covenants, conditions, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter collectively referred to as the "Restrictions"), all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Properties. The Restrictions set forth herein will run with title to the Properties, are binding upon all persons having or acquiring any interest therein, and will inure to the benefit of, be binding upon and enforceable by all Owners, the Association and their successors in interest.

ARTICLE I – DEFINITIONS

The following words, phrases and terms used in this Declaration have the following meanings, unless the context otherwise specifies or requires.

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Section 1.1 TERMS RELATED TO THE ASSOCIATION AND ITS BOARD OF DIRECTORS.

- A. "Act" refers to the Arizona Planned Communities Act, as may be amended.
- B. "Association" means the SUNRISE VALLEY TOWNHOMES HOMEOWNERS ASSOCIATION, an Arizona nonprofit Corporation, its successors and assigns.
- C. "Board" means the Board of Directors of the Association.

Section 1.2 TERMS RELATED TO THE DOCUMENTS OF THE ASSOCIATION.

- A. "Governing Documents" refers collectively to the four documents defined below.
- B. "Articles" mean the Articles of Incorporation and any amendments that have been filed in the office of the Arizona Corporation Commission.
- C. "Declaration" means this document, which is titled "Restated Declaration of Covenants, Conditions and Restrictions for Fairfield Sunrise East," as may be amended.
- D. "Bylaws" mean the Bylaws of the Association, as may be amended.
- E. "Rules" are those written, published rules promulgated by the Board in furtherance of the responsibilities and obligations of the Association as specified in the Governing Documents. When adopted the Rules will be binding on all Owners and will be enforceable in the same manner as this Declaration.

Section 1.3 TERMS RELATED TO OWNERS AND MEMBERSHIP.

- A. "Person" refers to a natural individual, corporation or other entity.
- B. "Owner" refers collectively to one or more Persons who hold fee simple title to a specific Lot in the Properties.
- C. "Member" means any Person who is a member of the Association. All persons who own Lots are Members of the Association, although there is only one vote for each Lot owned.
- D. "Family Resident" is a natural individual who resides on a Lot as part of the single family living thereon but whose name is not on the deed to the Lot.

Section 1.4 TERMS RELATED TO MORTGAGES.

- A. "First Mortgage" refers to any unpaid and outstanding mortgage, deed of trust, or other security instrument on any Lot, which is recorded in the office of the Recorder of Pima County, Arizona, and which has priority over all other recorded liens except those governmental liens that are superior by statute, such as ad valorem tax liens.
- B. "First Mortgagee" means and refers to any person or entity named as a Mortgagee or Beneficiary under any First Mortgage or any successors in interest or any such Person or entity under such First Mortgage.

Section 1.5 TERMS RELATED TO REAL PROPERTY.

A. "Properties" means the real property described as FAIRFIELD SUNRISE EAST, LOTS 1 THROUGH 88 and Common Areas B, C and D, which collectively is known as SUNRISE VALLEY TOWNHOMES.

B. "Plat" means the map of record in the office of the County Recorder of Pima County, Arizona, in Book 35, Pages 23 and 56 thereof, Book 37, Page 27 thereof, and any amendments to or resubdivisions thereof.

C. "Common Areas" means the real property designated on the Plat as Common Areas B, C and D, together with any and all present and future Improvements thereon.

D. "Lot" means and refers to any numbered parcel of real property within the Properties shown on the Plat, as may be amended, together with the Dwelling Unit thereon.

E. "Deed" means a deed or other instrument conveying the fee simple title in a Lot.

Section 1.6 TERMS RELATED TO IMPROVEMENTS ON REAL PROPERTY.

A. "Dwelling Unit" means any improvement placed within the confines of any Lot designed and intended for use and occupancy as a residence by a single family.

B. "Improvement" means buildings, roads, driveways, parking areas, fences, landscaping rocks, hedges, plantings and planted trees and shrubs, and other improvements of every type and kind, including Dwelling Units, that changes to exterior appearance of the Lot and the improvements thereon.

Section 1.7 TERMS RELATED TO ASSOCIATION BUSINESS.

A. "Approval" and "Approved" refer to a vote taken by a quorum of the Owners voting in person or by absentee ballot at any regular or special meeting of the Members, in which the affirmative votes cast constitute a simple majority of all votes cast on a specific issue, except as otherwise stated in the Governing Documents.

B. "Approval by the Board" and "Approved by the Board" refer to the affirmative vote by a majority of the Board, regardless of attendance or not at any Board meeting.

C. "Assessment" is any of several kinds of assessments levied by the Association and used for the benefit of the Members, their families and guests; for the maintenance and improvement of the Common Areas; and for all other purposes set forth in the Governing Documents of the Association and all applicable laws, and include assessments for reimbursement of various expenditures by the Board, and for late fees for late payment of any kind of assessment.

D. "Lien" means the lien in the Association's favor against any Owner's Lot for the nonpayment of any form of assessments, or any other sums due to the Association, including but not limited to late fees, interest, attorney fees and any collection costs, litigation expenses, and court costs in cases of a decision rendered in any civil court proceeding or administrative proceeding.

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E. "Visible from Neighboring Properties" means, with respect to any given object, that such object is or would be visible to a person six feet tall, standing at ground level on any other Lot or any portion of the Common Areas.

ARTICLE II – THE ASSOCIATION

Section 2.1 GENERAL. The Association is a nonprofit corporation that serves as the governing body for all Owners, for the improvement, alteration, maintenance, repair, replacement, administration of the Common Areas, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, and other matters as provided in the Governing Documents.

Section 2.2 ASSOCIATION RESPONSIBILITIES. The Association's responsibilities include, but are not limited to, the following:

- A. Streets. Maintaining the common streets, roads, sidewalks and signage.
- B. Landscaping. Installing and maintaining landscaping, erosion control and watering systems in the Common Areas including Lot easement areas.
- C. Recreation Facilities and other Structures. Operating, maintaining, insuring and rebuilding, if necessary, all recreational facilities and other improvements to Common Areas including but not limited to buildings, pool, spa, and tennis court.
- D. Taxes. Paying real estate and other taxes, assessments and other charges levied by authorized Local, State, and Federal agencies on Common Areas.
- E. Contractors & Employees. Hiring, releasing, supervising and paying independent contractors and employees, including but not limited to, security personnel, landscapers, attorneys, accountants, architects, consultants, association managers and other contractors to carry out the obligations set forth herein, except that the Board may not contract with a property or association management firm on an ongoing basis without the Approval of the Association.
- F. Accounting. Maintaining records of account of revenues and expenses in accordance with generally accepted accounting standards, filing tax returns, preparing annual financial statements and, if deemed necessary by the Board, securing independent audit of annual statements.
- G. Purchasing. Purchasing goods, supplies, labor and services, which are reasonably necessary for the performance of obligations set forth herein.
- H. Cash Reserves. Establishing and maintaining cash reserves as the Board deems reasonably necessary for the maintenance, repair and replacement of the improvements for which the Association is responsible for maintaining and for unforeseen contingencies.
- I. Utilities. Providing and paying for all utility services and fees attendant therein for facilities in the Common Areas, and for contracting for garbage and/or recycling services for the Owners.
- J. Insurance. Obtaining insurance as required by Section 2.3, and such other insurance as may be Approved by the Board.

K. Chairpersons and ad hoc committees. Appointing chairpersons, who do not need to be currently serving as Directors, to oversee obligations of the Association as permitted by the Governing Documents, and for appointing temporary, ad hoc committees to assist appointed chairpersons as specified in the Governing Documents.

L. Rules. Adopting and promulgating reasonable rules: (1) governing the use of Common Areas in accordance with the purposes, powers, and obligations of the Association, (2) governing the use of the Properties that are reasonably necessary and for the benefit of all persons residing in or visiting the Properties, and (3) governing the provision of services provided to all Owners, such as garbage collection and landscaping services, as Approved by the Association. The Board will not create rules otherwise governing the use of the Properties except by amendment to the Governing Documents or in the case where the law requires or permits an Association to regulate the details of general authorizations, such as, but not limited to, the display of flags and signs.

M. Enforcement. Enforcing the provisions of the Governing Documents as permitted under such documents.

N. Agreements. Entering into such agreements and taking such actions as are reasonably necessary for the accomplishment of the obligations set forth herein.

Section 2.3 INSURANCE. The Association is responsible for maintaining adequate insurance further described below. The coverages required may be in separate policies or a combined singular policy.

A. General Liability & Casualty Insurance. The Association will obtain and maintain general liability insurance covering bodily injury for a single limit of at least one million dollars (\$1,000,000.00). Such coverage will include, without limitation, directors and officers liability insurance (and to the extent reasonably available to include chairpersons and ad hoc committee members); legal liability of the Association for property damage, bodily injuries, and deaths of persons in connection with the operation, maintenance, and use of the Common Areas; legal liability arising out of lawsuits related to employment or independent contractor contracts of the Association; and to the extent applicable, water damage liability, contractual liability, workers' compensation insurance for employees of the Association, and such other risks that are customarily covered by developments similar in construction, location and use. This policy will also include property damage insurance covering the Common Areas and personal property of the Association. The scope of this casualty coverage must include all other coverage in the kinds and amounts commonly required by institutional mortgage lenders for subdivisions similar in construction, location and use of the Properties, for a combined limit equal to the full replacement or reconstruction cost of said property.

B. Fidelity Insurance. The Association will obtain and maintain fidelity coverage against dishonest acts on the part of Directors, officers, managers, trustees, employees if any, or volunteers responsible for handling funds belonging to or administered by the Association. Such bonds or insurance must name the Association as the named insured and be written in an amount sufficient to provide protection that is at least one and one-half times the insured's estimated annual operating expenses and reserve funds, and provide for at least 30 days written notice to the Association before cancellation or substantial modification thereof. In connection with such coverage, an appropriate endorsement to the policy must cover any persons who serve without compensation if the policy would not otherwise cover volunteers.

C. Exceptions. The foregoing insurance and endorsements will be maintained only to the extent available and reasonably priced. The Board may elect to dispense with endorsements if, in the discretion of the Board, and with the Approval of the Owners of the Association, the cost of such endorsements is deemed excessive or the coverage is not reasonably available.

ARTICLE III – MEMBERSHIP, VOTING RIGHTS AND GOVERNANCE

Section 3.1 MEMBERSHIP. Each Person who has ownership of one or more Lots is automatically a Member of the Association. Membership in the Association is appurtenant to each Lot owned and cannot be transferred, pledged, or alienated in any way, except upon the transfer of ownership of a Lot, and then only to the transferee thereof. Any transfer of ownership of a Lot will automatically transfer the membership to the new Owner thereof. Any attempted transfer of membership separate from the appurtenant Lot is void. An Owner who leases his/her Lot, retains membership and voting rights in the Association, subject only to suspension of voting rights as provided for in this Declaration.

Section 3.2 DISTRIBUTION OF GOVERNING DOCUMENTS. Every current and every subsequent new Owner will be given a complete set of Governing Documents without payment, including the Articles of Incorporation, and the Board will provide any reasonable number of additional copies upon request at the Owner's expense.

Section 3.3 BOARD OF DIRECTORS. The Association will be governed by a Board of Directors elected by and from among the Owners, as set forth in the Bylaws.

Section 3.4 VOTING RIGHTS. Each Owner is entitled to one vote representing his or her Lot. No change in ownership of a Lot is effective for voting purposes until the Board receives written notice of such change together with satisfactory evidence of the transfer. When more than one Person owns a Lot, all of those Persons will be Members but will only be entitled to one vote on any matter coming before the Members for a vote. Any attempt to cast more than one vote on any specific issue, except as permitted for the election of Directors, will void all of the votes cast by that Owner. Moreover, when any Member exercises his or her vote on any matter, the Board will conclusively presume that the Member is acting with the authority and consent of all other Members who may jointly comprise the ownership of their Lot

Section 3.5 Bylaws. From time to time, the Board will propose amendments to the Bylaws of the Association for Approval by the Owners. Bylaws will not be recorded in the Recorder's Office of Pima County, Arizona, but once Approved, the Bylaws part of the Governing Documents, having the same force and effect as if they were part of the Declaration, and are binding upon all Persons having any interest in, or making use of, any part of the Properties. The subject matter of the Bylaws is limited to:

A. Association and Board meetings, to include voting procedures, except that affirmation of an issue voted upon by the Board requires a majority of all Directors, whether present or not at the meeting at which the vote is cast. However, a Director who cannot be present at a Board meeting may cast his or her vote by absentee ballot provided that the wording of the motion is not changed at the Board meeting where the vote is cast, or by concurrent electronic communication.

B. Operation of the Board, to include but not limited to: the election, removal, powers and duties of officers of the Board; the use of professional advisors, chairpersons and committees; the maintaining of books and records, and matters of parliamentary authority.

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C. Details on the indemnification of Board members as permitted by this Declaration.

D. Setting the quorum for Association meetings, which must be at least 30% of the of the Owners, except that the quorum required for the election of Directors and for the removal of a Director from the Board will be 20% of the Owners.

Section 3.5 RULES. The adoption of Rules, as provided for in Section 2.2L of this Declaration, will be promulgated by the Board and upon adoption will be distributed to all Owners. The Rules are incorporated herein by reference, have the same force and effect as if they were set forth in and are part of the Declaration, and are binding upon all Persons having any interest in, or making use of, any part of the Properties, providing such Rules have been posted for a period of at least 10 days before the date on which they become effective. Copies of the Rules must be distributed to all Owners by the Board prior to the effective date. In the event of any conflict between any provision of the Rules and any provision of the other Governing Documents, the Rule at issue will be deemed null and void to the extent of any such conflict.

Section 3.6 OWNER PROPOSED AMENDMENTS TO THE GOVERNING DOCUMENTS. Any Owner at any time may propose, in writing addressed to the Board, any amendment to any Governing Document, including the Rules. The decision to submit the proposed amendment(s) to all Owners for Approval is at the discretion of the Board. However, whenever 20% or more of the Owners concurrently propose any amendment, the Board must submit that amendment to a vote of the Owners within 30 days from receipt by the Board of such proposal, supported by such required written signatures of the Owners.

Section 3.7 SUSPENSION OF VOTING RIGHTS. The Association may suspend the voting rights of the Owner of a Lot for any period during which any assessment against the Lot remains unpaid and delinquent, and also for any period when the Board determines that the Owner is in violation of the Governing Documents.

ARTICLE IV – RESPONSIBILITIES OF OWNERS

Section 4.1 COSTS AND UPKEEP. Each Owner is responsible for the maintenance and repair of all improvements on his or her Lot, including, but not limited to, the roof, structures, walls, landscaping, walks (except for sidewalks immediately adjacent to the streets), driveways, fences, and other improvements. No Owner may change the exterior of any structure on his or her Lot, including fences and paint colors, without the approval of the Board in accordance with Article XI hereof. Each Owner is also responsible for the maintenance and repair of utility service from that point on each service where the maintenance responsibility of the relevant utility ends.

Section 4.2 CONSTRUCTION, ALTERATION OR MODIFICATION. Each Owner is responsible for assuring that all alterations, modifications, or additions to his/her Lot, or any Improvements thereon, including exterior landscaping, conform to the use restrictions of Article X herein, and where applicable have obtained the approval of the Board for said alteration, modification, or addition. Any Owner who fails or refuses to comply with the Governing Documents is responsible for, and is required to pay for, the removal, repainting, alteration, replacement or upgrading of any non-conforming items to meet said requirements, as stated in Article XII of this Declaration.

Section 4.3 DAMAGE OR DESTRUCTION OF COMMON AREAS. In the event any Common Area, or easement on a Lot, is damaged or destroyed by the willful or negligent act of an Owner or any of his/her Family Residents, invitees, tenants, licensees, or agents, the Owner will be liable for any damages incurred by the Association. The Owner irrevocably authorizes the Association to repair the damaged property, which the Association will do, in good workmanlike manner in substantial conformity with the original plans and specifications. The amount expended will be a Reimbursement Assessment and each Owner is required to repay the Association the amount so expended. Any charges not paid within fifteen days after notice from the Association are delinquent and subject to the provisions of Article XII of this Declaration.

ARTICLE V – COMMON AREAS

Section 5.1 OWNERSHIP AND USE. Ownership of the Common Areas is vested in the Association for the benefit, use and enjoyment of the Members, subject to the easements created in Article VI. Any sale or lease of a Lot by the Owner, or transfer of the Lot by operation of law, will convey to the new Owner or to any lessee, the Owner's right to use the Common Areas.

Section 5.2 SHARING AND DELEGATION OF USE. Any owner or lessee may share his or her right to use and enjoy the Common Areas, together with the recreational facilities therein, with other Family Residents, and to any guests while they are temporarily visiting on the Property.

Section 5.3 RESERVATION OF THE ASSOCIATION'S RIGHTS. The use and enjoyment the Common Areas is subject to the right of the Association to establish reasonable Rules governing the use of such Common Areas.

Section 5.4 SUSPENSION OF OWNER/LESSEE RIGHTS. The Association may suspend the right of any Owner, lessee, or guest to use the Common Areas, including the recreational facilities, except for purposes of ingress and egress to the Lot, for any violation of the Governing Documents, provided that written notice is mailed to the Owner by the Board. In the case of lessees, it is the responsibility of the Owner to notify the lessees of the suspension.

ARTICLE VI – EASEMENTS AND LICENSES

Section 6.1 ENCROACHMENT. Each Lot and the Common Areas is subject to an easement for encroachments created by the original construction of the improvements on any Lot, settlings and overhangs, and for any party walls which were part of the original construction. There is a valid easement for these encroachments and for the maintenance of the same, so long as any such encroachment stands or is rebuilt to stand.

Section 6.2 UTILITIES. In addition to those easements shown on the Plat, a blanket easement upon, across, over and under the Common Areas is created for ingress, egress, installation, replacing, repairing, and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable and other communications systems. By virtue of this easement, it is expressly permissible for the providing utility or service company to install and maintain facilities on the Common Areas and to affix and maintain wire, circuits, and conduits, on, in, and under the walls of the Common Areas. Notwithstanding anything to the contrary contained in this Section, no sewers, electric transmission lines, water lines (except for landscape irrigation), or other utilities or service lines may be installed on the Properties, except as Approved by the Board. This easement does not affect other recorded easements on the Properties, and this easement is limited to improvements to the utilities as originally constructed.

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Section 6.3 DELIVERIES AND RELATED ACCESS. There is an access easement for the delivery and collection of the U.S. Mail, for licensed commercial and institutional delivery and pick-up services, and for licensed and insured contractors for work to be performed under contract between the contractors and one or more Owners on private property.

Section 6.4 DRAINAGE. A drainage easement is created upon, across, over and under each Lot for the benefit of all other lots.

ARTICLE VII – PARTY WALLS

Section 7.1 GENERAL RULES OF LAW TO APPLY. Each wall which is built on the dividing line between Lots constitutes a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions will apply thereto.

Section 7.2 SHARING OF REPAIR AND MAINTENANCE. The cost of repair and maintenance of a party wall will be shared equally by the Owners of the Lots that are divided by the wall, except ordinary repair and maintenance of drywall, furring, or studs affixed to any side of a party wall will be the sole responsibility of the Owner on whose Lot the material is situated.

Section 7.3 DESTRUCTION BY FIRE AND OTHER CASUALTIES. If a party wall is destroyed or damaged by fire or other casualty, and one Owner refuses to agree on repairs necessary to maintain the structural integrity of the adjoining Lots or which is necessary to maintain the reasonable privacy on each Owner, then each Owner is granted an access easement over the adjoining Lot for the purpose of making or contracting to have made said necessary repairs, the costs of which are subject to arbitration as set forth in this Article.

Section 7.4 RIGHT TO CONTRIBUTION RUNS WITH THE LAND. The right of an Owner to the contribution from any other Owner under this Article is appurtenant to the land and passes to such Owner's successors in title.

Section 7.5 ARBITRATION. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party will choose one arbitrator and the two arbitrators will choose a third arbitrator. The dispute will be decided by a majority of the three arbitrators. Any and all expenses of arbitration will be borne by the parties involved in the dispute. The Association is not liable for any costs of the arbitration.

Section 7.6 PRIVATE AGREEMENTS. Private agreements between Owners may not modify the provisions of this Article.

ARTICLE VIII – ASSESSMENTS, BUDGETS & RESERVE FUND

Section 8.1 OBLIGATION OF OWNERS TO PAY ASSESSMENTS. Each Owner, upon recordation of a deed to any Lot, whether or not it is stated in the deed, agrees and consents to pay to the Association: (1) Annual Assessments, (2) Special Assessments and (3) Reimbursement Assessments. Such assessments are payable by the Owner of the Lot and become a lien against the Lot, together with all attorney fees, court and collection costs, litigation expenses and any other sums incurred by the Association in the collection of unpaid assessments. All assessments are a lien against a Lot until paid, and if delinquent the Association has the right to bring an action at law against the Owner, provided that all procedures specified in this Declaration are adhered to.

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Delinquent assessments are the obligation of the Person who owned the Lot at the time the assessment was levied, and are binding on his, her, or their heirs, devisees, personal representatives and assigns. Except as otherwise provided in the Governing Documents, the obligation for delinquent assessments does not pass to successors in title unless expressly assumed by them, although it remains a lien against the Lot until paid in full.

Section 8.2 NO EXEMPTION OF OWNER. No Owner is exempt for liability for payment of Assessments because he or she does not make use of the Common Areas, or has abandoned his or her Lot, or for any other reason, including (but not limited to) any allegation that the Board is not properly discharging its duties.

Section 8.3 BUDGETS. Each year the Board will prepare and distribute to each Owner, a budget containing: (1) estimated revenue and expenses; (2) the amount of cash reserves of the Association currently available for replacement or repair of the Common Areas and easements, and for contingencies; and (3) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to components of the Common Areas or other areas for which the Association has responsibility.

Section 8.4 ANNUAL ASSESSMENT

A. Purpose of Annual Assessments. The Annual Assessment will be used for the benefit of the Owners and Family Residents on the Lots, for the improvement and maintenance of the Common Areas; for the payment of expenses which are the responsibility of the Association; and for all other purposes set forth in the Governing Documents.

B. Amount of Annual Assessment. The Board is vested with authority and discretion to set the amount of Annual Assessment, based on the operating budget of the Association, including contributions to the reserve fund. However, any increase in the Assessment in excess of 10% of the previous year's Assessment requires Approval by the Association.

C. Notification to Owners of Annual Assessments. The Board will provide written notice to the Owners of the Annual Assessment, noting any change to the amount assessed, together with a copy of the annual budget. The Annual Assessment will be payable in two semiannual installments, or on any other periodic basis as determined by the Board. The Board will establish the due date and the delinquency date for these installment payments. The notice will be provided to Owners at least 15 days before the due date for each of the installments.

D. Non-Waiver of Assessments. If the Board fails to establish the Annual Assessments for the next fiscal year before the expiration of the current fiscal year, the Annual Assessment established for the preceding year will continue until a new Annual Assessment has been established.

Section 8.5. RESERVE FUND. The Association will maintain a reserve account with the funds therein to be used for the periodic maintenance, repair and replacement of the Common Areas and other property that is the responsibility of the Association. To the maximum extent possible, the reserve fund will be funded from Annual Assessments. The Board has the sole discretion to determine the amounts that will be placed into the reserve fund. The funds in the reserve fund will be deposited by the Association in a separate account or accounts to be held in trust for the above stated purposes.

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Section 8.6 SPECIAL ASSESSMENTS. Subject to the Approval of the Owners, Special Assessments may be proposed by the Board in addition to the Annual Assessment for: (a) constructing capital improvements, (b) correcting an inadequacy in the current operating accounts; (c) defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of improvements in the Common Areas; or (d) paying for such other matters as the Board deems appropriate for the Properties. If Approved by the Owners, the Board will notify the Owners in writing of the Approval and the due date(s) and the delinquency dates for payment.

Section 8.7 REIMBURSEMENT ASSESSMENTS. The Board will levy a Reimbursement Assessment against any Owner if a failure to comply with the Association's Governing Documents has: (a) necessitated an expenditure of money by the Association to bring the Owner's Lot into compliance; and/or (b) represents funds expended by the Association in enforcing the provisions of the Governing Documents. The Board cannot levy such a Reimbursement Assessment until notice and an opportunity for a hearing has been given to the Owner.

Section 8.8 UNIFORM RATE OF ASSESSMENT. All Annual and Special Assessments must be fixed at a uniform rate for all Lots.

ARTICLE IX - RESTRICTIONS

Section 9.1 LAND USE AND BUILDING TYPE

A. Residential Purposes. Lots must be used by the Owners solely for the private residential use of the Owner, Family Residents, and guests; or if the Dwelling Unit is leased, by the tenants and their guests. No structure other than a single family residence can be placed on any Lot.

B. Business and Service Activities. No trade, business or service activity may be conducted in or from any Dwelling Unit, except when: (1) the existence or operation of the activity is not apparent or detectable by sight, sound or smell from outside the Lot; (2) the activity conforms to all zoning requirements for the Properties; (3) the activity does not involve any person conducting said activity who does not reside on the Properties, (4) the activity does not involve door-to-door solicitation on the Properties; (5) the operation of the activity does not increase that Owner's use of Common Area facilities over that which is normal for single family dwellings, including vehicular traffic, and (6) the activity does not constitute a nuisance, or a hazardous or offensive use, or cause the Owners to violate any other provisions of this Declaration, or threaten the security or safety of other residents of the Properties, as may be determined at the discretion of the Board. However, Owners who will be vacating their Lot within 30 days may conduct a garage sale of one day's duration, except in the case where the Owner is deceased, the executor or equivalent of the estate may conduct an estate sale of one day's duration within 60 days after the death of the Owner.

C. Leasing. No room in any Dwelling Unit may be leased, provided, however, that nothing in this Section prevents an Owner from leasing the entire Lot, together with its improvements. However, no Lot may be used for hotel or transient purposes, which means for a period of less than 30 days and/or includes provisions for maid service, concierge service and the like.

Section 9.2 TEMPORARY STRUCTURES OR TRAILERS. No temporary building, outbuilding, structure of any kind, animal kennels, house trailer, motor home, auxiliary garage, basketball backboards (including portable basketball apparatus), camper, or boat, of any kind can be placed, stored, or erected upon any part of the Properties for any purpose, except that clotheslines, trailers, campers, boats and similar items may be placed in garages if the garage door can be fully closed. ✓

Section 9.3 MISCELLANEOUS STRUCTURES, EQUIPMENT AND DEVICES.

A. Miscellaneous Structures. Unless concealed so as not to be visible from neighboring property or where permitted by law, gazebos or summer houses, porch additions, solariums, tubs, mechanical equipment, observatories, dog runs, roof access ladders, and rooftop structures are not permitted unless approved by the Board. Radio or television antennae, satellite dishes or any other receiving or transmitting devices are permitted so long as they are installed in accordance with the provisions of the Federal Telecommunications Act and in the least obtrusive place on the Lot that does not impair an acceptable quality signal. Solar devices are permitted so long as they comply with the Rules of the Association, which Rules cannot prevent the installation, impair the functioning of the device or restrict its use or adversely affect the cost or efficiency of the device.

B. Air Conditioning and Heating Equipment. Owners may replace roof-mounted air conditioning, evaporative coolers, and/or heating equipment with any comparable roof-mounted replacement items. This equipment may be left painted or finished as built by its manufacturer.

C. Storage Tanks. No storage tanks of any kind with a capacity that exceeds five gallons, except water heaters and water conditioners is permitted on any Lot.

D. Drilling Equipment. No structure used for boring for water, oil or natural gas is permitted on any Lot and no water, oil, natural gas, petroleum, asphaltum or hydrocarbon products or substances can be produced or extracted from the Lot.

E. Decorations. To the extent deemed necessary, the Board may adopt Rules regarding the placement and use of seasonal and permanent exterior decorations.

Section 9.4 SIGNS, PLACARDS & FLAGS. To the extent permitted by law, Owners and tenants may erect a flagpole and display certain permitted flags, subject to the Rules adopted by the Board, political campaign placards, "For Sale" or "For Lease" signs, small security signs, and indicators for options on Association-sponsored landscaping services. From time to time, the Board will publish and update Rules relevant to these matters in accordance with the Act. All flagpoles, flags, signs, and equivalents must be maintained in an attractive condition, and the Owner is responsible for maintaining these items. Except as permitted, no billboards, advertising, or other signs of any kind may be erected, placed or permitted anywhere on the Properties. This restriction applies to any signs mounted or painted on vehicles parked outside of garages, except for those public service and safety vehicles as permitted by law.

Section 9.5 RUBBISH, GARBAGE, WOOD STORAGE AND OTHER UNSIGHTLY OBJECTS

A. General. No rubbish or debris of any kind is permitted on any Lot if it renders that Lot unsanitary, unsightly, offensive or detrimental to any other Lot within its vicinity, or to its occupants, except that debris from construction or repairs may be temporarily placed in a suitable moveable container that effectively conceal the contents from neighboring Lots or from the Common Areas.

B. Garbage and Recycle Items. Commercial garbage and recycle containers must be stored in the garages, except when placed at curbside for collection. These containers may be placed curbside after dusk on the day before a scheduled collection day and must be returned to the Owner's garage by 6:00 p.m. of the collection day.

Section 9.6 ANIMALS. Except as provided elsewhere in this section, no animal of any kind whatsoever is allowed to be on the Properties for any reason at any time, and under no circumstances may a dead animal be buried on the Properties.

A. Pets. Owners and tenants may have up to three dogs or cats (or any combination thereof) on their Lot. Any additional dogs or cats, or any other kind of pets, require Board Approval unless these pets are continuously kept inside the Dwelling Unit and do not pose any potential danger to any Person residing on the Properties.

B. Pet Control. Pets that are outside of the enclosed confines of a Lot must be leashed. The Owner or tenant of the Lot where any pet is kept must immediately remove and hygienically dispose of all animal waste produced by the pet anywhere on the Properties. Leashed pets must be kept under strict control to avoid being a nuisance or a hazard to other residents.

C. Pets Constituting Nuisances. No pet can become a nuisance, to include excessive barking. When the Owners of four or more Lots sign a written complaint that a specific pet has become a nuisance, to include the reasons thereof, the Board shall direct the Owner on whose Lot the pet is maintained, to abate the nuisance or to remove the pet permanently from the Properties.

Section 9.7 OTHER NUISANCES. No loud or offensive noise, glaring or bright lights, foul odors or any other use or practice which annoys the residents or which interferes with the peaceful enjoyment or possession and proper use of any portion of the Properties by its residents, is permitted upon the Properties. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, can be located, used or placed on any Lot. Unreasonable noises penetrating beyond the boundaries of any Lot are not permitted between the hours of 10:00 p.m. and 7:00 a.m. Furthermore, no Owner can allow any thing or condition to exist on any Lot that induces, breeds or harbors infectious plant diseases or noxious insects. Any Member, including Members who may be serving as Directors, may file a written complaint with the Board. Upon receipt of the complaint, the Board must determine if the complaint is valid, and if so determined, initiate action to abate the nuisance under the provisions of ~~Section~~ XII of this Declaration.

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Section 9.8 VEHICLE PARKING, STORAGE AND TRAFFIC RULES.

A. General. Each Owner, Family Resident, licensee, invitee, tenant or lessee must adhere to all posted traffic rules and must only park motorized or non-motorized vehicles in garages or on driveways. The parking of any vehicle elsewhere on the Properties, including any portion of the sidewalks, is expressly prohibited. Notwithstanding the above provisions, an Owner, his/her family or any licensee, invitee, tenant or lessee may temporarily park their vehicles on the streets near residences for the purpose of social events, cleaning, or as necessitated by commercial services, provided the parked vehicles do not interfere with access to the driveways on the other Lots.

B. Recreation Vehicles. Parking (or storing) of recreational vehicles, including but not limited to, trailers, campers, motor homes, mobile homes, van conversions and boats, is prohibited on all portions of the Lot, except within the confines of enclosed garages.

C. Commercial Vehicles. Except for commercial service vehicles on temporary business, no commercial, construction or like vehicles, including, but not limited to, pickup trucks exceeding 3/4 ton capacity, can be parked on the Lot, other than inside the garage.

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D. Inoperable, Junked and Wrecked Vehicles. No abandoned, inoperable, junked or wrecked vehicles can be parked on any Lot except in the enclosed garage. This includes any vehicle that has not been driven under its own propulsion for 15 days or longer, or which does not have an operable propulsion system installed, or which is not licensed and registered in accordance with applicable laws; provided, however, that otherwise permitted vehicles parked by Owners while on vacation or during a period of illness are excepted from this prohibition. In the event that the Board determines that a vehicle is prohibited under this Section, written notice describing the vehicle and the nature of the violation will be delivered to the owner of the vehicle, if the owner can be reasonably ascertained, or will be conspicuously placed upon the vehicle if the owner of the vehicle cannot be ascertained. If the vehicle is not removed within 72 hours thereafter, the Association has the right to have the vehicle removed at the sole expense of the vehicle owner.

Section 9.9 LIGHTS AND EXTERIOR LIGHTING. Owners will utilize and maintain in working condition, dusk-to-dawn automatic lights on the post lights on the street side of their Lots. All other exterior lights must be located and maintained so they are not directed toward or interfere with surrounding Lots or the Common Areas, including streets. Any light fixture installed by the developer or subsequently replaced with an equivalent, is presumed to comply with this provision.

Section 9.10 GRADING OR EXCAVATING. No grading or excavating can be done on any Lot without prior approval of the Board. If approved, any surplus dirt and rocks, must be removed from the site at the Owner's expense and cannot be dumped down a slope.

Section 9.11 SOLICITATION. No solicitation of any form is permitted on the Properties.

ARTICLE X – LANDSCAPING AND ARCHITECTURAL OPTIONS AND RESTRICTIONS

Section 10.1 CRITERIA. The purpose for high standards for landscaping and any architectural modification to any Lot are: (a) to ensure architectural consistency of construction and appearance, (b) to maintain a pleasing appearance for the Owners; and (c) to maintain, if not increase, property values.

Section 10.2 BOARD RESPONSIBILITY FOR COMMON AREA LANDSCAPING. The Board is solely responsible for the maintenance of the landscaping on, and all Improvements to, the Common Areas.

Section 10.3. LANDSCAPE MAINTENANCE OF OWNER FRONT YARDS. As provided for in section 2.2.B, the Board will contract to maintain the landscaping in the front yards of the Lots, so long as this service remains available at a reasonable cost. The Board will publish Rules regarding: (a) the extent of this service, (b) provisions regarding those portions of the Lot that lies outside of walls on the Lot that erroneously gives the appearance of being part of the Common Areas, and (c) the delineation between Association and Owner responsibilities. The contract for this service may be integrated with the contract for Common Area landscape maintenance.

Section 10.4 LEVELS OF CONSIDERATION. All requests for variances or modifications to the Restrictions imposed by the Governing Documents that are made by any Owner fall into one of four levels.

A. Level 1. These are options permitted by the Governing Documents without the requirement for Board Approval. An Owner may submit an inquiry to the Board for this level to ascertain that the proposed variance is in fact a Level 1 variance.

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B. Level 2. These are options permitted by the Governing Documents that require only the approval of the Board appointed chairperson designated to review such requests. A determination must be made within five days from the date of receipt of the submission by the designated chairperson and may be approved immediately. If the designated chairperson fails to act within the five-day time limit, the request is approved by default. However, if the designated chairperson determines that the request is or may be a Level 3 or Level 4 request for a variance, then the five-day provision does not apply so long as the designated chairperson provides notice to the Owner thereof. Once the designated chairperson approves a level 2 variance, the Board may not subsequently revoke or rescind the approval.

C. Level 3. These are options permitted by the Governing Documents that require Board Approval. A determination must be made within 30 days from the date of receipt of the submission and if the Board fails to act within the 30-day time period, the request will be approved by default. However, the Board may approve the proposal subject to certain modifications or may require re-submission when the information provided by the Owner is deemed by the Board to be incomplete or inadequate for the Board to either approve or disapprove of the request.

D. Level 4. These requests seek a variance from explicit prohibitions or Restrictions imposed by the Governing Documents. The Owner requesting a variance or modification at this level must submit the request to the Board for its review and a determination as to whether the proposal complies with Arizona and/or Federal Law, and if so, then the Owner must obtain the written approval of the Owners of a majority of the Lots within the Properties. Upon receipt of the written approvals, the Board will record the proposal as an Amendment to this Declaration.

Section 10.6 LANDSCAPING AND FLORA ON LOTS. Owners have Level 1 authority to modify the existing landscaping on their respective Lots to any degree consistent with the appearance of the landscaping and flora existing on the Properties as a whole. If the Owner is not certain of this status, he/she is to submit the request as a Level 2 proposal.

Section 10.7 PAINTS, STAINS AND OTHER COLORS. Variations on authorized paint colors are a Level 4 variance. Except as noted, the Owner may choose any finish, such as matte, eggshell, satin, semi-gloss, or gloss. The permitted colors are the same as those used by the Developer, and the Board is required to maintain reference samples except for the color of black. The paint colors set forth below are manufactured by Dunn-Edwards, but other manufacturers may be used if the colors are properly matched (See Paragraph "G", below.)

A. Ironwork of any kind must be painted black, except that security screens on doors and windows other than those facing a street may be painted in Mesa Tan, or where the ironwork is already painted by the manufacturer, in a color similar to Mesa Tan.

B. Eaves under patio-type roofs must be painted (or stained) either Norfolk Brown or Black Walnut, provided that the same color is used throughout the improvements on the Lot. Roofs may be coated with white, tan, or aluminized colored material for which the Board is not required to maintain color samples.

UNION SQUARE

C. Door frames and painted doors visible from the street must be painted Black Walnut. Other doors and door frames may be painted Black Walnut, Fairfield Red, or Mesa Tan, the colors of which need be consistent only on each side or face of the dwelling unit on the Lot. However, the main entry door must be made of natural wood and stained with a dark brown-tone stain. Appurtenances, such as down-spouts, must be painted in either Mesa Tan or Fairfield Red, provided one color is used consistently on the improvements on the Lot.

D. Garage doors, and utility boxes that are visible from the streets, must be painted Mesa Tan, with any finish less reflective than semi-gloss. This provision does not apply to utility boxes owned and maintained by the respective utility companies.

E. Metallic windows and patio doors, and replacements thereof, must be painted in the original manufacturer's dark bronze finish found throughout the Properties, except that items originally installed by the developer that were left in a natural metal finish need not be painted.

F. Slump block must be left in its original color, and any additions to a Lot utilizing slump block must have the identical color and finish. Walls faced with wood or simulated wood must be painted Mesa Tan, to include framing for metal patio doors.

G. Owners may obtain paints from any manufacturer or supplier, provided that the colors match the reference samples maintained by the Board. However, where the Owner chooses to buy paints or stains from Dunn-Edwards, or its successor, the colors provided by that firm with the same names as used in this Section are presumed to comply with these provisions.

Section 10.8 ARCHITECTURAL RESTRICTIONS. Certain modifications to the architecture of the Improvements on the Lots are Level 4, including, but not limited to: (a) driveway coatings of any kind whatsoever except clear concrete sealer that does not leave a permanent sheen, (b) basketball backboards, hoops and similar athletic equipment anywhere on the Properties, except that badminton nets and similar items may be temporarily erect in enclosed yards when in use, (c) plastering over slump block walls, (d) constructing pitched roofs, except lateral extensions of patio roofs, and (e) increasing the height of walls, except that Owners who have side walls immediately adjacent to a street may request that this portion of the wall may be increased by up to an additional two feet in height, using materials and color identical to the existing wall.

Section 10.9 PERMITTED ARCHITECTURAL VARIANCES. All requests for other architectural modification must be submitted as a Level 3 requests, with the following exceptions:

A. Level 1. Addition of removable sun-screens of a color similar to Mesa Tan; changing windows and doors to add or delete built-in mullions, provided that all doors and windows are so changed; adding black-painted spark arresters on chimneys; installing canvas canopies over windows, provided they are dyed to the terra-cota color commonly found within the Properties; the addition or modification of underground landscaping irrigation systems, except for necessary valves and controls; and adding security screens and equivalents in front of windows and doors, provided these items comply with the color restrictions specified in Section 10.7 above. Exterior light fixtures visible from the street may be replaced with antique brass and/or black fixtures of similar size and quality.

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B. Level 2. Lateral extensions of patio roofs, provided the extension is constructed of the same materials and color of the existing patio roof; a room addition at the rear of any house provided such addition remains entirely under the existing roof line, using the same exterior wall material and color as the Dwelling Unit and does not extend laterally so that any portion of it can be seen from the street. Also, an Owner may elect to add an arch over the gateway visible from the street, provided it is constructed from slump block identical to the walls adjacent to the gateway.

ARTICLE XI – APPROVING REQUESTS FOR OPTIONS AND VARIANCES

Section 11.1 GENERAL. Except for Level 1 modifications, requests for variances to the restrictions in the Governing Documents and/or modifications to architecture and landscaping must be submitted by the Owner on a form provided by the Board which is included in the Rules. The Board will maintain permanent file copies of all such requests in a single place, the record of which will be considered by the Board in approving subsequent requests.

Section 11.2 COSTS AND REIMBURSEMENT. The Board may not impose any charges for reviewing requests for options and variances, but if a topographic survey, engineering report, or other technical assistance from an outside consultant is necessary, the cost will be paid directly by the Owner making the request,

Section 11.3 NO LIABILITY. Although the Board has the right to reject plans and specifications for reasons which may include the failure to comply with zoning, building ordinances, or other governmental regulations and restrictions, or on the basis that such plans and specifications are defective or not prepared in accordance with sound engineering or architectural practices, the approval of any plans and specifications will not constitute a representation, warranty or guarantee that such plans and specifications comply with any legal requirements or recognized building standards. By Approving plans and specifications, neither the Board, its officers or directors assume any liability of responsibility therefor, or for any defect in the structure constructed from such plans and specifications.

Section 11.4 FAILURE TO COMPLY. If an Owner, after obtaining Approval of an architectural modification to the Lot, fails to construct the modification in accordance with the plans Approved by the Board, the entire project will be deemed to be in noncompliance with these Restrictions and subject to action by the Association.

Section 11.5 APPEALS. If the Board disapproves a proposed architectural or landscaping project or proposal, or where the Board requires modifications to the plans and specifications that are unacceptable to the Owner making the request, the Owner may make a written request to the Board for a hearing at the Board's next scheduled meeting. The request must be made within 10 days from the date of the denial or modification by the Board and must set forth the reasons why the Board should reconsider its decision. If, after the Board has reviewed the appeal, the Owner remains dissatisfied, he/she may request that the matter be arbitrated, if the Board agrees to arbitration, or may initiate legal action against the Association.

ARTICLE XII – ENFORCEMENT

Section 12.1 AUTHORITY. Consistent with applicable law, the Board has the authority to enforce the provisions of the Governing Documents by any action in law or in equity as set forth in this Article and in any manner provided for in the Governing Documents.

Section 12.2 INITIATION OF A COMPLAINT. Any Member may initiate a complaint of violation of any provision of the Governing Documents on the part of any other Member or Owner of another Lot. The Board, acting collectively, may also initiate a complaint. In either case, the Board must agree by vote at the next scheduled Board meeting that the violation in fact occurred or continues to occur and that the violation is substantive enough to warrant remedy. In the case where a Member initiates the complaint, the complaint must be in writing and either hand carried to any Board member or sent by U.S. mail or any form of electronic mail. The complaint must describe the violation in sufficient detail for the Board to adjudicate the issue, and the Member must identify himself or herself. More than one Member and/or Owner may sign the complaint, and must do so in cases where the Governing Documents require such. In an emergency where the violation imposes a substantial risk to life or property, a lessee may file a complaint directly with the Board in lieu of requesting the Owner of the leased Lot to do so.

Section 12.3 ATTEMPT AT INFORMAL RESOLUTION. Except as necessary to abate a significant risk to life or destruction of property, the Board must attempt to resolve a violation issue informally during the 30-day period immediately following its affirmation of a substantive violation, keeping a written record of the attempt. Both parties to the issue may also agree to extend the time allotted for informal resolution. If successful, the Board will prepare a memorandum of understanding signed by the President of the Board or designee and the Owner(s) involved. If the attempt at informal resolution fails, satisfactory to all parties involved, the Board is required to consider, and if deemed appropriate to initiate, formal procedures as prescribed in the following sections.

Section 12.4 BOARD'S DISCRETION IN TAKING ACTION. In the event that the attempt to resolve a violation issue by informal means, the Board must first determine if the matter is suitable for legal action. The Association is not obligated to take any enforcement action if it determines that because of the strength of the Association's finances, possible defenses, the time and expense of litigation or other enforcement action, the likelihood or its lack of a result favorable to the Association, or other facts deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Association. In the case where the Board so determines to discontinue enforcement action, it will notify the Owner responsible for the violation, and include the reasons for the decision in the minutes for the relevant Board meeting, even when that meeting was a closed meeting as permitted by law.

Section 12.5 NOTICE OF VIOLATION. If the Board decides that legal enforcement action is appropriate against any Owner who exercises or exercised direct or indirect control of the alleged violation, the Board will give written notice of the violation, sent by first class mail to the Owner's address in the records of the Association, advising that the breach must be cured within 10 business days from the date the notice is mailed. If the breach is not remedied as provided in the notice, the Board may elect to record the notice of Violation in the office of the Pima County Recorder. In either case, the notice must be executed and acknowledged by an officer or any agent of the Association (including the attorney for the Association) and must contain substantially the following information: (i) the name of the Owner; (ii) the legal description of the Lot against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) if applicable, a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner to cure the violation. If recorded, a notice of compliance will also be recorded when the Owner has cured the breach. The notice of violation, if recorded, may constitute an exception to the title to the Lot. Such notice may affect an Owner's ability to convey marketable title to the Lot. Nothing in this Section limits any other remedy available in law or equity for breach of these covenants.

Section 12.6 FORMAL HEARING. Upon receipt of the Owner's response, or at the end of the time permitted for a response if no response is made, the Board will make a reasonable effort to schedule a hearing to be held in executive session within 10 business days of receipt of the response or expiration of the time for responding. Notice of the hearing will be provided to the Owner by certified mail or equivalent, return receipt requested, even if the Owner failed to respond to the Notice of Violation. If no response is received the Owner be deemed to have admitted the allegations by default, whether or not that Owner attends the Hearing.

Section 12.7 OPTION FOR BINDING ARBITRATION. If, during or after the hearing, the Board determines that the alleged violation remains unresolved and in the absence of any substantial evidence that the Owner has taken action to correct or otherwise eliminate the violation, the Board and the Owner may, but are not obliged to, agree to submit the case to binding arbitration. If the parties agree to submit the matter to such arbitration, the successful party has the right to request an award of its attorney fees, costs and expenses from the arbitrator.

Section 12.8 NON-JUDICIAL OPTIONS. If after the hearing, the issue remains unresolved, the Board may elect to attempt to remedy the matter, the Board may elect to exercise any or all of the following options in lieu of, or in addition to, seeking a formal legal resolution of the issue.

a. Suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is delinquent in paying any Assessment or other charge owed to the Association;

b. Requiring an Owner, at the Owner's expense, to remove any structure or Improvement installed by the Owner on the Lot, when visible from any neighboring Lot or the Common Areas. After written notice to the Owner and a time within which the Owner must perform, if the Owner fails to take action, the Board or its designee has the right to remove the structure or other improvement in violation and restore the Lot or Common Areas to substantially the same condition as previously existed and any such action will not be deemed a trespass, provided that in a non-emergency situation, this procedure does not involve entering the living area or the garage of any improvement on the lot. The costs of doing so will become a Reimbursement Assessment.

c. Without liability to the Association or any Owner, prohibiting a contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Governing Documents from continuing or performing any further activities in the Properties;

d. Towing vehicles that are parked in violation of this Declaration or the Rules; and

Section 12.9 JUDICIAL REMEDIES. In the absence of an agreement to submit the issue to binding arbitration, the Board may either file a complaint with the Department of Building and Fire Safety, requesting hearing by an administrative law judge as provided for in A.R.S. §41-2198, *et. seq.*, if the issue is permitted to be determined by an administrative law judge in accordance with that statute, or may file an action in Pima County Superior Court, seeking judicial relief. In all cases other than non-payment of Assessments, the Board will impose a nominal fine of \$10.00

Section 12.10 CUMULATIVE RIGHTS. All rights and remedies of the Association under the Governing Documents or at law or in equity are cumulative, and the exercise of one right or remedy will not waive the Association's right to exercise another right or remedy. The failure of the Association or an Owner to take enforcement action regarding a violation of the Governing Documents will not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Governing Documents in the future.

Section 12.11 NO DELAYS OR OMISSIONS. No delay or omission on the part of the Association or any Owner or Member in exercising its/their right to enforce any provision of the Governing Documents shall be considered a waiver or breach of such provisions of the Governing Documents or an acquiescence in any breach of these Governing Documents and no right of action will accrue against the Board, the Association, or any Owner or Member for their neglect or refusal to exercise such right of enforcement.

Section 12.12 ATTORNEY FEES, LITIGATION EXPENSES AND COSTS. All expenses incurred by the Association in enforcing the Governing Documents or in defending any action or claim brought by any Owner against the Association including any claim that is filed with the Department of Building and Fire Safety under A.R.S. §41-2198, including, but not limited to attorney fees and all costs and expenses of enforcement, (whether taxable costs or not) must be paid to the Association by the Owner involved in such action or claim, if the Association is the substantially prevailing party.

Section 12.13 OWNER'S RIGHT TO FILE A COMPLAINT UNDER A.R.S. §41-2198. Nothing contained in this Declaration prohibits an Owner from filing a Complaint against the Association under A.R.S. §41-2198, *et. seq.*, although the filing of such a Complaint will not eliminate the requirements to follow the procedures set forth in this Article.

ARTICLE XIII – PROVISIONS REGARDING FIRST MORTGAGES

Section 13.1 SUBORDINATION OF A LIEN TO FIRST MORTGAGES; SALE OR TRANSFER OF LOTS. The lien for Assessments, including without limitation any fees, costs, late charges, or interest that may be levied by the Association in connection with unpaid Assessments, is subordinate to the lien of any First Mortgage. Sale or transfer of any Lot pursuant to foreclosure of any such First Mortgage or any proceeding in lieu thereof, including a deed in lieu of foreclosure, or cancellation or forfeiture of such executory land sales contract, will extinguish the lien for Assessments or any other charges that became due to the Association before such sale or transfer, or foreclosure, or cancellation or forfeiture of any executory land sales contract; provided, however, that any such delinquent Assessments or charges, including interest, late charges, costs and reasonable attorney fees, which are extinguished as provided herein, may be reallocated and assessed to all Lots as a common expense or may be expressly assumed by a subsequent Owner.

No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including a deed in lieu of foreclosure, nor cancellation or forfeiture of any executory land sales contract, will relieve any Owner of a Lot from liability for any assessments or charges thereafter becoming due, or from the Assessment lien. In the event of a foreclosure of a First Mortgage or the taking of a deed in lieu thereof, the First Mortgagee will not be liable for unpaid Assessments or other charges which accrued prior to the date the foreclosure is finalized.

Section 13.2 MORTGAGE PROTECTION AND ADDITIONAL ASSESSMENT AS COMMON EXPENSE. Notwithstanding and prevailing over any other provision of the Governing Documents, the following provisions apply to and benefit each First Mortgagee of a Lot:

A. First Mortgagees are not personally liable for the payment of any Assessment or charge, nor for the observance or performance of any of the provisions of the Governing Documents, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, nor will a First Mortgagee be liable for any violation of the Governing Documents that occurred prior to such mortgagee acquiring title.

B. During the pendency of any proceeding to foreclose the First Mortgage, including any period of redemption, the mortgagee (or receiver appointed in such action) may, but is not required to, exercise any and all the rights and privileges of the Owner of the mortgaged Lot, including (but not limited to) the Owner's exercise of such rights and privileges.

C. When the first mortgagee becomes the record Owner of the Lot, it will be subject to all the terms and conditions of the Governing Documents, including (but not limited to) the obligation to pay for assessments and charges accruing thereafter, in the same manner as any Owner.

D. The First Mortgagee, or any other party acquiring title to a mortgaged Lot through foreclosure or through any equivalent proceeding arising from the mortgage, such as, but not limited to, the taking of a deed in lieu of foreclosure, will acquire title to the mortgaged Lot free and clear of any lien authorized by or arising out of any of the provisions of this Declaration, which secured the payment of any Assessment that accrued prior to the final conclusion of any such foreclosure suit or equivalent proceeding, including the expiration date of any applicable period of redemption.

ARTICLE XIV – NON-LIABILITY OF OFFICIALS AND INDEMNIFICATION

Section 14.1 GENERAL. The Association will indemnify, to the fullest extent permitted by law, every officer, director, chairperson, and ad hoc committee member, against any and all expenses, including attorney fees, reasonably incurred or imposed upon, any officer, director, chairperson, or ad hoc committee member, in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors) to which he or she may be a party because he/she was an officer or director of the Association. This provision does not include travel expenses to attend Association meetings or legal proceedings and only includes reasonable actual expenses. The officers, directors, chairpersons and ad hoc committee members, are not liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers, directors, chairpersons, and ad hoc committee members are not personally liable for any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors or committee members may also be members of the Association), and the Association will indemnify and forever hold each such officer, director, chairperson, and ad hoc committee member, free and harmless against any and all liability to others on account of each such contract or commitment. Any right to indemnification provided for herein is not exclusive of any of the rights to which any officer, director, chairperson or ad hoc committee member, or former officer, director, chairperson, or ad hoc committee member, may be entitled.

ARTICLE XV – GENERAL PROVISIONS

Section 15.1 CONSTRUCTION.

A. Interpretation. The provisions of this Declaration will be liberally construed to effectuate the purpose of creating a uniform plan for the operation of the Association. Except for judicial construction, the Association through its Board has the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions of the Governing Documents is conclusive and binding on all Owners.

B. References to Restrictions. Any and all instruments of conveyance or lease of any interest in any Lot may contain (but are not required to do so) references to this Declaration and are subject to all of the terms and conditions in this Declaration as if they were therein set forth in full, provided, however, that the terms are binding upon all persons affected by such conveyances, whether express reference is made to this Declaration or not.

C. Singular Includes Plural; Gender. Unless the context requires a contrary construction, the singular includes the plural and the plural includes the singular; and the masculine, feminine or neuter each includes the masculine, feminine and neuter.

Section 15.2 TERM. The provisions of this Declaration will run with the land and continue and remain in full force and effect at all times and against all persons.

Section 15.3 BINDING EFFECT. By accepting a Deed or acquiring any ownership interest in any Lot, each Owner, for him/herself, or his/her heirs, personal representatives, successors, transferees and assigns, binds him/herself, his/her heirs, personal representatives, successors, transferees and assigns to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by the Governing Documents, as amended from time to time. In addition, each such person by so doing, acknowledges that this Declaration sets forth a general scheme for the Properties and evidences his/her intent that all the restrictions, conditions, covenants, rules, and regulations run with title to the land and are binding on all current, subsequent and future owners, grantees, purchasers, assignees, and transferees. Furthermore, each Owner fully understands and acknowledges that this Declaration is mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

Section 15.4 SEVERABILITY. Invalidation of any one of these covenants, conditions and restrictions by a Court of competent jurisdiction does not affect the other covenants, which will remain in full force and effect.

Section 15.5 AMENDMENTS. This Declaration may be amended or restated by an instrument in writing, signed and acknowledged by the President and Secretary of the Association, certifying that such restatement or amendment was approved by the vote or written consent of the Owners of not less than fifty-one percent (51%) of the Lots. The amendment becomes effective when recorded in the Office of the Pima County Recorder, Pima County, Arizona. However, any amendment that increases the percentage of Owners required to Approve any subsequent Amendments must itself be Approved by at least that same percentage of Owners.

Section 15.6 NOTICES. Whenever a new or revised ordinance or statute affects a provision of this Declaration or of the Bylaws, the Board may publish a notice of that effect pending formal amendment of the relevant Governing Document. This notice shall have the same legal effect as if were a part of the Governing Documents. In the case where the new provision affects a Rule, the Board will promptly published and distribute a revision to that Rule.

Section 15.7 COMPLIANCE. All covenants, conditions, provisions and restrictions contained in this Declaration or any subsequent amendments to this Declaration are subject to any and all applicable federal, state and local governmental rules and regulations.

Section 15.8 LIABILITY OF THE ASSOCIATION, ITS BOARD, OFFICERS, CHAIRPERSONS and AD HOC COMMITTEES. To the fullest extent permitted by law, neither the Board, nor the officers, directors, chairpersons, or ad hoc committee members of the Association are liable to any Owner or to the Association for any damage, loss or prejudice arising out of any decision, course of action, act, inaction, omission, error, negligence, or the like, made in good faith and which such Board, Officers, chairpersons, or ad hoc committee members reasonably believed to be within the scope of their duties.

Section 15.8 RECORDS. The Association will maintain true and correct books and accounting records at its sole cost and expense in accordance with generally accepted accounting principles. Such books and accounting records, together with copies of the Governing Documents, are available for inspection by all Owners in accordance with the Act.

IN WITNESS WHEREOF, we the undersigned being the President and Secretary of SUNRISE VALLEY TOWNHOMES HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation, attest that this Restated Declaration of Covenants, Conditions and Restrictions was approved by the written approval of the Owners of a majority of the Lots and execute this Restated Declaration on the 24th day of March, 2008, and which is to take effect on March 30, 2008.

By: Bill Gleason

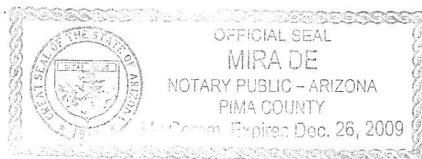
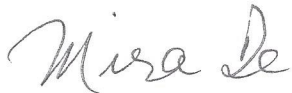


Its: President

ATTEST: Barbara Herzmark



Its: Secretary



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