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DECLARATION OF HORIZONTAL PROPERTY REGIME  
GLENROSA ESTATES

This Declaration is made and entered into this 27th day  
of JULY, 1983, by the undersigned party,  
hereinafter called "Declarant".

WHEREAS, Declarant is the owner of a certain parcel of  
real estate located in Maricopa County, Arizona which property is  
more particularly described in Exhibit "A" which is attached hereto  
and by this reference incorporated herein; and

WHEREAS, Declarant has caused or will cause to be erected  
on said property six residential fourplexes consisting of four living  
units each, two each on each of the two stories of said structures;  
and

WHEREAS, Declarant intends to and does hereby submit said  
real estate together with said structure, and all other permanent  
fixtures of whatsoever kind thereon, and all rights and privileges  
belonging to or otherwise pertaining thereto (hereinafter called  
the "Property") to the provisions of the statute commonly known  
as the "Horizontal Property Regimes Act");

and

WHEREAS, Declarant is further desirous of establishing  
for its own benefit and the mutual benefit of all future owners  
or occupants of the Property, or any part thereof, certain ease-  
ments 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

RECORDED IN OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
JUL 28 '83-415
BILL HENRY, COUNTY RECORDER
FEE 3.00 PGS 31

do.

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WHEREAS, Declarant desires and intends that the several owners, mortgagees, occupants, and other persons hereafter acquiring any interest in said development shall at all times enjoy the benefits of, and shall hold their interest 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 cooperative aspect of such development and are established for the purposes of enhancing and perfecting the value, desirability, and attractiveness of the Property.

NOW, THEREFORE, Declarant, as the owner of the real estate hereinbefore described, and for the purposes above set forth, declares as follows:

ARTICLE I. DEFINITIONS

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

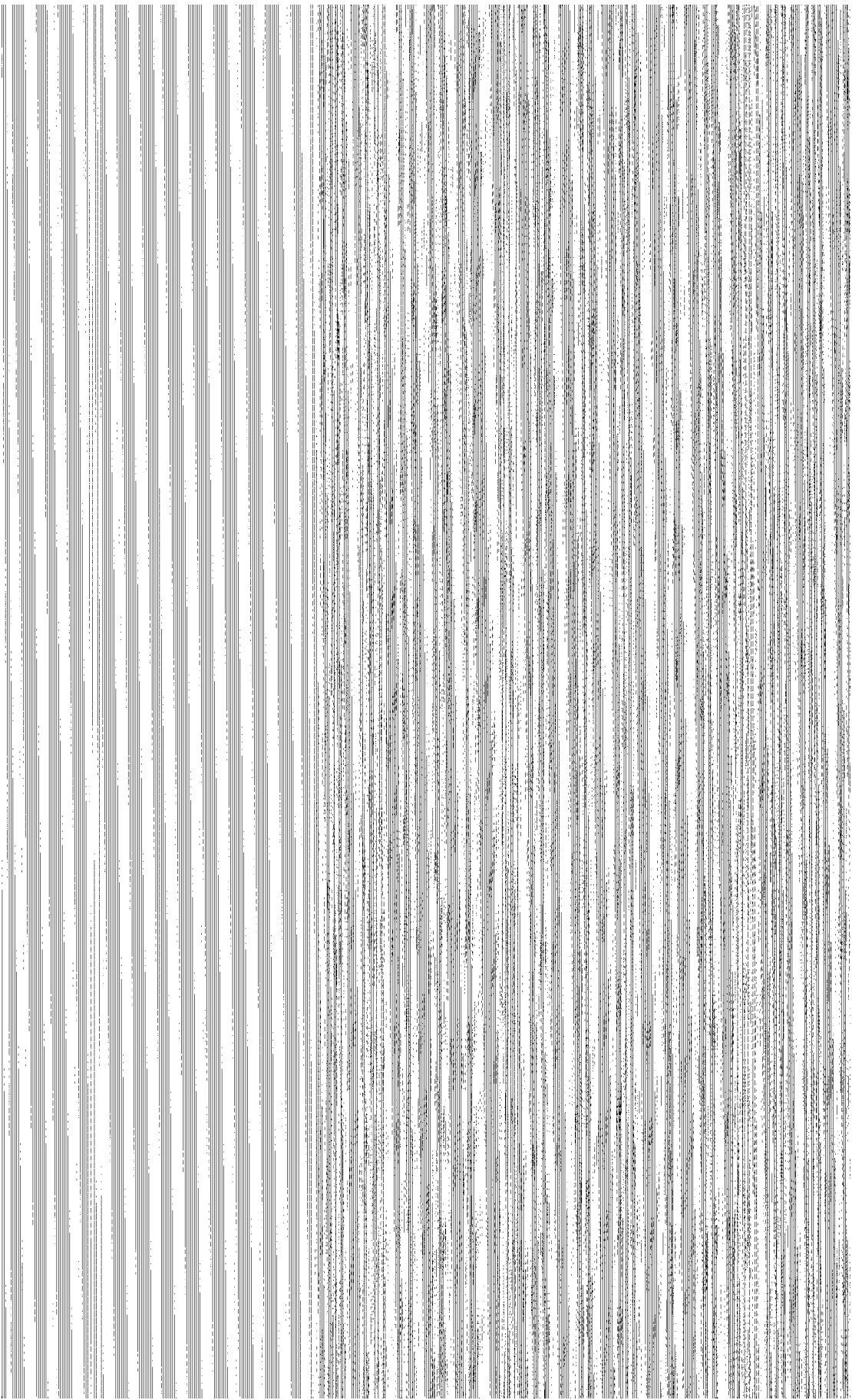
Property: All the land, property, and space comprising the parcel, all improvements and structures erected, constructed, or contained therein or thereon, including the buildings and all easements, rights, and appurtenances belonging thereto, and all fixtures and property intended for the mutual use, benefit, or enjoyment of the unit owners.

Plat: The plat of survey of the Property and all Units submitted to Horizontal Property Regime, as recorded in Book 255 of Maps, page 21, records of Maricopa County.

Unit: A part of the property within a building including one or more rooms, occupying one or more floors or a part or parts thereof, designed and intended for any type of independent use and having lawful access to a public way, and more specifically described hereafter in the plat of record.

Common Elements: All portions of the Property except the Units.

Unit Ownership: A part of the property consisting of one unit and the undivided interest in the common elements appurtenant thereto.



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2. Certain Structures Not Constituting Part of a Unit.

Except as a tenant in common with other owners, no Owner shall own any pipes, wires, ducts, conduits, public utility lines, or structural components running through his unit and serving more than his Unit, whether or not such items shall be located in the floors, ceilings, or perimeter or interior walls of the unit.

ARTICLE III. COMMON ELEMENTS

1. Description. Except as otherwise in this Declaration provided, the Common Elements shall consist of all portions of the Property, except the Units. Without limiting the generality of the foregoing, the Common Elements shall include (i) the driveway, the land, all stairways, elevators, halls, courtyards, lobbies and corridors; (ii) all balconies, terraces, patios, appurtenances, Exclusive Use Areas, and Restricted Use Areas; (iii) all pipes, ducts, flues, chutes, conduits, wires and other utility installations to (but not at) the outlets; and (iv) such components parts of walls, floors, ceilings, and other structures and installations as are outside of the Unit boundaries as delineated or described in the plat of record.

2. Ownership of Common Elements. Each Owner shall own an undivided interest in the Common Elements as a tenant in common with all the other owners of the Property, and, except as otherwise limited in this Declaration, shall have the right to use the Common Elements for all purposes incident to the use and occupancy of his Unit as a place of residence, and such other incidental uses permitted by this Declaration, which right shall be appurtenant to and run with his Unit. Declarant has determined each Unit's corresponding percentage of Ownership in the Common Elements in accordance with the Act and the same are set forth in the plat of record.

ARTICLE IV. GENERAL PROVISIONS AS TO UNITS  
AND COMMON ELEMENTS

1. Submission of Property to "Horizontal Property Regimes Act".

The Property is hereby submitted to the provisions of the "Horizontal Property Regimes Act" of the State of Arizona, as amended from time to time.

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2. No Severance of Ownership. No owner shall execute any deed, mortgage, lease or other instrument affecting title to his Unit ownership without including therein both his interest in the Unit and his corresponding percentage of ownership in the Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to affect the one without including also the other shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein.

3. Easements. (a) Encroachments. In the event that, by reason of the construction, reconstruction, settlement or shifting of the building, or the design or construction of any Unit, any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or any part of any Unit encroaches or shall hereafter encroach upon any part of the Common Elements or any other Unit, or, if by reason of the design or construction of utility systems, any main pipes, ducts, or conduits serving more than one Unit encroach or shall hereafter encroach upon any part of any Unit encroach or shall hereafter encroach upon any part of any Unit, valid easements for the maintenance of such encroachment and for the use of such adjoining space shall exist for the benefit of such unit and the common Elements, as the case may be, so long as all or any part of the building containing such Unit shall remain standing; provided, however, that in no event shall a valid easement for any encroachment to be created in favor of the Owner of any Unit or in favor of the Owners of the Common Elements if such encroachment occurred due to the willful conduct of said Owner or Owners.

(b) Balconies and Patios. A valid exclusive easement is hereby declared and established for the benefit of each Unit and its Owner consisting of the right to use and occupy the balcony or patio, as the case may be, adjoining the Unit; provided however, that no Owner shall decorate, landscape or adorn such balcony or patio in any manner contrary to such rules and regulations as may be established as hereinafter provided, unless he shall first obtain the written consent of the Owners' Association. In the event any such balcony

or patio shall be appurtenant to more than one Unit, <sup>83 298221</sup> then all rights and obligations of the Owners of each such Unit with respect to the use, maintenance, and repair of such balcony or patio shall be joint, common and indivisible, and shall not be subject to partition through judicial proceedings or otherwise.

(c) Easements for Certain Utilities. There is hereby created a blanket easement upon, across, over and under the above described property for reasonable ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones and electricity. By virtue of this easement it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary equipment on said property and to affix and maintain the necessary electrical and/or telephone wires, conduits, and circuits on, above, across and under the Common Elements, including the unit buildings. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said property except as initially programmed and approved by the Developer of the condominium or thereafter approved by said Developer or the Association's Board of Directors. This easement shall in no way affect any other recorded easement on said premises.

(d) Easements through Walls within Units. Easements are hereby declared and granted to install, lay, maintain, repair, and replace any pipes, wires, ducts, conduits, public utility lines or structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the Unit boundaries.

(e) Easements to Run with Land. All easements and rights described herein are easements appurtenant, running with the Land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the undersigned, its successor and assigns, and any owner, purchaser, mortgagee and other person having an interest in the Property or any part or portion thereof. Reference in the deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Article, or described in any other part of this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees, of such parcels as fully and completely

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as though such easements and rights were recited fully and set forth in their entirety in such documents.

4. Use of Common Elements. (a) Regulation by Owners' Association. No person shall use the Common Elements or any part thereof in any manner contrary to or not in accordance with such rules and regulations pertaining thereto as from time to time may be adopted by the Owners' Association, as provided in Article VI without in any manner intending to limit the generality of the foregoing, the Owners' Association shall have the right but not the obligation, to promulgate rules and regulations limiting the use of the Common Elements to owners and their respective families, guests, invitees, and servants.

(b) Management, Maintenance, Repairs, Alterations, and Improvements. Except as otherwise provided herein, management, repair, alteration and improvement of the Common Elements shall be the responsibility of the Owners' Association.

(c) Use of Common Elements. Subject to the rules and regulations from time to time promulgated by the Owners' Association, all Owners may use the Common Elements in such manner as will not restrict, interfere, or impede with the use thereof by the other Owners, except as follows:

(1) Appurtenances. Each owner is hereby granted an exclusive and irrevocable license to use and enjoy the appurtenances to his Unit.

(2) Exclusive Use Area. Each Owner is hereby granted an exclusive but revocable license to use and enjoy such space and facilities located in Exclusive Use Areas of the Property as the Owners' Association may from time to time allocate such Owner; provided, however, that the Owners Association reserves the right at any time and from time to time to revoke such license and to reassign the use of such space and facilities in accordance with such standards as it may establish from time to time. The Owners' Association further reserves the right to require that maintenance of any Exclusive Use Area shall be the sole responsibility of the licensee.

(3) Restricted Use Areas. The use of all space in the Restricted Use Areas shall be under the sole control and management of the Owners' Association, which may (without limiting the generality of the foregoing) (a) determine the use of such areas, and change such use from time to time; (b) determine eligibility and/or admission standards and charges for such use, including reasonable classification of Owners entitled to use such areas; (c) provide for the furnishings and equipment for such areas; (d) deny access to such areas to Owners who are delinquent in the payment of assessments or who are otherwise in default in their obligations hereunder; (e) exercise such other rights as it may deem necessary to assure that such areas be used, furnished and be maintained in a manner which will contribute to the best interest of all the Owners.

5. Maintenance of Units. (a) By the Owners' Association. The Owners' Association, at its expense, shall be responsible for the maintenance, repair and replacement of those portions of each Unit which contribute to the support of the buildings, excluding, however, interior walls, ceiling and floor surfaces. In addition, the Owners' Association shall maintain, repair and replace all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which may be located within the Unit boundaries exclusive of any portions of the foregoing which may be located at or beyond the wall outlets, or which may be the responsibility of an individual Owner under any other provision of the Declaration.

(b) By Each Owner. The responsibility of each Owner shall be as follows:

(1) to maintain, repair, and replace at his expense all portions of his Unit, and all internal installations of such Unit such as appliances, heating, plumbing, electrical, and air conditioning fixtures or installations, and any portion of any other utility service facilities located within the Unit boundaries.



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(2) to maintain, repair and replace at his expense such portions of the Appurtenances to his Unit and of any Exclusive Use Area licensed, granted or otherwise assigned to such Owner, as the Owners' Association shall from time to time determine. Until such time as the Owners' Association determines to the contrary, each Owner shall be responsible for the repair, maintenance and appearance of all patios, balconies, windows, doors, vestibules and entry-ways, and of all associated structures and fixtures therein, which are Appurtenances to his Unit. The foregoing includes, without limitation, responsibility for all breakage, damage, malfunctions and ordinary wear and tear of such Appurtenances.

(3) to perform his responsibilities in such manner as not to unreasonably disturb other persons residing within the building.

(4) not to paint or otherwise decorate or change the appearance of any portion of the building not within the walls of the Unit, unless the written consent of the Owners' Association is obtained.

(5) to promptly report to the Owners' Association any defect or need for repairs, the responsibility for the remedying of which is with the Owners' Association.

(6) not to make any alterations in the portions of the Unit or the building which are to be maintained by the Owners' Association or remove any portion thereof or make any additions thereto or do anything which would or might jeopardize or impair the safety or soundness of the building without first obtaining the written consents of the Owners' Association and of the Owner or Owners for whose benefit such easements exist.

(c) No Contractual Liability of Owners' Association. Nothing herein contained, however, shall be construed so as to impose a contractual liability upon the Owners' Association for maintenance, repair and replacement, but its liability shall be limited to damages resulting from negligence.

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6. Repairs to Common Elements Necessitated by Owners' Acts.

Each Owner agrees to maintain, repair and replace at his expense all portions of the Common Elements which may be damaged or destroyed by reason of his own or any Occupant's act or neglect, or by the act or neglect of any invitee, licensee or guest of such Owner or Occupant.

7. Construction Defects. The obligation of the Owners' Association and of Owners to repair, maintain, and replace the portions of the Property for which they are respectively responsible under Paragraphs 3, 4, and 5 of this Article IV shall not be limited, discharged or postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in material or workmanship in the construction of the Property.

8. Effect of Insurance or Construction Guarantees.

Notwithstanding the fact that the Owners' Association and/or any Owner may be entitled to the benefit of any guarantees of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefit under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantees or insurance coverage shall not excuse any delay by the Owners' Association or any Owner in performing his obligation hereunder.

ARTICLE V. UNIT OWNERS

1. Voting Rights. Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Unit which is subject to assessment. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit all such persons shall be members. The vote or votes for such Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Unit.

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Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on JULY 27, 1985.

2. Annual Meetings. There shall be an annual meeting of the voting members on the first Tuesday of December of each succeeding year thereafter at 7:30 P.M.

3. Special Meetings. Special meetings of the voting members may be called at any time for the purpose of considering matters which, by the terms of this Declaration, require the approval of all or some of the voting members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by the Association president, or by the voting members having one-half of the total votes, and delivered not less than ten (10) days prior to the date fixed for said meeting. The notices shall specify the date, time, and place of the meeting and the matters to be considered.

4. Notice of Meetings. The notice of meeting required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat, addressed to each such person at the address given by him to the Board for the purpose of serving of such notice.

5. Place of Meeting. Meetings of the voting members shall be held at the Property.

6. Quorum, Majority Vote. The presence in person or by proxy at any meeting of the voting members having one-half of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the voting members at which quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting.

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7. Adjournment of Meeting. If any meeting of the voting members cannot be held because a quorum has not attended, a majority of the voting members who are present at such meeting, either in person or by proxy, may adjourn the meeting from time to time for a period not exceeding seven days in any one case.

8. Powers and Duties of the Board. The Association shall acquire, and shall pay for out of the maintenance fund hereinafter provided for, the following:

(a) Services. Waste removal, electricity and other necessary utility services for the Common Elements and (if not separately metered or charged) for the Units.

(b) Property Insurance. A policy or policies of insurance insuring the Common Elements and the Units against loss or damage by the perils of fires, lightning and those contained in the extended coverage, vandalism and malicious mischief endorsements, for the full insurable replacement value of the Common Elements and the Units written in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for each of the Owners in the percentages established in the recorded plat. Said policy or policies shall provide for separate protection for each Unit and its attached, built-in or installed fixtures and equipment to the full insurable replacement value thereof, and a separate loss payable endorsement in favor of the mortgagee or mortgagees of each Unit, if any. Prior to obtaining any such policy or policies of insurance or any renewal thereof, the Board shall obtain appraisals from a qualified appraiser for the purpose of determining the full replacement value of the Common Elements and the Units for the amount of Insurance to be effected pursuant hereto. The cost of any and all such appraisals shall be common expenses.

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(c) Liability Insurance. Comprehensive public liability and property damage insurance in such limits as the Association shall deem desirable insuring the members of the Association, its agents and employees and the Owners including the Declarant from any liability in connection with the Common Elements or the streets and sidewalks adjoining the Property. Such insurance coverage shall also cover cross liability claims of one insured against another.

(d) Workmen's Compensation Insurance. Workmen's compensation insurance as may be necessary to comply with applicable laws and such other forms of insurance as the Association in its judgment shall elect to effect.

(e) Employees. The services of any person or firm employed by the Association.

(f) Maintenance of Common Elements. Landscaping, gardening, painting, cleaning, tuckpointing, maintenance, decorating, repair and replacement of the Common Elements, and such furnishings and equipment for the Common Elements as the Association shall determine are necessary and proper, and the Association shall have the exclusive right and duty to acquire the same for the Common Elements.

(g) Maintenance of Property. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or assessments which the Association is required to secure or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the maintenance and operation of the Property as a first class condominium building or for the enforcement of these restrictions.

(h) Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the entire property or any party thereof which may in the opinion of the Board constitute a lien against the

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Property or against the Common Elements, rather than merely against the interests therein or particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs incurred by the Association by reason of said lien or liens shall be specially assessed to said Owners.

(i) Maintenance of Individual Units. Maintenance and repair of any Unit if such maintenance or repair is necessary, in the discretion of the Association, to protect the Common Elements or any other portion of the building, and an Owner of any Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Association to said Owner, provided that the Association shall levy a special assessment against such Owner for the cost of said maintenance or repair.

(j) Right of Inspection. The Association or its agents may enter any Unit when necessary in connection with any maintenance or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

(k) Rules and Regulations. The Association may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, Conservation, and beautification of the Property, and for the health, comfort, safety, and general welfare of the Owners and Occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and Occupants and the entire Property shall at all times be maintained subject to such rules and regulations.

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ARTICLE VI. OFFICERS

1. Election. The Association shall elect at its organization meeting each year from among its members a President and a Secretary-Treasurer.

2. President. The President shall be the chief executive officer. He shall preside over the meetings of the Association. In general, he shall have all the powers and duties incident to the office of President.

3. Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and of the unit owners and maintain the Association's financial records. In general, he shall perform all the duties incident to the offices of Secretary and Treasurer.

ARTICLE VII. DETERMINATION AND PAYMENT  
OF ASSESSMENTS

1. Obligation of Owners to Pay Assessments. It shall be the duty of every Unit Owner to pay his proportionate share of the expenses of administration, maintenance and repair of the Common Elements and of the other expenses provided for herein. Such proportionate share will be, except as otherwise provided for herein in this Declaration, in the same ratio as his percentage of ownership in the Common Elements as set forth in the recorded plat. Payment thereof shall be in such amounts and at such times as may be determined by the Association, as hereinafter provided.

2. Preparation of Estimated Budget. Each year on or before December first, the Association shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services, and supplies which will be required during the ensuing calendar year for the rendering of all services, together with reasonable amount considered by the Association to be necessary for a reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis, and for contingencies, and shall on or before December 15, notify each Owner in writing as to the amount of such estimate, with

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reasonable itemization thereof. Said "estimated cash requirement" shall be assessed to the Owners according to each Owner's percentage of ownership in the Common Elements as set forth in the recorded plat. On or before January 1 of the ensuing year, and the first of each and every month of said year, each Owner shall be obligated to pay to the Association one-twelfth of the assessment made pursuant to this paragraph. On or before the date of the annual meeting of each calendar year, the Association shall supply to all Owners an itemized accounting of the maintenance expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Owner's percentage of ownership in the Common Elements to the next monthly installments due from owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Owner's percentage of ownership in the Common Elements to the installments due in the succeeding six months after rendering of the accounting.

3. Reserve for Contingencies and Replacements. The Association shall build up and maintain a reasonable reserve for contingencies and for maintenance, repairs and replacement of those common elements that must be replaced on periodic basis. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year, shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including non-payment of any Owner's assessment, the Association may at any time levy a further assessment which shall be assessed to the Owners according to each Owner's percentage of ownership in the Common Elements. The Association shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall become effective with the monthly maintenance payment which is due more than ten (10) days after delivery or mailing of such notice of further assessment.



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All owners shall be obligated to pay the adjusted monthly account.

4. Budget for First Year. At its initial meeting, the Association shall determine the "estimated cash requirement", as hereinabove defined, for the period commencing thirty (30) days after said meeting. Assessments shall be levied against the Owners during said period as provided in Paragraph 2 of this Article.

5. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or serve the annual or adjusted estimate on the Owner shall not constitute a waiver or release in any manner of such Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the owner shall continue to pay the monthly maintenance charge at the then existing monthly rate established for the previous period until the monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

6. Status of Funds Collected by Board. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all of the Owners, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit, and account of all of the Owners in the proportions set forth in the recorded plat.

7. Remedies for Failure to Pay Assessments. If any Owner is in default in the monthly payment of the aforesaid charges or assessments for thirty (30) days, the Association may bring suit to enforce collection thereof or to foreclose the lien therefore as hereinafter provided; and there shall be added to the amount due the costs of said suit, together with legal interest and reasonable attorney's fees to be fixed by the Court. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest,

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costs and fees as above provided shall be and become a lien or charge against the Unit Ownership of the Owner involved when payable, and may be foreclosed by an action brought by the members of the Association as in the case of foreclosure of liens against real estate. The Association shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Said lien shall take effect and be in force when and as provided in the "Horizontal Property Regime Act" of the State of Arizona, provided, however, that encumbrances owned, held or serviced by any bank, insurance company or savings and loan association shall be subject to priority, after written notice to said encumbrancer of unpaid common expenses, only to the lien of all common expenses on the encumbered property only from the date the encumbrancer either takes possession of the Unit, accepts a conveyance of any interest therein, or has a Receiver appointed in a suit to foreclose its lien. Any encumbrancer may from time to time request in writing a written statement from the Association setting forth the unpaid common expenses with respect to the Unit covered by his encumbrance and unless the request shall be complied within twenty (20) days, all unpaid common expenses which become due prior to the date of the making of such request shall be subordinate to the lien of such encumbrance. Any encumbrancer holding a lien on a Unit may pay any unpaid common expenses payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid at the same rank as the lien of his encumbrance.

ARTICLE VIII. COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

The Units and Common Elements shall be occupied and used as follows:

1. Conditions of Use and Occupancy. The use and occupancy of the Property shall be in conformance with all of the covenants, conditions and restrictions set forth in this Declaration,

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and zoning and other ordinances, rules, and regulations of all appropriate governmental agencies so long as this Declaration remains in full force and effect.

2. Residential Use. The Property shall be used exclusively for residential purposes. No part of the Property may be used for any business, commercial, manufacturing, storing, vending, or any non-residential purposes. However, nothing contained herein shall be construed to prevent the Declarant, its agents or employees, from engaging in all forms of construction and sales activities within the Property, including the use of the Units owned by the Declarant as models, until such time as all Units have been sold by the Declarant.

3. Signs. No sign of any kind shall be displayed to public view from any portion of the Property without the approval of the Board. Notwithstanding the foregoing, a single sign of reasonable dimension advertising a unit for sale or rent may be placed by the Owner, or his agent, upon the Unit. Nothing herein contained shall prevent the Declarant, or its agents, employees, and assigns from utilizing reasonable signs, flags, markers, and sales devices in furtherance of sales activities until all of the Units have been sold by the Declarant.

4. Nuisance. No nuisances shall be allowed on the Property, nor any use or practice which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the Property by its residents. All parts of the Property shall be kept in <sup>a</sup>clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate, nor shall any fire hazard be allowed to exist. No Owner shall permit or suffer anything to be done or kept upon his Unit or to make any use of his Unit which will increase the rate of insurance upon the Property or any part thereof. No Owner shall permit animal feces to be deposited upon or remain upon the Property or any part thereof.

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5. Lawful Use. No Owner, occupant or resident shall engage in activity within the Property in violation of any law, ordinance, statute, rule, or regulation of any local, county, state or federal body, nor shall immoral, improper, offensive or unlawful use be made upon the Property nor any part thereof. Nothing herein contained shall be construed to prevent the Declarant, its agents, employees and assigns from engaging in all forms of construction and sales activities until all of the Units have been sold by the Declarant.

6. Leasing. Any agreement for the leasing or rental of a Unit thereafter referred to in this Section as a "lease" shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration. Said lease shall further provide that any failure by the occupant thereunder to comply with the terms of the foregoing document shall be a default under the lease. All leases shall be in writing. No Unit shall be leased for transient or hotel purposes, which shall be defined as rental for any period of less than thirty (30) days. Any Owner who shall lease his Unit shall be responsible for assuring compliance of the occupant with this Declaration.

7. Temporary Structures. No structure or building of a temporary character, including a tent or shack, shall be placed upon the Property or used therein unless the same and its proposed use is approved by the Board. Nothing herein contained shall be construed as to prevent the Declarant from using temporary structures or trailers for construction or sales purposes or engaging in all forms of construction and sales activities with the Property.

8. Parking. No motor vehicle (including a motorcycle), trailer, camper, boat, or similar item, and no bicycle, shall be permitted to remain upon the Property in spaces not designated for such use; provided, however, temporary parking of motor vehicles

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shall be permitted. For purposes hereof, "temporary parking" shall mean parking of vehicles belonging to invitees of Owners and Occupants, parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Association or to the Owners and Occupants as well as parking of vehicles belonging to and being used by Owners, Occupants and Invitees for loading and unloading purposes. Except for temporary parking, no buses, vans, trucks, or other vehicles having a carrying capacity in excess of 3/4 tons or designed for commercial purposes shall be maintained or parked upon the Property. Nothing herein shall be construed as preventing Declarant from using temporary structures or trailers for construction and/or sales purposes or engaging in all forms of construction and sales activities with the Property.

9. External Fixtures. No external items such as, but not limited to, television and radio antennas, flag poles, clotheslines, wiring, insulation, air conditioning equipment, water softening equipment, fences, awnings, ornamental screens, screen doors, porch or patio or balcony enclosures, sunshades, walls, landscaping and planting, other than those provided in connection with the original construction of the Properties, and any replacements thereof, and other than those approved by the Board and any replacements thereof, shall be constructed, erected or maintained on the Property. The foregoing notwithstanding, nothing herein shall be construed as preventing Declarant and its agents and assigns from engaging in all forms of construction and sales activities within the Properties. The Owners may maintain in effect a central antenna system or systems which shall provide connections by internal wall wiring.

10. Window Covers. Only curtains, drapes, shades and shutters may be installed as window covers. No window shall be covered by paint, foil, sheets or similar items.

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11. Outside Speakers and Amplifiers. No radio, stereo, broadcast or loudspeaker units and no amplifiers of any kind shall be placed upon or outside, or be directed to the outside of any Unit.

12. Repairs. No repairs of any detached machinery, equipment or fixtures, including without limitation, motor vehicles, shall be made upon the Property.

13. Oil and Mineral Activity. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the surface of the Properties, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be installed upon the surface of the Property or within five hundred (500) feet below the surface of the Property. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Property.

14. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Properties, except that dogs, cats, or other household pets may be kept within a Unit, or improvement thereon, provided they are not raised, bred, kept or maintained for any commercial purpose, and provided that an Owner shall not maintain more than two (2) household pets per Unit. Notwithstanding the foregoing, no animal or fowl may be kept within a Unit which reasonably result in an annoyance or is obnoxious to Owners or Occupants within the Property.

15. Obstructions of Common Elements. There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior consent of the Association except as herein expressly provided. Each Owner shall be obligated to maintain and keep in good order and repair his own Unit.

16. Impairment of Structural Integrity of Building. Nothing shall be done in any Unit or in, on or to the Common Elements which will impair the structural integrity of the building or which would structurally change the buildings except as is otherwise provided herein or in the subdivision restrictions.

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17. Laundry and Rubbish in Common Elements. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

18. Lounging or Storage in Common Elements. Except in areas specifically designed and intended for such purpose, there shall be no playing, lounging, parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs on any part of the Common Elements.

19. Alterations of Common Elements. Nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Association.

ARTICLE IX. DAMAGE OR DESTRUCTION AND RESTORATION OF BUILDINGS

1. Sufficient Insurance. In the event the improvements forming a part of the Property, or any portion thereof, including any Unit, shall suffer damage or destruction from any cause and the proceeds of any policy or policies insuring against such loss, or damage, and payable by reason thereof, shall be sufficient to pay the cost of damage or restoration or reconstruction, then such repair, restoration or reconstruction shall be undertaken and the insurance proceeds shall be applied by the Board or the payee of such insurance proceeds in payment thereof; provided, however, that in the event, within thirty (30) days after said damage or destruction, the Unit Owners elect either to sell the Property as provided in the "Horizontal Property Regimes Act", or to withdraw the property from the provisions of this Declaration, and form the provisions of the Act as therein provided, then such repair, restoration or reconstruction shall not be undertaken.

2. Insufficient Insurance. In the event the Property or the improvements thereon so damaged are not insured against the risk causing the loss or damage, or the insurance proceeds are not sufficient to pay the cost of repair, restoration or reconstruction. the

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repair, restorations or reconstruction, or disposition of the property shall be as provided by an agreement approved by voting members holding at least seventy-five percent (75%) of the voting rights of the Owners.

3. Improvements Upon Lots. In the event of damage to or destruction of a Unit, and if repair, restoration or reconstruction is undertaken, the Owner shall complete the same as soon as reasonably practicable, and substantially in accordance with the original plans and specifications therefor. Each Owner, for the purposes of said repair or reconstruction, shall have an easement of reasonable access onto any adjacent Unit.

4. Construction. Any repair or construction must be substantially in accordance with the plans and specifications for the original improvements.

5. Performance of the Work. All repairs and construction work shall be done by licensed contractors, of good reputation.

6. Distribution of Proceeds. With respect to substantial damage to or destruction of any Unit, the Owner of the Unit shall not be entitled to priority over the first mortgagee or mortgagees holding a security interest therein with respect to any distribution of insurance proceeds arising out of said substantial damage or destruction.

ARTICLE X. REMEDIES FOR BREACH OF COVENANTS,  
RESTRICTIONS, AND REGULATIONS

The violation of any restriction or condition or regulation adopted by the Association, or the breach of any covenant or provision herein contained, shall give the Association the right: (a) to enter upon the Property in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and Declarant or its successors or assigns, or the Board, or its



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agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XI. GENERAL PROVISIONS

1. Copies of Notice to Mortgage Lenders. Upon written request to the Board, the holder of any duly recorded mortgage or trust deed against any Unit Ownership shall be given a copy of any and all notices permitted or required by this Declaration to be given to the Owner or Owners whose Unit Ownership is subject to such mortgage or trust deed.

2. Service of Notice on the Board. Notices required to be given to the Association may be delivered to either the President or Secretary, either personally or by mail addressed to such party at his Unit.

3. Land Trustee Holding Title to Unit. In the event title to any Unit should be conveyed to a land title-holding trust, under the terms of which all powers of management, operation, and control of the premises remain vested in the trust beneficiary or beneficiaries, then the trust estate under such trust and the beneficiaries thereunder from time to time shall be liable for payment of any obligations, lien, or indebtedness and for the performance of all covenants, and undertakings chargeable or created under this Declaration against the Owner of such Unit. No claim shall be made against any such title holding trustee personally for payment of any claim, lien, or obligation or for the performance of any agreement, covenant, or undertaking hereby created, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against any such lien or obligations, but the amount thereof shall continue to be a charge or lien upon the Unit Ownership notwithstanding any transfers of beneficial interest of any such trust or in the title to such real estate.

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4. Covenants to Run with Land. Each grantee of Declarant by the acceptance of a deed of conveyance, or each purchaser under any contract for such deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens, and charges, and the jurisdiction, rights, and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

5. Non-Waiver of Covenants. No covenants, restrictions, conditions, obligations, or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

6. Waiver of Damages. Neither Declarant, nor its representatives or designees, shall be liable for any claim whatsoever arising out of or by reason of any action performed pursuant to any authorities granted or delegated to them by or pursuant to this Declaration or in its (or their representatives' or designees') capacity as developer, contractor, Owner, manager or seller of the Property, whether or not such claim (i) shall be asserted by any Owner, Occupant, the Board or by any person or entity claiming through any of them; or (ii) shall be on account of injury to person or damage to or loss of property wherever located and however caused; or (iii) shall arise ex contractu or (except in the case of gross negligence) ex delictu. Without limiting the generality of the foregoing, the foregoing enumeration includes all claims for, or arising by reason of, the Property or any part thereof being or becoming out of repair or containing any patent or latent defects, or by reason of any act or neglect of any Owner, Occupant, the Association and their respective

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agents, employees, guests, and invitees, or by reason of neighboring property, or personal property located on or about the Property, or by reason of the failure to function or disrepair of any utility services, (electricity, water, sewage, etc.).

7. Amendments to Declaration. The provisions of Article II, Article III, Paragraph 1 of Article IV, Article VII, Paragraphs 5 and 6 of this Article XI and Article XII of this Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, signed and acknowledged by the members of the Board, all of the Owners and all mortgagees having bona fide liens of record against any Unit Ownerships. Other provisions of the Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification, or rescission, signed, and acknowledged by the Owners, having at least three-fourths of the total vote and containing an affidavit by an officer of the Association certifying that a copy of the change, modification, or rescission has been mailed by certified mail to all mortgagees having bona fide liens of record against any Unit Ownership, not less than ten (10) days prior to the date of such affidavit. The change, modification, or rescission shall be effective upon filing of such instrument in the office of the Recorder of Maricopa County, Arizona, provided, however, that no provision in this Declaration may be changed, modified or rescinded so as to conflict with the provisions of the "Horizonatl Property Regimes Act".

8. Severability. The invalidity of any covenant, restriction, condition, limitation, or any other provision of this Declaration or of any part of the same, shall not impair or affect in any manner the validity, enforceability, or effect of the rest of this Declaration.

9. Interpretation of the Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the deveopment and operation of a first class condominium development.

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10. Attorney's Fees. In the event any action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto, as part of the judgment, reasonable attorney's fees and costs of suit.

ARTICLE XII. RIGHTS OF FIRST MORTGAGEES

Notwithstanding anything to the contrary in the foregoing Articles, the following shall apply with respect to the rights of the owners of first mortgages on the individual Units:

1. Notification of Default. A first mortgagee, upon request, will be entitled to written notification from the Board of any default in the performance by an individual unit Borrower of any obligation under this Declaration which is not cured within sixty (60) days.

2. Exemption from Right of First Refusal. Any first mortgagee who obtains title to a Unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure will be exempt from any "right of first refusal" contained in this Declaration.

3. Prior Liabilities. A first mortgagee who obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Units unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the Mortgagee.

4. Alienation of Revision of the Condominium Project. Unless at least seventy-five percent (75%) of the first mortgagees (including first mortgagees who have obtained title pursuant to the remedies in the mortgage, or foreclosure of the mortgage, or deed or assignment in lieu of foreclosure) of the individual Units have given their prior written approval, neither the Owners nor the Board shall be entitled to:

(a) by act or omission, seek to abandon or terminate the horizontal property regime.

(b) Change the pro rata interest or obligations of any individual Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the pro rata shares of ownership of each Unit in the Common Elements.

(c) Partition or subdivide any Unit.

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

(e) Use hazard insurance proceeds for losses to any condominium property (whether to Units or Common Elements) for other than the repair, replacement or reconstruction of such condominium property.

5. Right to Inspect Records. First mortgagees shall have the right to examine the books and records of the Board.

6. Notice of Loss. The Board shall, within ten (10) days of discovery, give all first mortgagees notice (c/o Servicer at Servicer's address if the mortgage is being serviced by other than the mortgagee) in writing of any loss to or taking of, the Common Elements of the condominium project if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00). Similar notice will be given the First mortgagee of any individual Unit if damage is incurred by that Unit in excess of One Thousand Dollars (\$1,000.00).

7. Priority of First Mortgages. Nothing in this Declaration or any other document involved in this condominium project shall be construed as giving a Unit owner or any other party, priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Unit owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

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XIII. FNMA APPROVALS

As long as Declarant remains a Unit Owner, the following actions will require the prior approval of the Federal National Mortgage Association: Annexation of additional properties, and amendment of this Declaration of Covenants, Conditions, and Restrictions. Provided, however, that this Article shall be void if Declarant is not utilizing FNMA financing at that time in this project.

IN WITNESS WHEREOF, Declarant has caused its name to be signed to these presents by its <sup>VICE</sup> President, the day and date first hereinabove set forth.

AMTITLE TRUST COMPANY

By: *S.M. Gillett*  
Its: *Vice President*

STATE OF ARIZONA     )  
                          ) ss.  
County of Maricopa    )

On this 27 day of JULY, 1983, before me, the undersigned Notary Public, personally appeared S. M. Gillett, who acknowledged himself to be the VICE PRESIDENT of AMTITLE TRUST COMPANY, and that he, as such officer, being authorized so to do, executed the within instrument for the purposes contained therein, by signing the name of the corporation by himself as such officer.

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

*Connie C. Caster*  
Notary Public

My commission expires: 9-25-85

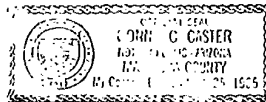


EXHIBIT "A"

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GLENROSA ESTATES, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona in Book 245 of Maps, page 38, EXCEPT any part thereof not lying within the South 510 feet of the East 148.79 feet of the Southeast quarter of the Northwest quarter of the Southeast quarter of Section 24, Township 2 North, Range 5 East, of the Gila and Salt River Base and Meridian.