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SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF LADERA BRISAS

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1	
2	SECOND AMENDED AND RESTATED
3	DECLARATION OF
4	COVENANTS, CONDITIONS AND RESTRICTIONS
5	OF LADERA BRISAS

THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, 6 7 AND RESTRICTIONS OF LADERA BRISAS (this "Declaration") is made this _____ day of 8 _____, 2015, by the owners (the "Owners") of the real property described 9 as: 10

Lots 1 through 106 and Common Area (Lots 107 and 108) of Ladera Brisas, a 11 12 Pima County subdivision, as shown in the Plat of Record in Book 30 at page 74 13 of Maps and Plats on record in the Pima County Recorder's Office (the 14 "Property").

RECITALS

18 WHEREAS, the Declarant executed the Declaration of Covenants, Conditions and 19 Restrictions of Ladera Brisas, recorded on April 17, 1979, in Book 6008, pages 1056-1074, office of the Pima County Recorder, as amended and restated in its entirety by that certain Amended 20 21 and Restated Declaration of Covenants, Conditions and Restrictions of Ladera Brisas, which was 22 recorded on August 24, 1983, in Docket 7102, pages 590-657, office of the Pima County Recorder (the "Original Declaration"); and 23

25 WHEREAS, the Owners adopted a First Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions of Ladera Brisas, which was recorded on 26 27 April 17, 2002, in Sequence 20020740734, office of the Pima County Recorder; and

29 WHEREAS, the Owners adopted a Second Amendment to Amended and Restated 30 Declaration of Covenants, Conditions and Restrictions of Ladera Brisas, which was recorded on 31 March 8, 2007, in Sequence 20070460028, office of the Pima County Recorder; and

33 WHEREAS, this Declaration was approved by the vote or written consent of the Owners of 34 not less than 67% of the Dwelling Units.

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NOW, THEREFORE, the Owners hereby declare that the Property is and shall be held, 36 37 conveyed encumbered, leased, and used subject to the following covenants, conditions, uses, restrictions, limitations, obligations, easements, equitable servitudes, charges and liens 38 39 (hereinafter collectively referred to as the "Restrictions"), all of which are for the purpose of 40 enhancing and protecting the value, desirability and attractiveness of the Property. The 41 Restrictions set forth herein shall run with the Property, shall be binding upon all persons having

or acquiring any right, title or interest therein, and shall inure to the benefit of, be binding upon 1 2 and enforceable by all Owners, the Association and their successors and assigns in interest. 3 4 **ARTICLE I.** 5 DEFINITIONS 6 7 Unless the context otherwise specifies or requires, the following words and phrases shall have the meaning set forth below: 8 9 10 "Articles" means the Articles of Incorporation of Ladera Brisas Section 1.1. Homeowners Association, Inc., an Arizona non-profit corporation, and amendments thereto 11 which are, or shall be filed with the Arizona Corporation Commission. 12 13 "Assessment" shall refer to any or all of the assessments hereinafter 14 Section 1.2. defined: 15 16 1.2.1. "Capital Improvement Assessment" means a charge against each Owner 17 18 and his Lot representing a portion of the cost to the Association for the installation or 19 construction of any capital improvements on any Common Area, as provided for in this Declaration. 20 21 22 1.2.2. "Reconstruction Assessment" means a charge against each Owner and his Lot representing a portion of the cost to the Association for the reconstruction of any portion(s) 23 of the Common Area or Lots as provided for in this Declaration. 24 25 1.2.3. "Regular Assessment" means a charge against each Owner and his Lot 26 27 representing that portion of the common expenses attributable to such Owner and his Lot as 28 provided for in this Declaration. 29 1.2.4. "Special Assessment" means a charge against a particular Owner and his 30 Lot directly attributable to such Owner for certain costs incurred by the Association or Declarant 31 32 as provided for in this Declaration. 33 34 "Association" means Ladera Brisas Homeowners Association, Inc., an Section 1.3. Arizona non-profit corporation, and its successors and assigns. 35 36 "Association Rules" means the rules and regulations adopted by the 37 Section 1.4. 38 Board, as the same may be amended from time to time. 39 "Board" means the Board of Directors of the Association. 40 Section 1.5. 41 42 "Bylaws" mean the Bylaws of the Association as amended from time to Section 1.6. 43 time. 44

- "Common Area(s)" means all real property designated on the Plat as Section 1.7. 1 Common Area, whether improved or unimproved, owned by the Association for the common 2 use and enjoyment of the Owners, including, without limitation, all recreational facilities 3 4 constructed thereon, if any, community and commercial facilities, if any, and private streets. 5 "Common Property" means all Common Areas and any personal property 6 Section 1.8. 7 now or hereafter owned by or leased to the Association. 8 9 "Declarant" means Michael R. Wattis, Inc., an Arizona corporation and its Section 1.9. 10 nominees, successors or assignees while it was title holder of any Dwelling Unit, whether as original Owner or Owner by reacquisition. 11 12 13 <u>Section 1.10</u>. "<u>Declaration</u>" means this instrument and any amendments thereto. 14 15 Section 1.11. "Dwelling Unit" means the real property and improvements placed within 16 the boundary of any Lot. 17 18 Section 1.12. "Eligible Mortgage Holder" means a holder of a first-mortgage on a 19 Dwelling Unit who has requested notice of certain matters in accordance with Section 10.5. 20 Section 1.13. "Lot" means any numbered parcel of real property shown on the Plat, but 21 shall not include Common Area. 22 23 Section 1.14. "Member" means every person and/or entity who holds membership in 24 the Association. 25 26 27 Section 1.15. "Mortgage" means any mortgage, deed of trust or contract to convey a 28 Lot, which secures the performance of an obligation. 29 Section 1.16. "Mortgagee" means and includes mortgagees, beneficiaries of deeds of 30 trust, vendors under contacts to convey and the holders of any indebtedness secured by 31 32 Mortgages. 33 34 Section 1.17. "Mortgagor" means and includes mortgagors, trustors under deeds of trust, and purchasers under contracts to convey. 35 36 37 Section 1.18. "Owner(s)" means either (a) the record owner, whether one or more 38 persons or entities, of equitable or beneficial title (legal title if same has merged) of any 39 Dwelling Unit or, as the case may be, (b) the purchaser of a Dwelling Unit under an executory contract to convey real property. The foregoing does not include persons or entities who hold 40 an interest in any Dwelling Unit merely as security for the performance of an obligation, or a 41 lessee or tenant of an Owner. 42 43 Section 1.19. "Person" means a natural individual or any other entity with the capacity 44 to hold title to real property. 45
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Section 1.20. "Plat" means the subdivision plot covering the Property.

ARTICLE II. GENERAL RESTRICTIONS

All property within the Property shall be held, used and enjoyed subject to the following
 limitations and restrictions:

10 Antennas and Exterior Additions. Subject to the Telecommunications Act Section 2.1. 11 of 1996 and any other applicable law, no exterior antennas or other devices for the transmission 12 or reception of communication, television or radio signals, including satellite dishes, which are not in keeping with similar devices already present within the Property, shall be erected or 13 maintained without prior written authorization of the Board of Directors. The installation of any 14 15 antenna, satellite dish or exterior device shall be made so as to minimize, to the greatest extent possible, the visual impact of the installation. The Board may adopt guidelines governing the 16 17 installation of exterior antennas and other communication devices. Such guidelines are deemed incorporated herein by this reference, and shall have the same force and effect as if they were 18 19 set forth in and were part of this Declaration. Furthermore, no exterior additions other than initially built by Declarant shall be constructed on the exterior of a Dwelling Unit without the 20 prior written authorization of the Board. 21

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23 <u>Section 2.2</u>. <u>Insurance Rates</u>. Nothing shall be done or kept on any Dwelling Unit or 24 Common Area which will increase the rate of insurance on such Property without the written 25 approval of the Board; nor shall anything be done or kept on any Dwelling Unit or Common Area 26 which will result in the cancellation of Insurance on any such Property or which would be in 27 violation of any law.

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29 Section 2.3. Signs. No sign of any kind shall be on a Lot or Common Area, unless the sign has been approved by the Board, except "For Sale," "For Rent," and security signs, and signs 30 or other postings which may be required by legal proceedings; or "Open House" signs which are 31 32 in place not more than two hours before and after the time of the event. No sign may exceed more than three square feet in size. The placement of any sign shall not obstruct sidewalks or 33 any other area of public access. If the Owner(s) of any Lot wishes to sell or rent, the Owner or 34 his/her Realtor, with the Owner's permission, may erect one commercially-produced "For Sale" 35 or "For Rent" sign of industry standard size (18" x 24") on the Lot. Said sign shall be removed 36 37 within one week after close of escrow. The sign shall be the standard type used by real estate 38 professionals without additional advertising or adornment, except one sign rider that does not 39 exceed 6" x 24". Political signs are only allowed in accordance with State of Arizona statutes. 40 Final sign approvals rest with the Board of Directors or its designated representative or 41 committee. 42

43 <u>Section 2.4</u>. <u>Animals</u>. A reasonable number of generally-recognized house or yard pets 44 may be kept, provided that they are not kept, bred or maintained for any commercial purpose. All 45 animals must be kept under leash or controlled at all times so that they will not interfere with any 46 member's use and enjoyment of the Common Areas, and it shall be the responsibility of all pet owners to clean up after their pets. No pets are allowed in the pool and recreation areas. No
animal shall be allowed to become a nuisance, and at night all pets must be kept in an enclosed
area. The Board shall conclusively determine, in its discretion, whether, for the purposes of this
Section, a particular animal is a nuisance, or whether the number of animals is reasonable.

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6 Section 2.5. Nuisances. No nuisance shall be permitted to exist or operate upon any 7 portion of the Property. For purposes of this Declaration, a nuisance shall be defined as any 8 condition or event which is offensive or detrimental to the Property and/or interferes with the 9 Owners' quiet enjoyment of the Property, including by way of example and not limitation: events and conditions which are unsightly, unsanitary, noisy, disorderly, or unsafe. No noise or 10 other nuisance shall be permitted to exist or operate upon the Property so as to be offensive or 11 detrimental to any part of the Property or to its occupants. Without limiting the generality of any 12 of the foregoing provisions, no exterior speakers or other sound devices, except for security 13 purposes, shall be located, used or placed on a Lot without the prior written approval of the 14 Board. The Board in its sole discretion shall have the right to determine the existence of any such 15 16 nuisance.

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<u>Section 2.6.</u> <u>Growth and Planting</u>. The growth and planting on all Common Areas or on that portion of each Lot which is outside the boundary of a patio wall shall not be destroyed or removed unless written permission is first obtained from the Board. Owners must obtain the Board's written approval before planting in these areas. No common Bermuda grasses may be planted or maintained on any Lot or Common Area. Only non-allergenic hybrid grasses may be planted or maintained on the Property.

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25 Unsightly Articles. No unsightly articles shall be permitted if they are Section 2.7. visible from adjoining Dwelling Units or from the street or public way. No rubbish or debris of 26 27 any kind shall be placed or permitted to accumulate upon any Lot or Common Area within the 28 Property, and no odors shall be permitted to arise therefrom so as to render any such property or 29 any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. At no time shall there be any outside storage of motor 30 vehicles in stages of construction, reconstruction, modification or rebuilding; or parts of motor 31 32 vehicles (such as frames, bodies, engines or other parts or accessories). Any and all items stored in storage or yard area shall be stored so as to conceal the same from view from adjoining 33 property or from the streets or public way. Grass, shrub and tree clippings and all clotheslines, 34 machinery, storage piles, wood pile, and other personal property stored outside, shall be kept 35 within an enclosed structure or appropriately screened from view of adjoining property or from 36 streets or public way. The Board shall have sole discretion in determining if any activity by an 37 Owner is in violation of this Section 2.7. 38

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40 <u>Section 2.8.</u> <u>Trash Containers</u>. No garbage or trash shall be placed or kept on the 41 Property, except in covered containers. All rubbish, trash or garbage shall be removed from the 42 Dwelling Units and shall not be allowed to accumulate thereon. No incinerators shall be allowed. 43 Trash and recycling containers shall be kept within an enclosed structure or appropriately 44 screened from view of adjoining property or from streets or public way, except when necessary 1 to make available for collection, and then only for the shortest time reasonably necessary to 2 effect such collection.

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4 <u>Section 2.9</u>. <u>Mailboxes</u>. The location, color, size, design, lettering and all other 5 particulars of all mail and paper delivery boxes, and standards and brackets and name signs for 6 same shall be as originally installed by the Declarant or as otherwise approved by the Board, so 7 that all mailboxes in the Property are uniform in appearance.

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Section 2.10. Vehicles. The use of all vehicles, including but not limited to trucks, 9 10 automobiles, bicycles and motorcycles shall be subject to the Rules, which may prohibit or limit the use thereof, provide parking regulations or other rules regulating the same. The parking 11 12 and/or storing of recreational vehicles (including, but not limited to, motor homes, campers, trailers and boats) is prohibited on all portions of the Property except that a recreational vehicle 13 may be parked in any designated Common Area parking area, so long as it does not interfere with 14 15 flow of traffic, for a period of not more than 72 hours in any seven-day period and not more than 16 144 hours in any 30-day period, for the purposes of loading, unloading, or for providing parking 17 for guests of residents of the Property who may be driving or pulling a recreational vehicle. Such vehicles may also be stored or parked in any enclosed garage area. The use and/or occupancy of 18 19 a recreational vehicle as living quarters on either a temporary or permanent basis are strictly 20 prohibited on all portions of the Property.

21

22 <u>Section 2.11</u>. <u>Improvements and Alterations</u>. There shall be no excavation, construction, 23 or alteration which in any way alters the exterior appearance of any improvement in the 24 Property, including rocks, stones, gravel or earth without the prior approval of the Board. No 25 fences, hedges or walls shall be erected or maintained upon the property except as installed in 26 accordance with the initial construction of the buildings located thereon, or as approved by the 27 Board.

28

Section 2.12. Drainage. There shall be no interference with the established drainage pattern over any portion of the Property unless adequate provision is made for proper drainage conforming to County rules, regulations, ordinances and drainage criteria, and prior approval by the Board. For purposes hereof "established drainage" is defined as the drainage which existed at the time the overall grading of the Property was initially completed, or which is shown on any plans conforming to County rules, regulations, ordinances, and drainage criteria and approved by the Board.

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37Section 2.13.Carports or Garages.Each Dwelling Unit shall have either a carport38sufficient to provide parking for at least one vehicle or a garage of equivalent size.

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ARTICLE III. PERMITTED USES, RESTRICTIONS AND RIGHTS – DWELLING UNITS

43 <u>Section 3.1.</u> <u>Private Residential Purposes & Permitted Business Activities</u>. Dwelling 44 Units shall be occupied and used by the respective Owners solely for single-family residential use 45 and for no other purpose. "Single-family" means any group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not
 so related, who maintain a common household or dwelling. The following applies with respect to
 business activities within the Property:

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5 3.1.1. Criteria for Home Business. Generally, no trade or business may be conducted in or from any Dwelling Unit; however, an Owner or occupant residing in any Dwelling Unit 6 7 may conduct business activities within the Dwelling Unit so long as: (A) the existence or 8 operation of the business activity is not apparent or detectable by sight, sound or smell 9 from outside the Dwelling Unit; (B) the business activity conforms to all zoning 10 requirements for the Property; (C) the business activity does not involve any person conducting such business who does not reside in the Dwelling Unit or door-to-door 11 solicitation of residents of the Property; (D) the existence or operation of the business 12 does not increase that Dwelling Unit's use of Common Area facilities over the standard for 13 14 a single family dwelling; (E) the existence or operation of the business does not require 15 customers or delivery trucks to visit the Dwelling Unit; and (F) the business activity does 16 not constitute a nuisance, or a hazardous or offensive use, or cause the Owner(s) to 17 violate any other provisions of this Declaration, or threaten the security or safety of other 18 residents of the Property as may be determined in the sole discretion of the Board.

20 3.1.2. Pertinent Definitions. The terms "business" and "trade," as used in this provision, 21 shall be construed to have their ordinary, generally-accepted meanings, and shall 22 include, without limitation, any occupation, work or activity undertaken on an ongoing 23 basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form 24 25 of consideration, regardless of whether: (A) such activity is engaged in full or part-time; (B) such activity is intended to or does generate a profit; or (C) a license is required 26 therefore. Notwithstanding the above, the leasing of a Dwelling Unit shall not be 27 28 considered a trade or business within the meaning of this Section.

30 <u>Section 3.2</u>. <u>Renting</u>. Any Owner shall have the right to lease his or her Dwelling Unit 31 to a "Single Family," as defined in Section 3.1 of this Declaration, subject to the requirements of 32 this Section 3.2:

3.2.1. <u>Definitions</u>. The following definitions shall apply to this Section and all other Sections of the Declaration.

- 36 37 (A) Rent:
 - (A) Rent: the amount paid by a tenant for the use or occupation of property.
 - (B) Rental: the amount received from a tenant for the use or occupation of property.
- 41(C)Lease: the written document which permits a tenant to use or occupy the42property of another; the act of allowing a tenant to use or occupy one's property.
- 43

3.2.2. <u>Common Practice of "Renting" is Prohibited</u>. The common usage of the term "rent/renting" to refer to an informal unwritten agreement between parties for the use of the property of one of the parties by the other party is not recognized by this Declaration. The practice of "renting" is prohibited in the Property.

3.2.3. <u>Limitation on Number of Leased Units</u>. No more than 20 Dwelling Units may be leased at any one time. Before an Owner enters into a Lease Agreement with a prospective tenant or allows a tenant to occupy a Dwelling Unit, he must obtain prior written approval from the Association's Board of Directors or Community Manager, to assure that no more than 20 Dwelling Units are leased within the Property at any one time. The Board of Directors shall adopt and amend policies and procedures, as necessary, to administer this restriction. For the purposes of this Section, the occupancy by the parents or children of an Owner shall be considered a lease if the Owner is not occupying the Dwelling Unit with them. The parents or children must adhere to all provisions of this Section.

173.2.4. Applicability of Leasing Restriction. Any Owner of record as of March 8, 2007,18which is the date the rental restrictions were added to the Original Declaration, who was19leasing his or her Dwelling Unit to tenants on this date, retained the right to lease the20Dwelling Unit until he sold, conveyed or transferred it to a new Owner, as defined in21Section 1.18 of this Declaration.

3.2.5. Variances from Leasing Restriction. The Board of Directors, in its sole and absolute discretion may allow a variance from the limitation in Section 3.2.3, to meet special situations and to avoid undue hardship or practical difficulties. The Owner requesting a variance must demonstrate that failure to be allowed to lease his or her Dwelling Unit will result in an undue hardship. "Undue hardship" is defined as: a financial hardship which requires the Owner(s) to lease the Dwelling Unit, a physical condition which requires the Owner to move out of the Dwelling Unit, a job/military transfer out of Tucson, an involuntary job loss, or other similarly compelling circumstances.

3.2.6. Obligations of Tenants and Responsibility of Owner. All provisions of the Declaration, the Bylaws, and the Rules which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to tenants. The Owner shall provide his or her tenant with copies of the Declaration and the Rules. In the event the Owner fails to do so, the Association shall provide copies to the tenant and charge the Owner the cost of providing the copies. An Owner shall be responsible for any violation of the Declaration and Rules by his or her tenant or any other persons residing in the Dwelling Unit, and their guests or invitees. In the event of any violation, the Owner, upon demand of the Association shall immediately take all necessary actions to correct any such violations, including eviction.

443.2.7. Requirements for Lease Agreements.If a Lease Agreement does not comply with45the requirements of this Section, such Lease Agreement shall, at the option of the Board,

1		clared null and void. All Lease Agreements shall be in writing and shall specifically
2	provid	e.
3	(•)	The Assessment is subject in all assesses to the analysis as of the Declaration and
4	(A)	The Agreement is subject in all respects to the provisions of the Declaration and
5		Rules.
6		
7	(B)	The failure of the tenant to comply with the terms and conditions of the
8		Declaration and Rules constitutes a material default of the Lease Agreement, and
9		the Owner shall be entitled to reenter and retake possession of the premises
10		pursuant to the provision of the Arizona Landlord Tenant Act, A.R.S. § 33-1301 et
11		seq.
12		
13	(C)	All Lease Agreements shall be for a minimum of 90 days.
14		
15		Notification to Association. Within 15 days of lease inception, an Owner leasing
16		her Dwelling Unit shall give the Association, in writing, the name of the tenant of
17	the Dv	velling Unit and such other information as the Association may reasonably require.
18		
19	<u>Sectio</u>	
20	walls shall be	as follows:
21	(-)	
22	(A)	Each wall (including patio walls and structural support posts or piers) which was
23		constructed as a part of the original construction of the Dwelling Unit, any part of
24		which is placed on the dividing line between separate Dwelling Units, shall
25		constitute a common wall. With respect to any such wall, each of the adjoining
26		Unit Owners shall assume the burden and be entitled to the benefits recited in
27		this Section 3.3, and to the extent not inconsistent herewith, the general rules of
28		law regarding common wall shall be applied hereto.
29		
30	(B)	The Owners of contiguous Dwelling Units who have a common wall shall have
31		reciprocal easements for support and an equal right to use such wall provided
32		that such use by one Owner does not interfere with the use and enjoyment of
33		same by the other Owner.
34	(0)	
35	(C)	Unless other provisions of this Section 3.3 are applicable, the costs of reasonable
36		repair and maintenance of a common wall shall be shared equally by the Owners
37		who make use of the common wall.
38		
39	(D)	If any common wall is damaged or destroyed by one of the adjoining Owners, or
40		any of his or her guests or agents or family members (whether or not such act is
41		negligent or otherwise culpable), so as to deprive the other adjoining Owner of
42		the full use and enjoyment of such wall, then the Owner causing the damage or
43		destruction shall forthwith rebuild and repair the wall to as good condition as
44 45		formerly, without cost to the other Owner.
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- 1 (E) If any common wall is damaged or destroyed by some cause other than the act of 2 one of the adjoining Owners, his or her agents, guest or family (including ordinary 3 wear and tear and deterioration from lapse of time), then both adjoining Owners 4 shall forthwith rebuild or repair the wall to as good condition as formerly at their 5 joint and equal expense.
- 7 (F) Notwithstanding any provision herein to the contrary, there shall be no 8 impairment of the structural integrity of any common wall without prior consent 9 of the Board. In addition to meeting the other requirements of these Restrictions 10 and of any applicable building code or similar regulation or ordinances, any Owner proposing to modify, make additions to or rebuild his Dwelling Unit in any 11 12 manner which requires the extension or other alteration of any common wall 13 shall first obtain the written consent of the Board, which shall determine the 14 adjoining Owner's preference concerning the proposed modification, extension or alteration of the common wall prior to giving any written consent thereto. 15
- 17(G)In the event of a dispute between Owners with respect to repair or rebuilding of18a common wall or sharing expenses therefore, then upon written request of one19of such Owners delivered to the Association, the matter shall be heard and20determined by the Board, the judgment of the Board shall be final and binding.
- 22 Each Dwelling Unit is subject to an Section 3.4. Easements for Encroachments. easement for encroachments created by construction, settling and overhangs, as original 23 A valid easement for said encroachments and for the 24 constructed by the Declarant. maintenance of same, so long as it stands, shall and does exist. In the event Dwelling Units are 25 partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments on 26 27 parts of the adjacent Dwelling Units due to construction shall be permitted and that a valid 28 easement for said encroachments and the maintenance thereof shall exist.
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Section 3.5. Maintenance and Repair. The responsibility for maintenance, upkeep and repair in the Property is as follows:

(A) Maintenance, upkeep, repair and restoration of 33 3.5.1. Owners' Responsibility. 34 Dwelling Units, except as otherwise provided in Section 3.5.3, shall be the sole responsibility of each Owner, and not in any manner the responsibility of the Association. 35 (B) This includes but is not limited to all fixtures and equipment installed within a Dwelling 36 Unit, including heating, ventilation and air conditioning equipment, together with the roof 37 on such Dwelling Unit, the exterior of the Dwelling Unit, and the patio walls. (C) The 38 39 Owner of a Dwelling Unit also is responsible for maintenance, repair and replacement of all utility lines serving his or her Dwelling Unit other than the utility lines maintained by Pima 40 County. The Owner's responsibility includes the lateral sewer lines and water lines from 41 42 the Dwelling Unit to the point of connection with the main lines, including any area of the lateral sewer or water line on Common Area, which needs to be restored after any 43 44 disturbance due to work on the utility lines. (D) In addition, the Owner is responsible to maintain, repair and replace all fixtures on the Lot or in the Common Area in front of the 45

Dwelling Unit, including driveways, mailboxes and lamp-posts. (E) The Owner also is
 responsible for maintenance and repair of any damage to his or her Dwelling Unit or utility
 line resulting from encroachment of roots or branches from Common Area trees or plants.
 The Association shall bear no responsibility or cost for such encroachment.

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3.5.2. <u>Owners' Failure to Maintain</u>. If an Owner fails to maintain his or her Lot or improvements thereon, then the Board with a 2/3rds vote may hire a contractor to enter upon the subject property at reasonable times, to maintain the Lot and the improvements thereon. The cost of such maintenance shall be added to and become a part of the Assessment to which such Lot is subject. The Board in its sole discretion shall have the right to determine whether or not a Lot or the improvements thereon is in need of maintenance, repair and upkeep in order to conform to the standards of the general neighborhood. The Owner shall be given at least 10 days' written notice to the Owner before any entry by the Association or its agents onto the Lot.

163.5.3. Association's Responsibility. The maintenance and repair of all Common Areas,17excluding the exceptions set forth in Section 3.5.1 above and all landscaping outside of18individual patio walls shall be the sole responsibility of the Association. In general, the19Board shall use a reasonably high standard of care in providing for the maintenance and20repair of the Common Areas to reflect a high pride of ownership.

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Section 3.6. Architectural Control.

No building, fence, well, or other structure shall be 24 3.6.1. Approval Required. commenced, erected, or maintained upon a Lot, nor shall any exterior addition to or 25 change in or alteration of a Dwelling Unit or the exterior color scheme thereof be made 26 until the plans and specifications showing the nature, kind, shape, height, materials, and 27 28 location of the same, shall have been submitted to and approved, in writing, as to 29 harmony of external design and location in relation to surrounding structures and topography by the Board of Directors, or by an architectural committee appointed by the 30 31 Board. If the Board or its designated committee fails to approve or disapprove such design 32 and location within 30 days after such plans and specifications have been submitted to it, approval will not be required and this Section shall be deemed to have been fully complied 33 34 with.

36 3.6.2. <u>Right of Inspection</u>. During reasonable hours and after reasonable notice, any 37 member of the Board, or any authorized representative designated by the Board, shall 38 have the right to enter upon and inspect a Lot (except the interior of Dwelling Units) for 39 the purpose of ascertaining whether or not an improvement or construction project is 40 completed according to approved plans and specifications, and such persons shall not be 41 deemed guilty of trespass by reason of such entry.

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43 <u>Section 3.7</u>. <u>Utility Easements</u>. There is hereby created a blanket easement upon, 44 across, over and under the Property for ingress, egress, installation, replacing, repairing and 45 maintaining all utility and service lines and systems, including, but not limited to water, sewers,

gas, telephones and electricity, etc. By virtue of this easement, it shall be expressly permissible for 1 2 the providing utility or service company to install and maintain facilities and equipment on the Property and to affix and maintain wires, circuits and conduits on, in and under the roofs and 3 4 exterior walls of Dwelling Units. This easement shall in no way affect any other recorded 5 easements on the Property. In no event shall any portion of the aforementioned easements for utilities be construed to authorize the placing or installing of sewers, electrical lines, water lines or 6 7 other utilities under any permanent building structure constructed on the Property. This 8 easement shall be limited to improvements as originally constructed. 9

10 <u>Section 3.8.</u> <u>Electrical, Service and Telephone Lines</u>. All electrical service and telephone 11 lines shall be placed underground, and no outside electrical lines shall be placed overhead; 12 provided that no provisions hereof shall prohibit the erection of temporary power or telephone 13 structures incident to construction.

<u>Section 3.9.</u> <u>Other Public Service Easements</u>. There shall be an access easement for the
 delivery and collection of the U.S. mail, police, fire, and for all other necessary public services,
 including but not limited to garbage collection, ambulance service, and the like.

ARTICLE IV. THE ASSOCIATION

Section 4.1. Organization.

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4.1.1. <u>Association</u>. The Association is a non-profit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration.

4.1.2. <u>Board of Directors and Officers</u>. The affairs of the Association shall be conducted by a Board of Directors and such officers and committees as the Board may elect or appoint, in accordance with the Articles and Bylaws, as amended from time to time. The composition of the Board shall be defined in the Bylaws.

4.1.3. Personal Liability. No member of the Board or any committee of the Association, 33 34 or any officer or employee of the Association, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered 35 or claimed on account of any act, omission, error, or negligence of the Association, the 36 Board, or any representative or employee of the Association, or any committee, or any 37 38 officer of the Association; provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith and without willful or 39 intentional misconduct. 40

42 <u>Section 4.2</u>. <u>Membership</u>.

44 4.2.1. <u>Qualifications</u>. Each Owner of a Dwelling Unit, by virtue of being an Owner and 45 for so long as he is an Owner, shall be deemed a Member of the Association. The foregoing is not intended to include Persons who hold an interest in a Dwelling Unit
 merely as security for the performance of an obligation. No Owner shall have more than
 one membership for each Lot owned.

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5 4.2.2. <u>Transfer of Membership</u>. Membership in the Association shall be appurtenant to 6 the Dwelling Unit owned and shall not be transferred, pledged, or alienated in any way 7 except upon the transfer of ownership of said Dwelling Unit, and then only to the 8 transferee thereof. Any attempt to make a prohibited transfer shall be void. Any 9 transfer of ownership of a Dwelling Unit shall operate automatically to transfer said 10 membership to the new Owner thereof.

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Section 4.3. Voting Rights. The Association shall have one class of voting membership.
Each Owner shall be entitled to one vote for each Dwelling Unit owned. When more than one
Person holds an interest in any Dwelling Unit, all such persons shall be Members, and the vote for
each Dwelling Unit shall be exercised as they determine among themselves, but in no event shall
more than one vote be the cast with respect to any Dwelling Unit.

18 <u>Section 4.4.</u> <u>Exterior Maintenance and Repair.</u> The Association shall have the rights, 19 duties and obligations relating to maintenance, upkeep and repair as set forth in Section 3.5.3 of 20 this Declaration.

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22 <u>Section 4.5.</u> <u>Ownership of Common Area, Payment of Ad Valorem Taxes</u>. The 23 Association owns the Common Areas and has all rights, duties and power with respect to the 24 Common Areas as prescribed by law, and set forth in the Articles, Bylaws and this Declaration. The 25 Association shall be responsible for payment of all ad valorem taxes on Common Property.

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27 <u>Section 4.6</u>. <u>Bylaws.</u> The Bylaws shall, among other things, establish the procedure for 28 electing members of the Board and officers of the Association, the duties of the Board, the 29 procedure for regular and special meetings, and amendments to the Bylaws.

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31 Section 4.7. Association Rules. The Board may adopt, amend, and repeal the Association 32 Rules which shall have the same force and effect as if set forth in this Declaration. The Association 33 Rules may restrict and otherwise govern the use and occupancy of the Property. However, the 34 Association Rules may not discriminate among Owners and shall not be inconsistent with this 35 Declaration, the Articles or the Bylaws and any amendments thereto. The Rules may be adopted, amended, or repealed at any special or regular meeting of the Board upon a vote of a majority of 36 37 all the Directors, and shall take effect after 30 days' written notice to the Owners, unless the rule(s) 38 being adopted, amended or repealed has a compelling health or safety purpose, in which case seven days' notice to the Owners is required. The Association Rules, as adopted, amended or 39 40 repealed, shall be available for review by each Owner upon written request to the Board. It shall be the responsibility of each Owner to review and keep abreast of any changes in the Association 41 42 Rules.

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ARTICLE V. OWNERSHIP, USE AND MANAGEMENT OF COMMON AREAS AND PROPERTY

4 <u>Section 5.1</u>. <u>Owners' Easements of Enjoyment</u>. Every Owner shall have a right and 5 easement of enjoyment in and to the Common Property which shall be appurtenant to and shall 6 pass with title to every Dwelling Unit subject to Section 5.2.

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8 <u>Section 5.2</u>. <u>Conditional Use of Common Property</u>. Each Owner, his family, invitees 9 and tenants or lessees, or contract purchasers who reside in a Dwelling Unit, shall be entitled to 10 use the Common Property subject to the provisions of the Articles, Bylaws, this Declaration and 11 the Association Rules, and the following:

- 13(A)The right of the Association, in accordance with its Articles and Bylaws, to borrow14money for the purpose of improving the Common Areas and facilities thereon, if15any, and in aid thereof to mortgage or deed, in trust, said Common Areas or16encumber the Association's personal property;
 - (B) The right of the Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure;
 - (C) The right of the Association to suspend the voting rights of any Member for any period during which any Assessment against his Lot remains unpaid and delinquent;
- (D) The right of the Association to dedicate or transfer all or any part of the Common 25 Areas to any public agency, authority or utility for such purposes and subject to 26 such conditions as may be agreed to by the Members, provided that no such 27 28 dedication or transfer shall be effective unless approved by the vote or written 29 consent of Members entitled to exercise not less than 2/3rds of the voting power of the membership and an instrument in writing is recorded and signed by the 30 31 Secretary of the Association certifying that such dedication or transfer has been 32 approved by the required vote;
 - (E) The right of the Association to include in the Association Rules, rules and regulations pertaining to the use of the Common Areas and the facilities thereon;
 - (F) The right of the Association to limit the number of guests of members in the Common Areas;
 - (G) The Association's right to temporarily close all or any part of the Common Areas as the Association deems necessary, including closure to prevent a dedication thereof or an accrual of any rights other than to the Owners, their successors in interest, and their permittees;

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- (H) The Association's right to temporarily close, for a reasonable time, any part of the areas for purposes of maintenance and repairs; and
- (I) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Property.

7 <u>Section 5.3.</u> <u>Delegation of Use</u>. Any Member may delegate his right of enjoyment in 8 the Common Areas and facilities to the members of his family, his tenants or lessees or contract 9 purchasers who reside in a Dwelling Unit, subject to such rules, regulations and limitations as 10 the Association may, from time to time, establish. Such delegation shall not relieve said 11 Member of his obligations and responsibilities as a Member under the Bylaws, Association Rules 12 and this Declaration.

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14 Section 5.4. Management. The Board shall control, maintain, manage and improve the 15 Common Property as provided in this Declaration, the Articles and Bylaws. Such right and power 16 of control and management shall be exclusive. In managing the Common Property, the 17 Association hereby accepts all responsibility for the control, maintenance, safety and liability of 18 such Common Property, including, but not limited to, collecting and paying taxes on Common 19 Areas which shall be assessed by the County Assessor. The Board shall have power to employ and engage any persons or entities, including professional management, which it deems 20 desirable in the interest of efficient management. Notwithstanding the foregoing, any 21 agreement for professional management of the Property, and/or any other agreement providing 22 for the services of Declarant in connection with the Property, may not exceed two years in 23 duration and must provide for termination by either party without cause and without payment of 24 a termination fee on 60 days or less written notice. 25

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27 Section 5.5. Damages. Each Owner shall be liable to the Association for any damage to 28 the Common Property which may be sustained by reason of the negligence or willful misconduct 29 of said Owner or of his family and guests, both minor and adult. In the case of joint ownership of a 30 Dwelling Unit, the liability of such Owners shall be joint and several, except to the extent that the 31 Association has previously contracted in writing with such joint Owners to the contrary. The 32 amount of such damage shall be an Assessment against the Dwelling Unit and may be enforced in 33 the manner provided for other Assessments.

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ARTICLE VI. COVENANTS FOR MAINTENANCE ASSESSMENTS

38 Creation of the Lien and Obligation to Pay Assessments. Each Owner, by Section 6.1. 39 acceptance of a deed to any Lot, whether or not expressly stated in such deed, is deemed to 40 covenant and agree to pay to the Association all Assessments as defined in Section 1.2 above, such Assessments to be established and collected as hereinafter provided. All Assessments, 41 42 together with interest, costs, and reasonable attorney's fees, shall be a charge on the Dwelling 43 Unit and shall be a continuing lien upon the property against which each Assessment is made. Delinquent Assessments, together with interest, costs, and reasonable attorney's fees, shall also 44 45 be the personal obligation of the Person who was the Owner of such Dwelling Unit at the time

when the Assessment was levied. The personal obligation for delinquent Assessments shall not
 pass to the delinquent Owner's successors in title unless expressly assumed by them.

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4 <u>Section 6.2.</u> <u>Purpose of Assessments</u>. The Assessments levied by the Association shall 5 be used exclusively to promote the recreation, health, safety, and welfare of the Members and 6 their guests for the improvement and maintenance of the Common Areas and for all purposes 7 set forth in the Articles, Bylaws and this Declaration.

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9 Section 6.3. Annual Assessment. The Annual Assessment shall be payable in equal 10 monthly installments. Within 30 days prior to the end of the calendar year (January 1 through December 31), the Board shall estimate the total charges to be paid during the forthcoming year 11 12 (including a reasonable reserve for contingencies, such as interest, maintenance and repair, etc., 13 and less any expected surplus from the prior year), and shall use such estimate to compute the 14 per Dwelling Unit Annual Assessment. Written notice of the Annual Assessment shall be sent to 15 every Owner subject thereto in the event of its increase or decrease from the last Annual 16 Assessment. Notwithstanding the foregoing language in this Section 6.3, the Association's 17 power to increase the Annual Assessment shall be limited as follows:

- 19(A)The Annual Assessment may be increased each year without a vote of the20membership by not more than the greater of:(i) 8% above the maximum Annual21Assessment for the previous year, or (ii) in conformance with increase, if any, of22the Consumer Price Index (published by the Department of Labor, Washington,23D.C.) for the preceding calendar year.
- 25(B)The Annual Assessment may be increased above the maximum set forth in26paragraph (A) above by a vote of 2/3rds of the Members who have voted in27person or by absentee ballot at a meeting duly called for this purpose.

29 Section 6.4. Capital Improvement and Reconstruction Assessments. In addition to the 30 Annual Assessments authorized above, the Association may levy, in any Assessment year, a Reconstruction or Capital Improvement Assessment applicable to that year only for the purpose 31 32 of defraying, in whole or in part, the costs of any construction, reconstruction, repair or 33 replacement of a capital improvement of the Common Area, including fixtures and personal 34 property related thereto, provided that any such Assessment shall have the assent of 2/3rds of 35 the votes of Members who are voting in person or by absentee ballot at a meeting duly called for this purpose. 36

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38 Section 6.5. Notice and Quorum For An Action Under Section 6.3 or Section 6.4. 39 Written notice of any meeting called for the purpose of increasing the Annual Assessment more 40 than the maximum permitted under Section 6.3, or for imposing a Capital Improvement or Reconstruction Assessment, shall be sent to all Members not less than 10 days nor more than 60 41 42 days in advance of the meeting. At such meeting, the presence in person or by absentee ballot 43 of Members entitled to cast 51% of all the votes in the Association shall constitute a quorum 44 and shall be required for an action under Section 6.3 or Section 6.4. 45

1 <u>Section 6.6.</u> <u>Uniform Rate of Assessment</u>. All Annual, Reconstruction and Capital 2 Improvement Assessments must be fixed at a uniform rate for all Dwelling Units and may be 3 collected on a monthly basis.

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5 Effect of Nonpayment of Assessments: Remedies of the Association. Each Section 6.7. 6 Owner shall be deemed to covenant and agree to pay to the Association the Assessments 7 provided for herein, and agrees to the enforcement of the Assessments in the manner herein 8 specified. All delinquent Assessments shall bear interest at the rate of 18% per year. In the 9 event the Association employs an attorney for collection of any Assessments, whether by suit or 10 otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, 11 12 each Owner agrees to pay reasonable attorney's fees and costs thereby incurred in addition to 13 any other amounts due or any other relief or remedy obtained against said Owner. In the event 14 of a default in payment of any such Assessment when due, in addition to any other remedies 15 herein or by law provided, the Association may enforce each such obligation in any manner 16 provided by law or in equity, without limitation, or by either or both of the following 17 procedures:

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6.7.1 Enforcement By Suit. The Board may cause a lawsuit to be commenced and maintained in the name of the Association against an Owner to enforce each such Assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the maximum rate permitted by law from the date of delinquency until paid, court costs, and reasonable attorney's fees in such amount as the Court may adjudge against the delinquent Owner or Member.

- 27 6.7.2 Enforcement By Lien. There is hereby created a right of claim of lien, with power 28 of sale, on each and every Dwelling Unit to secure payment to the Association of any and 29 all Assessments levied against any and all Owners together with interest thereon at the rate of 18% per year from the date of delinguency until paid, and all costs of collection 30 which may be paid or incurred by the Association in connection therewith, including 31 32 reasonable attorney's fees. At any time within 90 days after the occurrence of any default in the payment of any such Assessment, the Association, or any authorized 33 34 representative may, but shall not be required to, make a written demand for payment upon the defaulting Owner, on behalf of the Association. Said demand shall state the 35 date and amount of the delinguency. Each default shall constitute a separate basis for 36 demand or claim of lien or a lien, but any number of defaults may be included within a 37 38 single demand or claim of lien. If such delinguency is not paid within 10 days after 39 delivery of such demand, or even without such a written demand being made, the Association may elect to file a claim of lien against the Dwelling Unit of the defaulting 40 Owner. Such a claim of lien shall be executed and acknowledged by any officer of the 41 42 Association, and shall contain substantially the following information:
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- (A) The name of the delinquent Owner;
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- (B) The legal description, according to the Plat, of the Dwelling Unit against which claim of lien if made;
- (C) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and reasonable attorney's fees (with any proper offset allowed);
- (D) That the claim of lien is made by the Association pursuant to this Declaration; and
- 10 (E) That a lien is claimed against said Dwelling Unit in any amount stated. Upon recordation of a duly executed original or copy of such a claim of lien, and mailing 11 a copy thereof to said Owner, the lien claimed therein shall immediately attach 12 13 and become effective in favor of the Association as a lien upon the Dwelling Unit. 14 Such a lien shall have priority over all claims of liens created subsequent to the recordation of the claim of lien thereof, except only tax liens for real property 15 16 taxes on any Dwelling Unit, assessments on any Dwelling Unit in favor of any 17 municipal or other governmental assessing unit, and the lien of any first Mortgage. 18 Any such lien may be foreclosed by appropriate action in Court or in the manner 19 provided by law for the foreclosure of a realty mortgage or trust deed, in the 20 Association's sole discretion, as set forth by the laws of the State of Arizona, as the 21 same may be changed or amended. The lien provided for herein shall be in favor 22 of the Association and shall be for the benefit of all other Owners. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, 23 24 hold, lease, mortgage, and convey any Dwelling Unit. In the event such foreclosure is by action in court, reasonable attorney's fees, court costs, title 25 search fees, interest and all other costs and expenses shall be allowed as a cost of 26 27 suit. Each Owner hereby expressly waives any objection to the enforcement and 28 foreclosure of said lien in this manner.

30 <u>Section 6.8</u>. <u>No Offset</u>. The obligation of every Owner to pay Assessments levied by the 31 Association is absolute and shall not be affected by any claim the Owner may have, or believes he 32 has, against any other Person, including the Association, nor shall such obligation be affected by 33 any irregularity in the manner or timing in which notice of Assessment is given.

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<u>Section 6.9.</u> <u>Subordination of the Lien to Mortgage</u>. The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage. Sale or transfer of any Dwelling Unit shall not affect the Assessment lien. However, the sale or transfer of any Dwelling Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Dwelling Unit from liability for any Assessments thereafter becoming due or from the lien thereof.

1 ARTICLE VII. 2 **INSURANCE** 3 4 Dwelling Unit Coverage. The Association shall maintain, to the extent Section 7.1. 5 reasonably available, the following insurance for the Dwelling Units under the following terms 6 and conditions: 7 8 7.1.1. Insurance against loss or damage by fire or other hazards in an amount sufficient 9 to cover the full replacement value of all Dwelling Units, meaning actual replacement 10 value exclusive of the cost of excavation, foundations and footings, in the event of damage or destruction from all reasonable hazards. Such insurance shall exclude 11 12 improvements and betterments installed by Owners and the personal property of 13 Owners. If available, said policy or policies shall provide that there shall be no 14 contribution with or offset against policies that any individual Owner may have in effect. 15 16 7.1.2. In addition to the insurance carried by the Association, it shall be the individual 17 responsibility of each Owner, at his own expense, to provide as he sees fit, owner's 18 liability insurance, theft, and other insurance covering damage or loss of personal 19 property, the deductible payable under the Association's insurance policy, and improvements and betterments as described in Section 7.1.1 above. 20 21 22 7.1.3. In the event of damage or destruction to any Dwelling Unit, insurance proceeds 23 shall be paid to the Owner of the Lot, who shall be responsible for the payment of any 24 deductible amount charged by the insurance company. 25 7.1.4. In the event of damage or destruction by fire or other casualty to any Dwelling 26 27 Unit, Lot or other property covered by insurance written in the name of or for the benefit 28 of an Individual Owner, said Owner shall use any insurance proceeds for the repair of the 29 damaged property. 30 31 Section 7.2. Common Property Insurance. The Board shall obtain and maintain in 32 force the following policies of insurance applicable to the Common Property: (A) Fire and 33 extended coverage insurance on all Common Property, the amount of coverage to be not less 34 than 100% of the aggregate full insurable value, based on current replacement cost. Such 35 insurance shall include a standard "all risk" endorsement and an agreed amount and inflation

Association's mortgagees, if any, as their interest may appear. (B) Public liability insurance, 38 including but not limited to bodily injury liability insurance, with limits of not less than 39 \$1,000,000 per person and \$2,000,000 per occurrence, and property damage arising from the 40 activities of the Association. If obtainable, the Association shall obtain a cross-liability endorsement insuring each insured against liability to every other insured. (C) The Association 41 42 shall maintain Worker's Compensation Insurance to the extent such is necessary to comply with 43 any applicable laws. (D) Blanket fidelity bonds may be maintained by the Association for all 44 officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association, including, but not limited to, the 45

36 37 guard endorsement, if such endorsements are available. Such insurance shall insure the

officers, employees and agents of any management agency employed by the Association whodeal with funds of or administered by the Association.

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4 Blanket Policies and Trusteeship. Said fire and liability insurance policies Section 7.3. 5 shall be blanket or master policies covering the Dwelling Units and Common Property. Said policies shall contain any anti-inflation riders or endorsements the Board deems necessary to 6 maintain coverage on a current replacement cost basis of 100% of the full insurable value of the 7 8 insured property. With respect to insurance proceeds from the Common Property only, the 9 Association shall be deemed trustee of the interests of all Owners in any insurance proceeds paid 10 to it under any such policies, and shall have full power to receive and to receipt for the their 11 interests in such proceeds and to deal therewith in the manner provided for in the Bylaws. The 12 Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to this Article VII. The Board is granted full right and 13 authority to compromise and settle any claim or enforce any claim by legal action or otherwise 14 15 and to execute releases in favor of any insurer.

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17 <u>Section 7.4</u>. <u>Insurance Premiums</u>. Premiums for hazard insurance and all other 18 insurance obtained by the Board shall be a common expense payable through Assessments of 19 Dwelling Units.

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21 In General. Every policy of insurance obtained by the Association shall Section 7.5. contain an express waiver, if available, of any and all rights of subrogation against the Board and 22 such other persons or entities affiliated with the Association such as a manager and their 23 representatives, Members and employees, and a provision, if available, preventing any 24 cancellation or modification thereof except upon at least 30 days written notice to the insureds 25 26 and their mortgagees. In addition, every policy of insurance obtained by the Association shall 27 provide, if available, for the payment of Assessments which the insured property is obligated for 28 under this Declaration until the insured property is repaired and made habitable. The liability 29 insurance hereinafter specified shall name, as separately protected insureds the Association, the 30 Board and such other persons or entities affiliated with the Association such as a manager and their representatives, members and employees as their interest may appear with respect to any 31 32 liability arising out of the maintenance or use of any insured property. As to each such policy, 33 which will not be voided or impaired thereby, the Association hereby waives and releases all 34 claims against the Board and such other persons or entities named in said insurance, their 35 agents and employees, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that 36 37 insurance proceeds are received in compensation for such loss. Each hazard insurance policy 38 must be written by an insurance carrier which falls into a financial category, as designated in 39 Best's Key Rating Guide, of Class VI or better.

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44 <u>Section 8.1</u>. <u>Taking.</u> The term "taking," as used in this Article, shall mean either (A) 45 condemnation by eminent domain or (B) sale under threat of condemnation.

ARTICLE VIII.

EMINENT DOMAIN – COMMON AREA

2 Authority of Board. In the event of a threatened taking of all or any Section 8.2. 3 portion of the Common Area, the Members hereby appoint the Board of the Association and 4 such Persons as the Board or the Association may delegate to represent all of the Members in 5 connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the 6 7 contemnor in lieu of engaging in a condemnation action.

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9 Section 8.3. Partial Taking. In the event of a taking of less than all of the Common 10 Area, the rules as to restoration and replacement of the Common Area and the improvements thereon shall apply as in the case of destruction of improvements upon the Common Area. 11

12 Distribution of Proceeds. Any awards received on account of the taking 13 Section 8.4. shall be paid to the Association. In the event of a total taking, the Board shall retain any award 14 15 in the general funds of the Association. Notwithstanding anything to the contrary in this Article 16 VIII, the distribution of any award or awards for a taking of all or any portion of the Common 17 Area shall be subject to the prior rights of Mortgagees.

ARTICLE IX. **DESTRUCTION OF COMMON AREA IMPROVEMENTS**

22 Duty of Association. In the event of a partial or total destruction of the Section 9.1. Common Area, Common Property or improvements thereon, it shall be the duty of the 23 Association to restore and repair the same to their former condition as promptly as is 24 practicable and in a lawful and workmanlike manner. The proceeds of any insurance maintained 25 26 pursuant hereto shall be used for such purpose, subject to the prior rights of Mortgagees whose 27 interests may be protected by said policies.

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29 Section 9.2. Destruction: Proceeds Exceed 80% of Reconstruction Costs. If the 30 amount available from the proceeds of such insurance policies for such restoration and repair is at least 80% of the estimated costs of restoration and repair, a Reconstruction Assessment, with 31 32 each Owner contributing a like sum, may be levied by the Association to provide the necessary 33 funds for such reconstruction and repair, over and above the amount of any insurance proceeds 34 available for such purposes.

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Destruction: Proceeds Less Than 80% of Reconstruction Costs. If the 36 Section 9.3. amount available from the proceeds of such insurance policies for such restoration and repair is 37 38 less than 80% of the estimated cost of restoration and repair, the improvements shall not be 39 replaced or restored unless approved by the vote or written consent of Members entitled to 40 exercise 2/3rds of the voting power of the membership of the Association.

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42 9.3.1. Rebuilding Not Authorized: First Mortgagee Approval. Notwithstanding the 43 foregoing, unless at least 51% of the Eligible Mortgage Holders, based on one vote for 44 each Mortgage held, have given their prior written approval, the Association shall not be

entitled to use hazard proceeds for losses to any Common Area for other than the repair, 2 replacement or construction of such improvements.

4 9.3.2. Community Park Use: First Mortgagee Approval. In the event of a determination 5 not to replace or restore the improvements on the Common Area, and provided that in the event of such determination, the Association shall obtain the additional written 6 7 consent of 51% percent of such Eligible Mortgage Holders, based on one vote for each Mortgage held, the Common Area shall be cleared and landscaped for community park 8 9 use; provided, however, that there shall exist in such Common Area adequate vehicular 10 and pedestrian rights-of-way for the Owners of Lots to insure legal access thereto, and the costs thereof shall be paid for with the insurance proceeds, and any deficiency may 11 12 be raised by the levy of uniform Reconstruction Assessments in an amount determined 13 by the Board.

15 Distribution of Proceeds: Excess Proceeds. In the event any excess Section 9.4. 16 insurance proceeds remain, the Board shall retain such sums in the general funds of the 17 Association. Notwithstanding anything to the contrary contained in this Article IX, the 18 distribution of any insurance proceeds for any damage or destruction to the Common Area shall 19 be subject to the prior rights of Mortgagees.

ARTICLE X. MORTGAGE PROTECTION

Section 10.1. Priority of Mortgage Lien. No breach of the Restrictions nor the 24 enforcement of any lien created by this Declaration, shall affect, impair, defeat or render invalid 25 the lien or change of any first Mortgage made in good faith and for value encumbering any Lot, 26 27 but all of the covenants, conditions, and restrictions established by this Declaration shall be 28 binding upon and effective against any Owner whose title is derived through foreclosure or 29 trustee's sale, or otherwise, with respect to a Lot.

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31 Section 10.2. Curing Defaults. A Mortgagee who acquires title by judicial foreclosure, 32 deed in lieu of foreclosure, default of a contract to convey, or trustee's sale shall not be 33 obligated to cure any breach of the provisions of this Declaration which is non-curable or of a 34 type which is not practical or feasible to cure. The determination of the Board, made in good faith, as to whether a breach is non-curable or not feasible to cure shall be final and binding on 35 all Mortgagees. 36

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38 Section 10.3. Resale. It is intended that any loan to facilitate the resale of any Lot after 39 judicial foreclosure, deed in lieu of foreclosure, or trustee's sale is a loan made in good faith and 40 for value and entitled to all of the rights and protections afforded to other Mortgagees.

Section 10.4. Relationship with Assessment Liens.

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- (A) The lien provided for in Section 6.1 of this Declaration for the payment of Assessments shall be subordinate to the lien of any first Mortgage which was recorded prior to the date that any such Assessment became due.
- (B) If any Lot subject to a monetary lien created by this Declaration is subject to the lien of a first Mortgage (i) the foreclosure of any lien created by this Declaration shall not impair the lien of such first Mortgage; and (ii) the foreclosure of the lien of said first Mortgage, the acceptance of a deed in lieu of foreclosure of the Mortgage, or the sale under a power of sale included in such Mortgage (such events being hereinafter referred to as "events of foreclosure") shall not operate to affect or impair the lien hereof, except that any Persons who obtain an interest through any of the events of foreclosure shall take title free of the lien hereof for all such charges as shall have accrued up to the time of any of the events of foreclosure, but subject to the lien hereof for all of said charges that shall accrue subsequent to the events of foreclosure.
- 19 (C) Any first Mortgagee who obtains title to a Lot by reason of any event of 20 foreclosure, or any purchaser at a private or judicial foreclosure sale, shall take 21 title to such Lot free of any lien or claim for unpaid Assessments against such Lot 22 which accrue prior to the time such mortgagee or purchaser comes into possession of the Lot, except for liens or claims for a share of such Assessments 23 resulting from a reallocation of such Assessments to all Lots within the Property. 24 d) Nothing in this Section shall be construed to release any Owner from his 25 obligation to pay for any Assessment levied pursuant to this Declaration. 26

28 <u>Section 10.5. Rights of Eligible Mortgage Holders, Insurers and Governmental</u> 29 <u>Guarantors of Mortgages</u>. Upon written request to the Association, identifying the name and 30 address of the holder, insurer or guarantor of a first Mortgage and the Dwelling Unit number or 31 address, any Eligible Mortgage Holder, insurer or guarantor shall be entitled to written notice of: 32

- 33 (A) Any condemnation loss or casualty loss as provided for in Section 10.11.
- 35 (B) Any delinquency in the payment of assessments as provided for in Section 10.9.
 - (C) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained under Article VII.
- 40 (D) Any proposed action which requires the consent of a specified percentage of 41 Eligible Mortgage Holders as set forth in this Declaration.

43 <u>Section 10.6</u>. <u>Owner or Mortgagee Approval Requirements</u>. Unless at least 2/3rds of 44 the Owners, based upon one vote for each Lot owned, and all Eligible Mortgage Holders have 45 given their prior written approval, the Association shall not be entitled to:

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2	(A)	by act or omission seek to abandon, partition, subdivide, encumber, sell or
3		transfer the Common Property owned, directly or indirectly, by the Association
4		(the granting of easements for public utilities or for other public purposes
5		consistent with the intended use of such Common Property shall not be deemed
6		a transfer within the meaning of this clause);
7		
8	(B)	change the method of determining the obligations, Assessments, dues or other
9		charges which may be levied against an Owner;
10		
11	(C)	by act or omission change, waive or abandon the scheme of regulations, or
12		enforcement thereof, pertaining to the architectural design or the exterior
13		appearance of Dwelling Units, the exterior maintenance of Dwelling Units, the
14		maintenance of the Common Property, party walls, walks or common fences and
15		driveways or the upkeep of lawns and plantings on the Property;
16		
17	(D)	fail to maintain fire and extended coverage insurance on insurable Common
18		Property on a current replacement cost basis in an amount not less than 100% of
19		the insurable value (based on current replacement cost); or
20		
21	(E)	use hazard insurance proceeds for losses to any Common Property for other than
22		the repair, replacement or reconstruction of such Common Property.
23	c	
24		n 10.7. Other Rights of First Mortgagees. Any first Mortgagee shall, upon written
25	request to the	e Association, be entitled to:
26 27	()	Inspect the backs and records of the Association during normal business bours
27 28	(A)	Inspect the books and records of the Association during normal business hours.
28 29	(B)	Receive the annual financial statements of the Association 90 days following the
29 30	(6)	end of the Association's fiscal year.
31		end of the Association's fiscal year.
32	(C)	Receive written notice of all annual and special meetings of the Members or of
32 33	(C)	the Board, and first Mortgagees shall further be entitled to designate a
33 34		representative to attend all such meetings in order to, among other things, draw
35		attention to violations of this Declaration which have not been corrected or made
36		the subject of remedial action by the Association; provided, however, nothing
30 37		contained in this Section shall give a first Mortgagee the right to call a meeting of
38		the Board or of the Members for any purpose or to vote at any such meeting.
39		the bound of of the members for any purpose of to vote at any such meeting.
40	Sectio	n 10.8. Mortgagees Furnishing Information. Mortgagees are hereby authorized
41		prmation to the Board concerning the status of any loan encumbering a Lot.
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43	Sectio	n 10.9. Notice to First Mortgagees of Owner Default. Any first Mortgagee shall be
44		ritten notification from the Association of any default in the performance of the
45		nposed by this Declaration by the Owner whose Lot is encumbered by such

1 Mortgagee's Mortgage, which default has not been cured within 60 days of a request therefor 2 by the Association; provided, however, the Association shall only be obligated to provide such 3 notice to first Mortgagees who have previously requested such notice in writing.

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5 <u>Section 10.10</u>. <u>Conflicts</u>. In the event of any conflict between any provision of this Article 6 and any other provision of the Declaration, the provisions of this Article shall control.

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8 Section 10.11. Notice of Destruction or Taking. In the event that the Common Area or 9 any portion thereof is substantially damaged or is made the subject of any condemnation 10 proceeding in eminent domain or is otherwise sought to be acquired by a condemning authority, 11 the Board shall promptly notify any Eligible Mortgage Holder affected by such destruction, 12 taking or threatened taking. As used herein, "substantially damaged" shall mean damage 13 exceeding \$10,000.00.

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15 Section 10.12. First Mortgagees' Right to Make Certain Payments. First Mortgagees of 16 Dwelling Units shall have the right to, jointly or singly, pay taxes or other charges which are 17 delinquent or otherwise in default and which may or have become a charge against the 18 Common Property. First Mortgagees of Dwelling Units shall also have the right to, jointly or 19 singly, pay overdue premiums on any insurance policy required to be maintained under this 20 Declaration. In the event any First Mortgagee makes such payment, such Mortgagee shall be entitled to immediate reimbursement by the Association, and may enforce such entitlement by 21 22 any remedy available at law or in equity.

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24 <u>Section 10.13</u>. <u>Eligible Mortgage Holder Approval</u>. In addition to any other actions which 25 require the approval of a specified percentage of Eligible Mortgage Holders, any election to 26 terminate the legal status of Ladera Brisas after substantial destruction or substantial taking in 27 condemnation of a portion of the Property or the Common Area shall require the approval of 28 51% of the Eligible Mortgage Holders, based on one vote for each Mortgage held.

> ARTICLE XI. GENERAL PROVISIONS

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<u>Section 11.1.</u> Term. The covenants, conditions, and restrictions of the Declaration shall remain in full force and effect for a period of 20 years from the date this Declaration is recorded. Thereafter, they shall be deemed to have been renewed and automatically extended for successive periods of 10 years each.

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38 Section 11.2. Amendments. This Declaration may be amended at any time by an instrument in writing, signed and acknowledged by the President and Secretary of the Association, 39 40 certifying that such amendment has been approved by the vote or written consent of the Owners of not less than 67% of the Dwelling Units. The amendment shall be effective upon its recordation 41 in the office of the Pima County Recorder. All Eligible Mortgage Holders' approval must be given 42 43 for the amendment of any provisions of this Declaration which are for the express benefit of Mortgagees, Eligible Mortgage Holders or insurers or guarantors of first Mortgages on Dwelling 44 45 Units. In the event an Eligible Mortgage Holder who has received a written request to approve such addition or amendment has not delivered or mailed a negative response to the party
 requesting such approval within 30 days from the date of such request, such Eligible Mortgage
 Holder shall be deemed to have approved such request.

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5 <u>Section 11.3</u>. <u>Termination of Legal Status</u>. The termination of the legal status of Ladera 6 Brisas, other than termination after substantial loss or destruction of the Common Areas as the 7 result of a casualty or condemnation, shall require the consent of the holders of 67% of the 8 eligible votes in the Association and 67% of the Eligible Mortgage Holders, based on one vote for 9 each Mortgage held.

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Section 11.4. Enforcement and Non-Waiver.

13 11.4.1. <u>Enforcement</u>. Except as otherwise provided herein, the Association or any 14 Owner, shall have the right to enforce by any proceeding at law or in equity, all 15 restrictions, conditions, covenants, reservations, liens or charges now or hereafter 16 imposed by provision of this Declaration.

18 11.4.2. Pre-Requisites to Litigation. In the event of a dispute between an Owner and the 19 Board of Directors, the complainant Owner, as an absolute condition precedent to 20 instituting a legal action against the Board or the Association, must first serve notice in 21 writing on the Board of Directors in the manner hereinafter provided, advising the Board 22 of the alleged grievance, the action or results desired and a date and time convenient for 23 a meeting for the purpose of arriving at a settlement of the controversy with the complainant Owner. The Board shall have no more than 30 days from the date of such 24 25 notice until the date of the meeting. The Association may maintain an action against an Owner for any violation of these Restrictions without the condition precedent stated 26 above first being satisfied. 27

11.4.3. <u>Violations and Nuisances</u>. Every act or omission whereby any provision of this
 Declaration is violated in whole or in part is hereby declared to be a nuisance and may be
 enjoined or abated, whether or not the relief sought is for negative or affirmative action,
 by the Association, or any Owner or group of Owners of Dwelling Units within the
 Property.

11.4.4. <u>Violation of Law</u>. Each and every provision of this Declaration and any amendment hereto shall be subject to all Pima County ordinances and subdivision regulations and any future amendments thereto. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of these Restrictions and subject to any or all of the enforcement procedures set forth herein or in the Bylaws.

42 11.4.5. <u>Remedies Cumulative</u>. Each remedy provided by these Restrictions is cumulative
 43 and not exclusive.

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1 11.4.6. <u>Non-Waiver</u>. Failure by the Board, the Association or any Owner to enforce any 2 of the provisions of these Restrictions at any time shall not constitute a waiver of the 3 right hereafter to enforce any such provision or any other provisions of these 4 Restrictions.

6 11.4.7. <u>Recorded Notice Of Violation</u>. In the event that any Owner, his guests, tenants or 7 family members are in violation of any of the provisions of this Declaration or the 8 Association Rules, the Association, after providing notice and an opportunity to cure the 9 violation, has the right to record a "Notice of Violation" with the office of the County 10 Recorder of Pima County, Arizona, stating the name of the Owner, the Lot and the 11 nature of the violation, and the Association's intent not to waive any of its rights of 12 enforcement. The Notice shall remain of record until the violation is cured.

14 11.4.8. No Obligation to Enforce. The Association is not obligated to take any enforcement action if the Board determines, in its sole discretion, that because of 15 16 considerations pertaining to the Association's finances, possible defenses, the time and 17 expense of litigation or other enforcement action, the likelihood of a result favorable to 18 the Association, or other facts deemed relevant by the Board, enforcement action would 19 not be appropriate or in the best interests of the Association. The failure of the 20 Association or an Owner to take enforcement action with respect to a violation of the 21 Community Documents shall not constitute or be deemed a waiver of the right of the 22 Association or any Owner to enforce the Community Documents in the future.

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24 <u>Section 11.5.</u> Easements. For the benefit of the Property, reciprocal easements of 25 access, ingress and egress may be used by Owners, their guests, tenants and invitees for 26 pedestrian walkways, vehicular access, and such other purposes reasonably necessary to the use 27 and enjoyment of a Dwelling Unit and Common Areas, including recreational facilities.

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Section 11.6. Construction.

31 11.6.1. Interpretation. The provisions of this Declaration shall be liberally construed to 32 effectuate their purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed by the laws of the 33 34 The Association, by the Board, shall have the exclusive right to State of Arizona. 35 construe and interpret the provisions of this Declaration and the Association Rules. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the 36 Association's construction or interpretation of the provisions hereof shall be final, 37 38 conclusive, and binding as to all Persons and property benefited or bound by this 39 Declaration.

41 11.6.2. <u>Severability</u>. Invalidation of any covenant, restriction, provision or term of this
 42 Declaration by judgment or court order shall not affect any other covenant, restriction,
 43 provision or term hereof which shall remain in full force and effect.

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1 11.6.3. <u>Rule Against Perpetuities</u>. In the event the provisions hereunder are declared 2 void by a Court of competent jurisdiction by reason of the period of time herein stated 3 for which the same shall be effective, then in that event, said periods of time shall be 4 reduced to a period of time which shall not violate the rule against perpetuities as set 5 forth in the laws of the State of Arizona.

- 11.6.4 <u>Singular Includes Plural</u>. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.
- 11 11.6.5. <u>Captions</u>. All captions and titles used in this Declaration are intended solely for 12 convenience or reference purposes only and in no way define, limit or describe the true 13 intent and meaning of the provisions hereof.
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15 Section 11.7. Delivery of Notices. Any notice required by or pertaining to this 16 Declaration may be delivered either personally or by mail. If by U.S. mail, notices shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United 17 18 States mail, postage prepaid. Notices to the Association shall be addressed to the Association in 19 care of its management company. If there is no management company, then addressed to the 20 President of the Association. Notice to an Owner shall be sent to the address of any Dwelling 21 Unit within the Property owned, in whole or in part, by him or to any other address last furnished by the Owner to the Association. An Owner may change his address of record at any 22 time by delivering written notice to the Association. Each Owner of a Dwelling Unit shall 23 promptly notify the Association in writing of any subsequent change of address. 24

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26 Section 11.8. Binding Effect. By acceptance of a deed or acquiring any ownership 27 interest in any of the Property covered by this Declaration, each Person for himself or itself, his 28 heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, 29 personal representatives, successors, transferees and assigns, to all of the provisions, 30 restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and amendments thereof. In addition, each such Person by so doing thereby 31 32 acknowledges that this Declaration sets forth a general scheme for the Property and hereby 33 evidences his interest that all restrictions, conditions, covenants, rules and regulations 34 contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees and transferees thereof. Furthermore, each such Person fully 35 36 understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and 37 enforceable by the various subsequent and future Owners.

1 IN WITNESS WHEREOF, the undersigned certify that this Declaration was approved by 2 the vote or written consent of the Owners of not less than 67% of the Dwelling Units.

LADERA BRISAS HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation

Ву:_____

Its: President

ATTEST:

Ву:_____

Its: Secretary

STATE OF ARIZONA)

: ss. COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by ______, President of LADERA BRISAS HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, on behalf of the corporation.

Notary Public

STATE OF ARIZONA) : ss. COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by ______, Secretary of LADERA BRISAS HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, on behalf of the corporation.

Notary Public