



WHEN RECORDED RETURN TO:

UNITED TITLE AGENCY TO PICK UP
FOUNTAIN HILLS OFFICE

ATTN: THIDA BRATTON

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MARICOPA COUNTY RECORDER
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CONDOMINIUM DECLARATION
FOR
MIRAGE HEIGHTS CONDOMINIUMS

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CONDOMINIUM DECLARATION
FOR
MIRAGE HEIGHTS CONDOMINIUMS

THIS CONDOMINIUMS DECLARATION is made this 21 day of MARCH, 1995, by Scott Properties, Inc., an Arizona corporation (the "Declarant").

ARTICLE 1

DEFINITIONS

1. General Definitions. Capitalized terms not otherwise defined in this Declaration shall have the meanings specified for such terms in the Arizona Condominium Act, A.R.S. § 33-1201, et seq.

1.1 Defined Terms. The following capitalized terms shall have the general meanings described in the Act and for purposes of this Declaration shall have the specific meanings set forth below:

(A) "Additional Property" means the real property located in Maricopa County, Arizona, which is described on the plat as Phase II, together with any improvements located thereon and all easements, right and appurtenances thereto.

(B) "Adjoining Unit" means the Unit which shares a common party wall with another Unit.

(C) "Architectural Committee" means the committee established pursuant to Section 6.3 of this Declaration.

(D) "Architectural Committee Rules" means the rules adopted by the Architectural Committee, as they may be amended from time to time.

(E) "Articles" means the Articles of Incorporation of the Association, as they may be amended from time to time.

(F) "Assessments" means the Common Expense Assessment and Special Assessments levied and assessed against each Unit pursuant to Article 7 of this Declaration.

(G) "Assessment Lien" means the lien granted to the Association by the Condominium Act to secure the payment of Assessments, monetary penalties and other charges owed to the Association.

(H) "Association" means the Arizona nonprofit corporation organized by the Declarant to administer and enforce the Condominium Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns. Declarant intends to organize the Association under the name of "Mirage Heights Condominiums Home Owners Association, Inc." but if such name is not available, the Declarant may organize the Association under such other name as the Declarant deems appropriate.

(I) "Board of Directors" means the Board of Directors of the Association.

(J) "Building" means the structures designated as buildings on the Plat.

(K) "Bylaws" means the Bylaws of the Association, as they may be amended from time to time.

(L) "Common Elements" means all portions of the Condominium other than the Units.

(M) "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

(N) "Common Expense Assessment" means the assessment levied against the Units pursuant to Section 7.1 of this Declaration.

(O) "Common Expense Liability" means the liability for common expenses allocated to each Unit by this Declaration.

(P) "Condominium" means the real property located in Maricopa County, Arizona, which is described in Exhibit A attached to this Declaration, together with all buildings and other Improvements located thereon and all easements, rights, and appurtenances belonging thereto.

(Q) "Condominium Act" means the Arizona Condominium Act, A.R.S. § 33-1201, et seq., as it may from time to time be amended.

(R) "Condominium Documents" means this Declaration and the Articles, Bylaws, Rules and Architectural Committee Rules.

(S) "Declarant" means Scott Properties, Inc., an Arizona corporation and any person or entity to whom it may specifically transfer in writing any Special Declarant Right.

(T) "Declaration" means this Condominium Declaration, as it may be amended from time to time.

(U) "Development Rights" means any right or combination of rights reserved by or granted to the Declarant in this Declaration to do any of the following:

- (i) Add real estate to the Condominium;
- (ii) Create easements, Units, Common Elements or Limited Common Elements within the Condominium;
- (iii) Subdivide Units, convert Units into Common Elements or convert Common Elements into Units;
- (iv) Withdraw real estate from the Condominium;
- (v) Make the Condominium part of a larger condominium or planned community;
- (vi) Amend the Declaration during the Period of Declarant Control to comply with applicable law or to correct any error or inconsistency in the Declaration if the amendment does not adversely affect the rights of any Unit Owner;
- (vii) Amend the Declaration during the Period of Declarant Control to comply with (a) the Condominium Act, (b) the rules or guidelines, in effect from time to time, of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration or the Veterans Administration, or (c) the rules or requirements of any federal, state or local governmental entity or agency whose approval of the Condominium, the Plat or the Condominium Documents is required by law or requested by the Declarant.

(V) "Eligible Insurer or Guarantor" means an insurer or governmental guarantor of a First Mortgage who has requested notice of certain matters in accordance with Section 9.0 of this Declaration.

(W) "Eligible Mortgage Holder" means a First Mortgagee who has requested notice of certain matters from the Association in accordance with Section 9.0 of this Declaration.

(X) "First Mortgage" means any mortgage or deed of trust on a Unit with first priority over any other mortgage or deed of trust.

(Y) "First Mortgagee" means the holder of any First Mortgage.

(Z) "Improvement" means all physical structures including, but not limited to, buildings, private drives, parking areas, fences, and walls, and all landscaping, including, but not limited to, hedges, plantings, trees, and shrubs of every type and kind.

(AA) "Limited Common Elements" means a portion of the Common Elements specifically designated in this Declaration as a Limited Common Element and allocated by this Declaration or by operation of the Condominium Act for the exclusive use of one or more but fewer than all of the Units.

(AA) "Member" means any person, corporation, partnership, joint venture or other legal entity who is or becomes a member of the Association.

(BB) "Period of Declarant Control" means the time period commencing on the date this Declaration is recorded with the County Recorder of Maricopa County, Arizona, and ending on the earlier of:

(i) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than the Declarant; or

(ii) Four (4) years after Declarant has ceased to offer Units for sale in the ordinary course of business.

(CC) "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity, and in the case of a subdivision trust, means the beneficiary of the trust who holds the right to subdivide, develop or sell the real estate rather than the trust or trustee.

(DD) "Plat" means the condominium plat for Mirage Heights Condominiums, which plat has been recorded with the County Recorder of Maricopa County, Arizona, in Book 394 of Maps, page Z1, and any amendments, supplements or corrections thereto, and any condominium plat which may be recorded over any part of the Additional Property which is annexed by the Declarant pursuant to this Declaration, RECORDING Number 95-0181698.

(EE) "Purchaser" means any Person, other than the Declarant, who by means of a voluntary transfer becomes a Unit Owner except for (i) a Person who purchases a Unit and then leases it to the Declarant for use as a model in connection with the sale of other Units or (ii) a Person who, in addition to purchasing a Unit, is assigned any Special Declarant Right.

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(FF) "Rules" means the rules and regulations adopted by the Association, as they may be amended from time to time.

(GG) "Single Family" means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of persons not all so related, together with their domestic servants, who maintain a common household in a Unit.

(HH) "Special Declarant Rights" means any right or combination of rights reserved by or granted to the Declarant in this Declaration or by the Condominium Act to do any of the following:

(i) Construct improvements provided for in this Declaration or shown on the Condominium Plat;

(ii) Exercise any Development Right;

(iii) Maintain sales offices, management offices, models, and signs advertising the Condominium;

(iv) Use easements through the Common Elements for the purpose of making improvements within the Condominium or within the Additional Property;

(v) Appoint or remove any officer of the Association or any member of the Board of Directors during the Period of Declarant Control.

(II) "Unit" means a portion of the Condominium as described in this Declaration and as shown on the Plat that is designated for separate ownership and occupancy.

(JJ) "Unit Owner" means the owner of record whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Unit. Unit Owner shall not include (i) persons or entities having an interest in a Unit merely as security for the performance of an obligation, (ii) a lessee or tenant of a Unit, or (iii) an individual or entity owning more than 50 percent (50%) of all of the Units. Unit Owner shall include a purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract through which a Seller has conveyed to a purchaser equitable title in a Unit under which the seller is obligated to convey to the purchaser the remainder of seller's title in the Unit, whether legal or equitable, on payment in full of all monies due under the contract. Unit Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to executory contracts pending the closing of a sale or purchase transaction.

In the case of Units the fee simple title to which is vested in a trustee pursuant to Arizona Revised Statutes, Section 33-801, et seq., the Trustor shall be deemed to be the Unit Owner. In the case of Units the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the Unit shall be deemed to be the Unit Owner.

(KK) "Visible From Neighboring Property" means, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation equal to the greater of the elevation of the base of the object being viewed or the ground level of any portion of the Common Elements.

ARTICLE 2

SUBMISSION OF PROPERTY; UNIT BOUNDARIES; ALLOCATION OF PERCENTAGE INTERESTS, VOTES AND COMMON EXPENSE LIABILITIES

2. Submission of Property. The real property described on Exhibit "A" attached to this Declaration and shown on the Plat as Phase I totaling 32 units, together with all improvements, easements, rights and appurtenances thereto, is hereby submitted to a Condominium in accordance with the provisions of the Condominium Act. The Identifying Numbers of the Units in Phase I are 1 through 8; 101 through 112; and 201 through 212. The identifying numbers of Units in Phase II are 9 through 16, 113 through 118 and 213 through 218. The Condominium created by this Declaration may be expanded in accordance with the provisions of this Declaration. Phase II shall be unconditionally subjected to the Condominium at such time as an amendment of annexation is recorded in the Office of the Maricopa County Recorder's Office and the sale of the first unit in each phase is consummated.

2.1 Unit Boundaries.

(A) The boundaries of each Unit are the interior finished surfaces of the three exterior perimeter walls; the floor and ceiling of the Unit and the interior party wall to a depth equal to one-half of its width. All lath, furring, wallboard, plasterboard, plaster, stucco, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the interior surfaces are a part of the Unit.

(B) If any chute, flue, duct, wire, conduit, bearing wall, bearing column, heating or air conditioning unit or apparatus or other fixtures lies partially within and partially outside the boundaries of a Unit, any portion serving only that Unit is a Limited Common Element allocated solely to that Unit and

any portion serving more than one Unit is a part of the Common Elements.

(C) Subject to the provisions of Subsection (B) of this Section, all spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are part of the Unit.

(D) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, entryways, or patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside of the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

(E) Declarant reserves the right to relocate the boundaries between adjoining Units owned by the Declarant and to reallocate such Unit's Common Element interest, votes in the Association and Common Expense Liabilities subject to and in accordance with A.R.S. § 33-1222.

2.2 Allocation of Common Element Interest, Votes and Common Expense Liabilities. The undivided interests in the Common Elements and in the Common Expenses of the Association shall be allocated equally among the Units. Accordingly, until such time as additional Phases are annexed, each Unit's percentage interest in the Common Elements and in the Common Expenses of the Association shall be 1/32.

2.3 Allocation of Votes in the Association. The votes in the Association shall be allocated equally among all the Units with each Unit having one (1) vote.

2.4 Allocation of Limited Common Elements.

(A) The following portions of the Common Elements are Limited Common Elements and are allocated to the exclusive use of one Unit as follows:

(i) Each Unit is allocated the driveway, garage and patio or balcony, if any, shown on the Plat as adjoining the Unit and which is designed for the exclusive use of the Unit.

(ii) Any gas or electric meter which serves only one Unit is allocated to the Unit which it serves;

(iii) Each Unit is allocated those portions of the Common Elements designated as Limited Common Elements in Sections 2.1(B) and (D) of this Declaration that serve the Unit.

(B) A Limited Common Element may be reallocated by an amendment to this Declaration made in accordance with the provisions of Section 33-1218(B) of the Condominium Act.

(C) The Declarant shall have the right, pursuant to Section 33-1202(14) of the Condominium Act, to allocate as a Limited Common Element any portion of the Common Elements not previously allocated as a Limited Common Element. Any such allocation shall only be made in accordance with the provisions of Section 33-1218(C) of the Condominium Act.

2.5 Development and Special Declarant Rights. Declarant hereby expressly reserves the right, but not the obligation to do any of the following:

(A) Construct the improvements provided for in the Declaration or shown on the Condominium Plat.

(B) Create Easements, Units, Common Elements or Limited Common Elements within the Condominium;

(C) Subdivide Units, convert Units into Common Elements or convert Common Elements into Units;

(D) Withdraw real estate from the Condominium;

(E) Make the Condominium part of a larger condominium or planned community.

2.6 Expansion of the Condominium.

(A) Declarant hereby expressly reserves the right, but not the obligation, to expand the Condominium created by this Declaration, without the consent of any other Unit Owner, by annexing and submitting to this Declaration all or any portion of the Additional Property. The Declarant shall exercise its right to expand the Condominium by executing and recording in the records of every county in which any portion of the Condominium is located an amendment to this Declaration containing the following:

(i) a legal description of the portion of the Additional Property being annexed;

(ii) the number of Units being added by the annexation and the Identifying Number assigned to each new Unit;

(iii) a description of the Common Elements and Limited Common Elements created and, in the case of Limited Common Elements, a designation of the Unit to which each Limited Common Element is allocated;

(iv) a reallocation to each Unit of a percentage undivided interest in the Common Elements and in the Common Expenses of the Association and in the votes in the Association, all of which shall be allocated equally to each Unit;

(v) a description of any Development Rights reserved by the Declarant within the Additional Property being annexed.

(B) The effective date for reallocating to each Unit a percentage undivided interest in the Common Elements and in the Common Expenses of the Association and in the votes in the Association shall be the date on which the amendment annexing additional Units is recorded in the records of every county in which any portion of the Condominium is located.

(C) This option to expand shall expire ten (10) years from the date of the recording this Declaration.

(D) The Additional Property may be added as a whole at one time or in one or more portions at different times, or it may never be added, and there are no limitations upon the order of addition or the boundaries thereof. The property submitted to the Condominium need not be contiguous, and the exercise of the option as to any portion of the Additional Property shall not bar the further exercise of the option as to any other portions of the Additional Property.

(E) There are no limitations on the locations or dimensions of improvements to be located on the Additional Property. No assurances are made as to what, if any, further improvements will be made by Declarant on any portion of the Additional Property.

(F) The Additional Property, when and if added to the Condominium, shall be subject to the use restrictions contained in this Declaration and shall be subject in all respects to the Condominium Documents.

(G) Declarant makes no assurances as to the exact number of Units which shall be added to the Condominium by annexation of all or any portion of the Additional Property, but the number of Units added by any such annexation shall not exceed one hundred (100).

(H) All improvements to be constructed on any portion of the Additional Property annexed into the Condominium will be substantially completed prior to the time at which such portion of the Additional Property is annexed in accordance with the provisions of this Section.

(I) All taxes and other assessments relating to all or any portion of the Additional Property annexed into the Condominium covering any period prior to the time when such portion of the Additional Property is annexed in accordance with this Section shall be the responsibility of and shall be paid for by the Declarant.

ARTICLE 3

EASEMENTS

3. Utility Easement. There is hereby created an easement upon, across, over and under the Common Elements for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television, communication systems and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company or Declarant in the event Declarant or the Association provides said services for Declarant or Association, to erect and maintain the necessary equipment on the Common Elements, but no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Common Elements except as initially designed, approved and constructed by the Declarant or as approved by the Board of Directors. This easement shall in no way affect any other recorded easements on the Common Elements.

3.1 Easements for Ingress and Egress. There is hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Common Elements. There is also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes except that such easements shall not extend to any Limited Common Elements. Such easements shall run in favor of and be for the benefit of the Unit Owners and occupants of the Units and their guests, families, tenants and invitees.

3.2 Unit Owners' Easements of Enjoyment.

(A) Every Unit Owner shall have a right and easement of enjoyment in and to the Common Elements, except for the Limited Common Elements, which right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the right of the Association to adopt reasonable rules and regulations governing the use of the Common Elements.

(B) A Unit Owner's right and easement of enjoyment in and to the Common Elements shall not be conveyed, transferred, alienated or encumbered separate and apart from a Unit. Such right and easement of enjoyment in and to the Common Elements shall be

deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Unit, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to such right and easement.

(C) The provisions of this Section shall not apply to any of the Limited Common Elements that are allocated to one or more but less than all of the Units.

3.3 Declarant's Use for Sales and Leasing Purposes.

(A) Declarant shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Condominium and to maintain one or more advertising or sales signs on the Common Elements for such period as the Declarant shall deem appropriate. Declarant reserves the right to place models, management offices and sales and leasing offices in any Units owned by Declarant and on any portion of the Common Elements in such number, of such size and in such locations as Declarant deems appropriate.

(B) Declarant may from time to time relocate models, management offices and sales and leasing offices to different locations within the Condominium.

(C) So long as Declarant is marketing Units in the Condominium, Declarant shall have the right to restrict the use of the parking spaces which are not allocated as Limited Common Elements. Such right shall include reserving such spaces for use by prospective Unit purchasers, Declarant's employees and others engaged in sales, leasing, maintenance, construction or management activities.

(D) The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Condominium that has not been represented as property of the Association. The Declarant reserves the right to remove from the Condominium any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

3.4 Declarant's Easements.

(A) Declarant shall have the right and an easement on and over the Common Elements to construct the Common Elements and the Units shown on the Plat and all other buildings and improvements the Declarant may deem necessary and to use the Common Elements and any Units owned by Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Condominium.

(B) Declarant shall have the right and an easement on, over and under those portions of the Common Elements and Limited Common Elements not located within the Buildings for the purpose of maintaining and correcting drainage of the surface, roof or storm water. The easement created by this Subsection expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil or to take any other action reasonably necessary.

(C) During the Period of Declarant Control and for a period of two (2) years thereafter the Declarant shall have an easement through the Units for any access necessary to complete any renovations, warranty work or modifications to be performed by Declarant.

(D) The Declarant shall have the right and an easement on, over, and through the Common Elements as may be reasonably necessary for the purpose of discharging his obligations and exercising Special Declarant Rights whether arising under the Condominium Act or reserved in this Declaration.

3.5 Easement for Support. To the extent necessary, each Unit shall have an easement for structural support over every other Unit in the Building, the Common Elements and the Limited Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements.

3.6 Common Elements Easement in Favor of the Association. The Common Elements shall be subject to an easement in favor of the Association and the agents, employees and independent contractors of the Association for the purpose of the inspection, upkeep, maintenance, repair and replacement of the Common Elements.

3.7 Common Elements Easement in Favor of Unit Owners. The Common Elements and Limited Common Elements shall be subject to the following easements in favor of the Units benefitted:

(A) For the installation, repair, maintenance, use, removal or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or serve any Unit and which pass across or through a portion of the Common Elements or Limited Common Elements.

(B) For the installation, repair, maintenance, use, removal or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve any Unit but which encroach into a part of a Common Element and Limited Common Element adjacent to such Unit; provided that the installation, repair, maintenance, use, removal

or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building.

(C) For the maintenance of the encroachment of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grills and similar fixtures which serve only one Unit but which encroach into any part of the Common Elements.

(D) For the performance of the Unit Owner's obligation to maintain, repair, replace and restore those portions of the Limited Common Elements that the Unit Owner is obligated to maintain under Section 5.1(B) of this Declaration.

3.8 Units and Limited Common Elements Easement in Favor of Association. The Units and the Limited Common Elements are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

(A) For inspection of the Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance and repair for which they are responsible;

(B) For inspection, maintenance, repair and replacement of the Common Elements or the Limited Common Elements situated in or accessible from such Units or Limited Common Elements;

(C) For correction of emergency conditions in one or more Units or Limited Common Elements or casualties to the Common Elements, the Limited Common Elements or the Units.

(D) For the purpose of enabling the Association, the Board of Directors, the Architectural Committee or any other committees appointed by the Board of Directors to exercise and discharge their respective rights, powers and duties under the Condominium Documents.

(E) For inspection of the Units and the Limited Common Elements in order to verify that the provisions of the Condominium Documents are being complied with by the Unit Owners, their guests, tenants, invitees and the other occupants of the Unit.

3.9 Easement for Encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element as a result of original construction shifting or settling or alteration or restoration authorized by this Declaration, a

valid easement for the encroachment, and for the maintenance thereof, exists.

ARTICLE 4

USE AND OCCUPANCY RESTRICTIONS

4. Single Family Residential Use. All Units and Limited Common Elements shall be used, improved and devoted exclusively to residential use by a Single Family. No gainful occupation, profession, trade or other nonresidential use shall be conducted on or in any Unit or Limited Common Elements, but a Unit Owner may maintain his own personal professional library in his Unit, keep his personal business or professional records or accounts in his Unit, or handle his personal business calls or correspondence from his Unit.

4.1 Solar and Radio/Television Signal Collection Devices. No Solar collection or energy device or equipment, including, without limitation, solar water heaters, solar electrical generation units or solar ovens or cooking devices, may be placed on or located on, upon or about a Unit or the roof or walls thereof or on, upon or about the Limited Common Elements if the same is or shall be Visible From Neighboring Property, nor shall any so-called "satellite dish" or television or radio reception device, including, without limitation, antennas, aerials or other form of collectors, nor any telescope or other like optical device, be placed or located on, upon or about a Unit or the roof or walls thereof, or on, upon or about the Limited Common Elements if the same is or shall be Visible From Neighboring Property, without the advance written consent of the Architectural Committee and the Board.

4.2 Utility Service. Except for lines, wires and devices existing on the Condominium as of the date of this Declaration and maintenance and replacement of the same, no lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon the Condominium unless they are contained in conduits or cables installed and maintained underground or concealed in, under or on Buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of Buildings or structures approved by the Architectural Committee.

4.3 Improvements and Alterations. Any Unit Owner may make nonstructural additions, alterations and improvements within his Unit without the prior written approval of the Architectural Committee, but such Unit Owner shall, to the extent required by Arizona law, be responsible for any damage to other Units and to

the Common Elements which results from any such alterations, additions or improvements. No Person shall make any structural additions, alterations or improvements within a Unit, unless prior to the commencement of each addition, alteration or improvement, the Unit Owner receives the prior written approval of the Architectural Committee and an architect or engineer, licensed in Arizona, certifies that such addition, alteration or improvement will not impair the structural integrity of the Building within which such addition, alteration or improvement is to be made. The Unit Owner shall, to the extent required by Arizona law, be responsible for any damage to other Units and to the Common Elements which results from any such additions, alterations or improvements. Notwithstanding the foregoing, no addition, alteration or improvement within a Unit, whether structural or not, which would be visible from the exterior of the Building in which the Unit is located, shall be made without the prior written approval of the adjoining Unit Owner.

4.4 Trash Containers and Collection. No garbage or trash shall be placed or kept on the Condominium except in covered containers of a type, size and style which are approved by the Town of Fountain Hills. No incinerators shall be kept or maintained in any Unit.

4.5 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon the Condominium except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of buildings, improvements or structures which are within the permitted uses of such property, and except that which Declarant or the Association may require.

4.6 Temporary Occupancy. No trailer, basement of any incomplete building, tent, shack, garage, barn or other structure, and no temporary improvement of any kind shall be used at any time for a residence either temporarily or permanently. Temporary buildings or structures used during the construction of buildings or structures approved by the Architectural Committee shall be permitted but must be removed promptly upon completion of the construction of the building or structure.

4.7 Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on the Condominium.

4.8 Mineral Exploration. No portion of the Condominium shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

4.9 Diseases and Insects. No Unit Owner shall permit any thing or condition to exist upon the Condominium which could

induce, breed or harbor infectious plant diseases or noxious insects.

4.10 Motor Vehicles. Except for emergency repairs, no automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed, serviced or repaired on any portion of the Condominium so as to be Visible From Neighboring Property, and no inoperable vehicle may be stored or parked on any portion of the Condominium so as to be Visible From Neighboring Property.

4.11 Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of any part of the Condominium. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction over the Condominium shall be observed. Any violation of such laws, zoning ordinances or regulations shall be a violation of this Declaration.

4.12 Nuisances and Offensive Activity. No nuisance shall be permitted to exist or operate upon the Condominium, and no activity shall be conducted upon the Condominium which is offensive or detrimental to any portion of the Condominium or any Unit Owner or other occupant of the Condominium. No exterior speakers, horns, whistles, bells or other sound devices, except security or other emergency devices used exclusively for security or emergency purposes, shall be located, used or placed on the Condominium.

4.13 Applicability of the Fountain Hills Restrictions. The Condominium is encumbered by those certain Restrictions entitled "Declaration of Reservations, Fountain Hills, Arizona, Final Plat No. 101" at Docket 8821, pages 72-120, on July 15, 1971 (the "Plat 101 Declaration") in the Maricopa County Recorder's Office and that certain Declaration of Covenants and Restrictions, Assessments, Changes, Servitudes, Liens, Reservations and Easements recorded at recording number 85048746 in the office of the Maricopa County Recorder's Office (the CC&Rs"). The Plat 101 Declaration and CC&Rs both establish a Committee of Architecture for all areas of Fountain Hills having declarations which, by their language, are made subject to the Fountain Hills Committee of Architecture. The Condominium is hereby made subject to the jurisdiction of the Fountain Hills Committee of Architecture and to its rules of architecture, and all the contents of said Covenants, Conditions and Restrictions are incorporated herein. All Owners, Members, Lessees, and others in the Condominium shall comply with the requirements of the Fountain Hills Committee of Architecture as well as with requirements of Lakeside Village Architectural Committee established by the CC&Rs and with the architectural committee established by this Declaration. If one or more of said architectural committees has rules or requirements which conflict, the more (or most) restrictive set of rules or requirements shall govern.

ARTICLE 5

MAINTENANCE AND REPAIR OF
COMMON ELEMENTS AND UNITS

5. Duties of the Association. The Association shall maintain, repair and make necessary improvements to all Common Elements, whether located inside or outside the Units, except for the Limited Common Elements which the Unit Owners are obligated to maintain pursuant to section 5.1 of this Declaration. The cost of all such repairs and maintenance shall be a Common Expense and shall be paid for by the Association.

5.1 Duties of Unit Owners.

(A) Each Unit Owner shall maintain, repair, replace and restore, at his own expense, all portions of his Unit, subject to the Condominium Documents.

(B) Each Unit Owner shall be responsible for the maintenance and repair of the Limited Common Elements allocated to his Unit pursuant to Section 2.1 or Section 2.4 of this Declaration.

(C) In the event a Unit Owner fails to discharge the duties imposed in this Section 5.1 within thirty days following written demand from the Association that he do so, the Association may cause the required maintenance or repair to be performed and levy a Special Assessment for the cost thereof. Said Assessment shall be due collectable in the same manner as provided for collection of other Assessments.

5.2 Repair or Restoration Necessitated by Owner. Each Unit Owner shall be liable to the Association, to the extent provided for by Arizona law, for any damage to the Common Elements or the Improvements, landscaping or equipment thereon which results from the negligence or willful conduct of the Unit Owner. The cost to the Association of any such repair, maintenance or replacements required by such act of a Unit Owner shall be paid by the Unit Owner, upon demand, to the Association. The Association may enforce collection of any such amounts in the same manner and to the same extent as provided for in this Declaration for the collection of Assessments.

ARTICLE 6

THE ASSOCIATION; RIGHTS AND DUTIES, MEMBERSHIP

6. Rights, Powers and Duties of the Association. No later than the date on which the first Unit is conveyed to a Purchaser, the Association shall be organized as a nonprofit Arizona corporation. The Association shall be the entity through which the

Unit Owners shall act. The Association shall have such rights, powers and duties as are prescribed by law and as are set forth in the Condominium Documents together with such rights, powers and duties as may be reasonably necessary in order to effectuate the objectives and purposes of the Association as set forth in this Declaration and the Condominium Act. The Association shall have the right to finance capital improvements in the Condominium by encumbering future Assessments if such action is approved by the written consent or affirmative vote of Unit Owners representing more than fifty percent (50%) of the votes in the Association. Unless the Condominium Documents or the Condominium Act specifically require a vote of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board.

6.1 Directors and Officers.

(A) During the Period of Declarant Control, the Declarant shall have the right to appoint and remove the members of the Board of Directors and the officers of the Association who do not have to be Unit Owners.

(B) Upon the termination of the Period of Declarant Control, the Unit Owner shall elect the Board of Directors which must consist of at least three members, all of whom must be Unit Owners. The Board of Directors elected by the Unit Owners shall then elect the officers of the Association.

(C) The Declarant may voluntarily surrender his right to appoint and remove the members of the Board of Directors and the officers of the Association before termination of the Period of Declarant Control, and in that event the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or the Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

6.2 Rules. The Board of Directors, from time to time and subject to the provisions of this Declaration and the Condominium Act, may adopt, amend, and repeal rules and regulations. The Rules may, among other things, restrict and govern the use of any area by any Unit Owner, by the family of such Unit Owner, or by any invitee, licensee or lessee of such Unit Owner; provided, however, that the Rules may not unreasonably discriminate among Unit Owners and shall not be inconsistent with the Condominium Act, this Declaration, the Articles or Bylaws. A copy of the Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Unit Owner and may be recorded.

6.3 Architectural Committee. The Board of Directors shall establish an Architectural Committee consisting of not less

than three (3) members appointed by the Board of Directors to regulate the external design, appearance, use and maintenance of the Condominium and to perform such other functions and duties as are imposed upon it by the Condominium Documents or by the Board of Directors.

6.4 Composition of Members. Each Unit Owner shall be a Member of the Association. The membership of the Association at all times shall consist exclusively of all the Unit Owners.

ARTICLE 7

ASSESSMENTS

7. Preparation of Budget.

(A) At least sixty (60) days before the beginning of each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a purchaser, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board of Directors believes will be required during the ensuing fiscal year to pay all Common Expenses including but not limited to, (i) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units, if any, which the Association has the responsibility of maintaining, repairing and replacing, (ii) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Condominium (iii) the amount required to render to the Unit Owners all services required to be rendered by the Association under the Condominium Documents, and (iv) such amounts as may be necessary to provide general operating reserves and reserves for contingencies and replacements. The budget shall separately reflect any Common Expenses to be assessed against less than all of the Units pursuant to Section 7.1 (E) and (F) of this Declaration.

(B) Within thirty (30) days after the adoption of a budget, the Board of Directors shall send to each Unit Owner a summary of the budget and a statement of the amount of the Common Expense Assessment assessed against the Unit of the Unit Owner in accordance with Section 7.1 of this Declaration. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as provided in Section 7.1 of this Declaration and, each Unit Owner shall continue to pay the Common Expense Assessment against his Unit as established for the previous fiscal year until notice of the Common Expense Assessment for the new fiscal year has been established by the Board of Directors.

(C) The Board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Unit Owners shall be required.

7.1 Common Expense Assessment.

(A) For each fiscal year of the Association commencing with the fiscal year in which the first Unit is conveyed to a Purchaser, the total amount of the estimated Common Expenses set forth in the budget adopted by the Board of Directors (except for the Common Expenses which are to be assessed against less than all of the Units pursuant to Subsections (E) and (F) of this Section) shall be assessed against each Unit in proportion to the Unit's Common Expense Liability as set forth in Section 2.2 of this Declaration. The amount of the Common Expense Assessment assessed pursuant to this Subsection (A) shall be in the sole discretion of the Board of Directors except that the Common Expense Assessment assessed pursuant to this Subsection (A) shall not exceed the maximum Common Expense Assessment for the fiscal year as computed pursuant to Subsection (B) of this Section. If the Board of Directors determines during any fiscal year that its funds budgeted or available for that fiscal year are, or will, become inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessments by Members, it may increase the Common Expense Assessment for that fiscal year and the revised Common Expense Assessment shall commence on the date designated by the Board of Directors except that no increase in the Common Expense Assessment for any fiscal year which would result in the Common Expense Assessment assessed pursuant to this Subsection (A) exceeding the maximum Common Expense Assessment for such fiscal year shall become effective until approved by Members entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose.

(B) The maximum Common Expense Assessment for each fiscal year of the Association shall be as follows:

(i) Until January 1 of the year immediately following conveyance of the first Unit to a Purchaser, the maximum Common Expense Assessment shall be ONE HUNDRED FORTY DOLLARS (\$140.00) for each Unit for the first year.

(ii) From and after January 1 of the year immediately following the conveyance of the first Unit to a Purchaser, the Board of Directors may, without a vote of the membership, increase the maximum Common Expense Assessment during each fiscal year of the Association from an initial base amount of ONE HUNDRED FORTY DOLLARS (\$140.00) per month per Unit, by an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (All Items), U.S. City Average, published by the United States

Department of Labor, Bureau of Labor Statistics (1967 = 100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefor by the United States government.

(iii) From and after January 1 of the year immediately following the conveyance of the first Unit to a Purchaser, the maximum Common Expense Assessment may be increased by an amount greater than the maximum increase allowed pursuant to (ii) above, only by a vote of Members entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose.

(iv) The maximum Common Expense Assessment shall apply only to the amount of the Common Expense Assessment assessed pursuant to Subsection (A) of this Section and shall not apply to the amount of Common Expenses assessed pursuant to Subsection (E) or (F) of this Section.

(C) The Common Expense Assessments shall commence as to all Units on the first day of the month following the conveyance of the first Unit to a Purchaser. The first Common Expense Assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board of Directors may require that the Common Expense Assessment or Special Assessments be paid in installments.

(D) Except as otherwise expressly provided for in this Declaration, all Common Expenses including, but not limited to, Common Expenses associated with the maintenance, repair and replacement of a Limited Common Element, shall be assessed against all of the Units in accordance with Subsection (A) of this Section.

(E) If any Common Expense is caused by the misconduct of any Unit Owner, the Association shall assess that Common Expense exclusively against his Unit.

(F) Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered, in proportion to their Common Expense Liabilities.

(G) The Common Expense Assessment for any Unit on which construction has not been substantially completed shall be an amount equal to twenty-five percent (25%) of the Common Expense Assessment for Units which have been substantially completed and conveyed to a Unit Owner other than Declarant. The Common Expense Assessment for any Unit which has been constructed but has not been conveyed by Declarant and is unoccupied shall be equal to fifty percent (50%) of the Common Expense Assessment for Units substantially completed and conveyed to a Unit Owner other than the

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Declarant. So long as any Unit owned by the Declarant qualifies for the reduced Common Expense Assessment provided for in this Subsection (G), the Declarant shall be obligated to pay to the Association any deficiency in the monies due to the Declarant having paid a reduced Common Expense Assessment and necessary for the Association to be able to timely pay all Common Expenses.

7.2 Special Assessments. In addition to Common Expense Assessments, the Association may levy, in any fiscal year of the Association, a special assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, including fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any Special Assessment shall have first been approved by Unit Owners representing two-thirds (2/3) of the votes in the Association who are voting in person or by proxy at a meeting duly called for such purpose. Unless otherwise specified by the Board of Directors, Special Assessments shall be due thirty (30) days after they are levied by the Association and notice of the Special Assessment is given to the Unit Owners.

7.3 Notice and Quorum for any Action Authorized Under Sections 7.1 or 7.2. Written notice of any meeting called for the purpose of obtaining the consent of the Members for any action for which the consent of the Members is required under Sections 7.1 or 7.2 shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast two-thirds (2/3) of all the votes in the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

7.4 Individual Service Assessments. In the event the Declarant or the Association elects to provide, either directly or indirectly, special service, including but not limited to water, power, telephone and cable television service to either the Owners of all Units or to those Owners who individually subscribe to such service, the Association may assess the Owners of each Unit using such services a fee to be determined by the Board of Directors of the Association which fee may be a function of the type and volume of such service.

PUBLIC A

7.5 Effect of Nonpayment of Assessments; Remedies of the Association.

(A) Any Assessment, or any installment of an Assessment, which is not paid within fifteen (15) days after the Assessment first became due shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum or the prevailing FHA/VA interest rate for new home loans, whichever is higher. In the event of any failure to pay any Assessment upon its due date a late charge of Ten Dollars (\$10.00) maybe charged.

(B) All Assessments, monetary penalties and other fees and charges imposed or levied against any Unit or Unit Owner shall be secured by the Assessment Lien as provided for in the Condominium Act. The recording of this Declaration constitutes record notice and perfection of the Assessment Lien and no further recordation of any claim of lien shall be required.

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

7.6 Subordination of Assessment Lien to Mortgages. The Assessment Lien shall be subordinate to the lien of any First Mortgage. Any First Mortgagee or any other party acquiring title or coming into possession of a Unit through foreclosure of a First Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title free and clear of any claims for unpaid Assessments, monetary penalties and other fees and charges against the Unit which became payable prior to such sale or transfer. Any delinquent Assessments, monetary penalties and other fees and charges which are extinguished pursuant to this Section may be reallocated and assessed to all Units as a Common Expense. Any Assessments, monetary penalties and other fees and charges against the Unit which accrue prior to such sale or transfer shall remain the obligation of the defaulting Unit Owner.

7.7 Exemption of Unit Owner. No Unit Owner may exempt himself from liability for payment of Assessments, monetary

penalties and other fees and charges levied pursuant to the Condominium Documents by waiver and nonuse of any of the Common Elements and facilities or by the abandonment of his Unit.

7.8 Certificate of Payment. The Association on written request shall furnish to a lienholder, Unit Owner or person designated by a Unit Owner a recordable statement setting forth the amount of unpaid Assessments against his Unit. The statement shall be furnished within twenty (20) business days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner. The Association may charge a reasonable fee in an amount established by the Board of Directors for each such statement.

7.9 No Offsets. All Assessments, monetary penalties and other fees and charges shall be payable in accordance with the provisions of this Declaration, and no offsets against such Assessments, monetary penalties and other fees and charges shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Condominium Documents or the Condominium Act.

7.10 Surplus Funds. Surplus funds of the Association remaining after payment of or provisions for Common Expenses and any prepayment of reserves may in the discretion of the Board of Directors either be returned to the Unit Owners pro rata in accordance with each Unit Owner's Common Expense Liability or be credited on a pro rata basis to the Unit Owners to reduce each Unit Owner's future Common Expense Assessments.

7.11 Monetary Penalties. In accordance with the procedures set forth in the Bylaws, the Board of Directors shall have the right to levy reasonable monetary penalties against a Unit Owner for violations of the Condominium Documents.

7.12 Working Capital Fund. To insure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each Purchaser of a Unit from the Declarant shall pay to the Association, immediately upon becoming the Unit Owner of the Unit, a sum equal to one-sixth (1/6th) of the Common Expense Assessment on his Unit for the then current fiscal year. Such amount shall be non-refundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

ARTICLE 8

INSURANCE

8. Scope of Coverage. Commencing not later than the date of the first conveyance of a Unit to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

(A) Property insurance on the Common Elements and Units, exclusive of improvements and betterments installed in Units by Owners, issued under a standard form "All Risk of Direct Physical Loss Form" in an amount equal to the maximum insurable replacement value of the Common Elements and Units as determined by the Board of Directors; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property insurance policy.

(B) Broad Form Comprehensive general liability insurance, for a limit to be determined by the Board, but not less than \$1,000,000.00 for any single occurrence. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements. Such policy shall include (i) a cross liability clause to cover liabilities of the Unit Owners as a group to a Unit Owner, (ii) medical payments insurance and contingent liability coverage arising out of the use of hired and nonowner automobiles, and (iii) coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party.

(C) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona.

(D) Directors' and officers' liability insurance covering all the directors and officers of the Association in such limits as the Board of Directors may determine from time to time.

(E) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Unit Owners.

(F) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(i) Each Unit Owner shall be an insured under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or his membership in the Association.

(ii) There shall be no subrogation with respect to the Association, its agents, servants, and employees against Unit Owners and members of their household.

(iii) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, shall void the policy or be a condition to recovery on the policy.

(iv) The coverage afforded by such policy shall be primary and shall not be brought into contribution or proration with any insurance which may be purchased by Unit Owners (designated by name if required by the insurer).

(v) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of the negligent acts of the Association or other Unit Owners.

(vi) The Association shall be the insured for use and benefit of the individual Unit Owners (designated by name if required by the insurer).

(vii) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the Association and each First Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial change in coverage or cancellation of the policy.

(viii) Any Insurance Trust Agreement will be recognized by the insurer.

(G) If there is a steam boiler used in connection with the Condominium, boiler explosion insurance evidenced by the standard form of boiler machinery insurance policy and providing coverage in the minimum amount of \$50,000.00 per accident per location.

(H) If the Condominium is located in an area identified by the Secretary of Housing & Urban Development as an area having special flood hazards, a "blanket policy" of flood insurance on the Condominium in the lesser of one hundred percent (100%) of the current replacement cost of the buildings and any other property covered on the required form of policy or the maximum limit of coverage available under the National Insurance Act of 1968, as amended.

(I) "Agreed Amount" and "Inflation Guard" endorsements.

8.1 Fidelity Bonds.

(A) The Association shall maintain blanket fidelity bonds for all 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 without limitation, officers, directors and employees of any management agent of the Association, whether or not they receive compensation for their services. The total amount of fidelity bonds maintained by the Association shall be based upon the best business judgment of the Board, and shall not be less than the greater of (i) the amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Condominium, (ii) the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond, or (iii) the sum equal to three months aggregate Common Expense Assessments on all Units plus reserve funds. Fidelity bonds obtained by the Association must also meet the following requirements:

(i) The fidelity bonds shall name the Association as an obligee;

(ii) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" of similar terms of expressions;

(iii) The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association and each First Mortgagee.

(B) The Association shall require any management agent of the Association to maintain its own fidelity bond in an amount equal to or greater than the amount of the fidelity bond to be maintained by the Association pursuant to Subsection (A) of this Section. The fidelity bond maintained by the management agent shall cover funds maintained in bank accounts of the management agent and need not name the Association as an obligee.

8.2 Payment of Premiums. Premiums for all insurance obtained by the Association pursuant to this Article shall be Common Expenses and shall be paid for by the Association.

8.3 Insurance Obtained by Unit Owners. The issuance of insurance policies to the Association pursuant to this Article shall not prevent a Unit Owner from obtaining insurance for his own benefit and at his own expense covering his Unit, his personal property and providing personal liability coverage.

8.4 Payment of Insurance Proceeds. Any loss covered by property insurance obtained by the Association in accordance with this Article shall be adjusted with the Association and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust for Unit Owners and lienholders as their interests may appear, and the proceeds shall be disbursed and applied as provided for in Section 33-1253 of the Condominium Act.

8.5 Certificate of Insurance. An insurer that has issued an insurance policy pursuant to this Section 8 of the Declaration shall issue certificates or memoranda of insurance to the Association and, on written request, to any Unit Owner, mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy shall not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner, and each mortgagee or beneficiary under a deed of trust to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

ARTICLE 9

RIGHTS OF FIRST MORTGAGEES

9. Notification to First Mortgagees. Upon receipt by the Association of a written request from a First Mortgagee or insurer or governmental guarantor of a First Mortgage informing the Association of its correct name and mailing address and number or address of the Unit to which the request relates, the Association shall provide such Eligible Mortgage Holder or Eligible Insurer or Guarantor with timely written notice of the following:

(A) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor;

(B) Any delinquency in the payment of Assessments or charges owed by a Unit Owner subject to a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor or any other default in performance by the Unit Owner of any obligation under the Condominium Documents, which delinquency or default remains uncured for the period of sixty (60) days;

(C) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

EXHIBIT 4

(D) Any proposed action which requires the consent of a specified percentage of Eligible Mortgage Holders as set forth in Section 9.1 of this Declaration.

9.1 Approval Required for Amendment to Declaration, Articles or Bylaws.

(A) The approval of Eligible Mortgage Holders holding First Mortgages on Units the Unit Owners of which have at least fifty-one percent (51%) of the votes in the Association allocated to Unit Owners of all Units subject to First Mortgages held by Eligible Mortgage Holders shall be required to add or amend any material provisions of the Declaration, Articles or Bylaws which establish, provide for, govern or regulate any of the following:

- (i) Voting rights;
- (ii) Assessments, assessment liens or subordination of assessment liens;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
- (iv) Insurance or fidelity bonds;
- (v) Responsibility for maintenance and repairs;
- (vi) Expansion or contraction of the Condominium, or the addition or annexation of property to the Condominium;
- (vii) Boundaries of any Unit;
- (viii) Reallocation of interests in the Common Elements or Limited Common Elements or rights to their use;
- (ix) Convertability of Units into Common Elements or of Common Elements into Units;
- (x) Leasing of Units;
- (xi) Imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- (xii) A decision by the Association to establish self management when professional management had been required previously by an Eligible Mortgage Holder;

(xiii) Restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;

(xiv) Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs;

(xv) Any provisions which expressly benefit First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors.

(B) Any action to terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation of the Condominium must be approved by Eligible Mortgage Holders holding mortgages on Units, the Unit Owners of which have at least seventy-five percent (75%) of the votes in the Association allocated to Unit Owners of all Units subject to First Mortgages held by Eligible Mortgage Holders.

(C) Any First Mortgagee who receives a written request to approve additions or amendments to the Declaration, Articles or Bylaws, which additions or amendments are not material, who does not deliver or mail to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request. Any addition or amendment to the Declaration, Articles or Bylaws shall not be considered material if it is for the purpose of correcting technical errors or for clarification only.

(D) The approvals required by this Section shall not apply to amendments that may be executed by the Declarant in the exercise of its Development Rights.

9.2 Prohibition Against Right of First Refusal. The right of a Unit Owner to sell, transfer or otherwise convey his Unit shall not be subject to any right of first refusal or option to purchase or similar restriction.

9.3 Right of Inspection of Records. Any Unit Owner, First Mortgagee or Eligible Insurer or Guarantor will, upon written request, be entitled to (i) inspect the current copies of the Condominium Documents and the books, records and financial statements of the Association during normal business hours, (ii) receive within ninety (90) days following the end of any fiscal year of the Association, an audited financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party, and (iii) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings.

9.4 Prior Written Approval of First Mortgagees. Except as provided by statute in case of condemnation or substantial loss to the Units or the Common Elements, unless at least two-thirds (2/3) of all First Mortgagees (based upon one vote for each First Mortgage owned) or Unit Owners (other than the Declarant or other sponsor, developer or builder of the Condominium) of the Units have given their prior written approval, the Association shall not be entitled to:

(A) By act or omission, seek to abandon or terminate this Declaration or the Condominium;

(B) Change the pro rata interest or obligations or 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 share 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 shall not be deemed a transfer within the meaning of this Subsection;

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

Nothing contained in this Section or any other provision of this Declaration shall be deemed to grant the Association the right to partition any Unit without the consent of the Owners thereof. Any partition of a Unit shall be subject to such limitations and prohibitions as may be set forth elsewhere in this Declaration or as provided under Arizona law.

9.5 Liens Prior to First Mortgage. All taxes, assessments, and charges which may become liens prior to the First Mortgage under local law shall relate only to the individual Unit and not to the Condominium as a whole.

9.6 Condemnation or Insurance Proceeds. No Unit Owner, or any other party, shall have priority over any rights of any First Mortgagee of the Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

9.7 Limitation on Partition and Subdivision. No Unit shall be partitioned or subdivided without the prior written approval of the holder of any First Mortgage on such Unit.

9.8 Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Article and any other provision of the Condominium Documents, the provisions of this Article shall prevail; provided, however, that in the event of any conflict or inconsistency between the different Sections of this Article or between the provisions of this Article and any other provision of the Condominium Documents with respect to the number or percentage of Unit Owners, First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors that must consent to (i) an amendment of the Declaration, Articles or Bylaws, (ii) a termination of the Condominium, or (iii) certain actions of the Association as specified in Sections 9.1 and 9.4 of this Declaration, the provision requiring the consent of the greatest number or percentage of Unit Owners, First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors shall prevail; provided, however, that the Declarant, without the consent of any Unit Owner or First Mortgagee being required, shall have the right to amend this Declaration, the Articles or the Bylaws in order to comply with (i) the Condominium Act, (ii) the requirements or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or (iii) the rules or requirements of any federal, state or local governmental entity or agency whose approval of the Condominium, the Plat or the Condominium Documents is required by law or requested by the Declarant.

ARTICLE 10

GENERAL PROVISIONS

10. Enforcement. The Association, or any Unit Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Condominium Documents. Failure by the Association or by any Unit Owner to enforce any covenant or restriction contained in the Condominium Documents shall in no event be deemed a waiver of the right to do so thereafter.

10.1 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

10.2 Duration. The covenants and restrictions of this Declaration shall run with and bind the Condominium, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

10.3 Termination of Condominium. The Condominium may be terminated in the manner provided for in the Condominium Act.

10.4 Amendment.

(A) Except in cases of amendments that may be executed by a Declarant in the exercise of its Development Rights under Section 33-1220 of the Condominium Act, by the Association under Section 33-1206 or 33-1216(D) of the Condominium Act, or by certain Unit Owners under Section 33-1218(B), Section 33-1222, Section 33-1223 or Section 33-1228(B) of the Condominium Act, and except to the extent permitted or required by other provisions of the Condominium Act, the Declaration, including the Plat, may be amended only by a vote of the Unit Owners to which at least seventy-five percent (75%) of the votes in the Association are allocated.

(B) Except to the extent expressly permitted or required by the Condominium Act, an amendment to the Declaration shall not create or increase Special Declarant Rights, increase the number of Units or change the boundaries of any Unit, the allocated interest of a Unit, or the use as to which any Unit is restricted, in the absence of unanimous consent of the Unit Owners.

(C) An amendment to the Declaration shall not terminate or decrease any unexpired Development Right, Special Declarant Right or Period of Declarant Control unless the Declarant approves the amendment in writing.

(D) During the Period of Declarant Control, the Declarant shall have the right to amend the Declaration, including the Plat, to comply with (i) the Condominium Act, (ii) the rules or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments, including without limitation, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or (iii) the rules or requirements of any federal, state or local governmental entity or agency whose approval of the Condominium, the Plat or the Condominium Documents is required by law or requested by the Declarant.

(E) During the Period of Declarant Control, the Declarant shall have the right to amend the Declaration or the Plat to comply with applicable law or to correct any error or

7

inconsistency in the Declaration or the Plat if the amendment does not adversely affect the rights of any Unit Owner.

(F) Any amendment adopted by the Unit Owners pursuant to Subsection (A) above shall be signed by the President or Vice President of the Association and shall be recorded with the County Recorder of each County in which any portion of the Condominium is located. Any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarant pursuant to Subsection (D) or (E) of this Section shall be executed by the Declarant and shall be recorded with the County Recorder of each County in which any portion of the Condominium is located.

10.5 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

10.6 Notices. All notices, demands, statements or other communications required to be given or served under this Declaration shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed as follows: (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Association or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Declarant, or the Architectural Committee, to 16605 East Palisades Boulevard, Suite 144, Fountain Hills, Arizona 85268; or such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. A Unit Owner may change his address on file with the Association for receipt of notices by delivering a written notice of change of address to the Association pursuant to this Section. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Unit is owned by more than one person, notice to one of the Unit Owners shall constitute notice to all Unit Owners of the same Unit. Each Unit Owner shall file his correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

10.7 Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any portion of the Condominium, each person or entity, for himself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by the Condominium Documents and any amendments thereof. In addition, each such person by so doing thereby acknowledges that the Condominium Documents set forth a general scheme for the

improvement and development of the real property covered thereby and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in the Condominium Documents 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 understands and acknowledges that the Condominium Documents shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Unit Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the Units and the membership in the Association and the other rights created by the Condominium Documents shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit.

10.8 Gender. The singular, wherever used in this Declaration, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this Declaration apply either to corporations or individuals, or men or women, shall in all cases be assumed as though in each case fully expressed.

10.9 Topic Headings. The marginal or topical headings of the sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of the sections or of this Declaration.

10.10 Survival of Liability. The termination of membership in the Association shall not relieve or release any such former Owner or Member from any liability or obligation incurred under, or in any way connected with, the Association during the period of such ownership or membership, or impair any rights or remedies which the Association may have against such former Owner or Member arising out of, or in any way connected with, such ownership or membership and the covenants and obligations incident thereto.

10.11 Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, Bylaws, Association Rules or Architectural Committee Rules, the provisions of this Declaration shall prevail.

10.12 Joint and Several Liability. In the case of joint ownership of a Unit, the liabilities and obligations of each of the joint Unit Owners set forth in, or imposed by, the Condominium Documents shall be joint and several.

10.13 Guests and Tenants. Each Unit Owner shall, to the extent required by Arizona law, be responsible for compliance by his agents, tenants, guests, invitees, licensees and their

respective servants, agents, and employees with the provisions of the Condominium Documents. A Unit Owners' failure to insure compliance by such persons shall be grounds for the same action available to the Association or any other Unit Owner by reason of such Unit Owner's own noncompliance.

10.14 Attorneys' Fees. In the event the Declarant, the Association or any Unit Owner employs an attorney or attorneys to enforce a lien or to collect any amounts due from a Unit Owner or to enforce compliance with or recover damages for any violation or noncompliance with the Condominium Documents, the prevailing party in any such action shall be entitled to recover from the other party their reasonable attorneys' fees incurred in the action.

10.15 Number of Days. In computing the number of days for purposes of any provision of the Condominium Documents, all days shall be counted including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.

10.16 Declarant's Right to Use Similar Name. The Association hereby irrevocably consents to the use by any other nonprofit corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association provided one or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other nonprofit corporation formed or incorporated by the Declarant to use a corporate name which is the same or deceptively similar to the name of the Association.

10.17 Notice of Violation. The Association shall have the right to record a written notice of a violation by any Unit Owner of any restriction or provision of the Condominium Documents. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (i) the name of the Unit Owner; (ii) the legal description of the Unit against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Unit Owner to cure the violation. Recordation of a Notice of Violation shall serve as a notice to the Unit Owner and to any subsequent purchaser of the Unit that there is a violation of the provisions of the Condominium Documents. If, after the recordation of such notice, it is determined by the

Association that the violation referred to in the notice does not exist or that the actual violation referred to in the notice has been cured, the Association shall record a notice of compliance which shall state the legal description of the Unit against which the Notice of Violation, and shall state that the violation referred to in the Notice of Violation has been cured, or if such be the case, that it did not exist.

IN WITNESS WHEREOF, the Declarant has executed this Declaration on this 21 day of MARCH, 1995.

SCOTT PROPERTIES, INC., an Arizona corporation

BY: [Signature]
Its: PRESIDENT

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 21 day of MARCH, 1995, by GARY MARTINSON, the PRESIDENT of Scott Properties, Inc., an Arizona corporation, on behalf of the Corporation.



Diane Cordaro
Notary Public

My Commission Expires:
11-2-96

EXHIBIT "A"

Mirage Heights Condominiums

Declaration of Condominium

Town of Fountain Hills, Arizona

A subdivision of a portion of the south 1/2 of Section 11 and a portion of the north 1/2 of Section 14, Township 3 North, Range 6 East of the Gila & Salt River Base & meridian Maricopa County, Arizona

MIRAGE HEIGHTS CONDOMINIUMS

FINAL PLAT

Declaration of Condominium
Town of Fountain Hills, Arizona
A SUBDIVISION OF A PORTION OF THE SOUTH 1/2 OF SECTION 11 AND
A PORTION OF THE NORTH 1/2 OF SECTION 14, TOWNSHIP 3 NORTH,
RANGE 6 EAST OF THE GILA & SALT RIVER BASE & MERIDIAN
MARICOPA COUNTY, ARIZONA

Notes:

1. THE DEVELOPER HAS OBTAINED ALL NECESSARY PERMITS FROM THE MARICOPA COUNTY HEALTH DEPARTMENT AND THE MARICOPA COUNTY WATER SUPPLY DEPARTMENT.
2. THE DEVELOPER HAS OBTAINED ALL NECESSARY PERMITS FROM THE MARICOPA COUNTY HEALTH DEPARTMENT AND THE MARICOPA COUNTY WATER SUPPLY DEPARTMENT.
3. THE DEVELOPER HAS OBTAINED ALL NECESSARY PERMITS FROM THE MARICOPA COUNTY HEALTH DEPARTMENT AND THE MARICOPA COUNTY WATER SUPPLY DEPARTMENT.
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20. THE DEVELOPER HAS OBTAINED ALL NECESSARY PERMITS FROM THE MARICOPA COUNTY HEALTH DEPARTMENT AND THE MARICOPA COUNTY WATER SUPPLY DEPARTMENT.

Assumed Water Supply

THE DEPARTMENT OF WATER RESOURCES HAS DETERMINED THAT CHAPARRAL CITY WATER COMPANY HAS A CONDITIONAL PRESUMPTION OF AN ASSURED WATER SUPPLY.



Dedication

THE STATE OF ARIZONA
COUNTY OF MARICOPA

KNOW ALL MEN BY THESE PRESENTS, THAT SCOTT INVESTMENTS, INC., AN ARIZONA CORPORATION, HAS HEREBY DEDICATED TO THE PUBLIC USE OF THE STATE OF ARIZONA, THE MARICOPA COUNTY WATER SUPPLY DEPARTMENT, AND THE MARICOPA COUNTY HEALTH DEPARTMENT, THE FOLLOWING DESCRIBED PROPERTY, TO WIT: A PORTION OF THE SOUTH 1/2 OF SECTION 11 AND A PORTION OF THE NORTH 1/2 OF SECTION 14, TOWNSHIP 3 NORTH, RANGE 6 EAST OF THE GILA & SALT RIVER BASE & MERIDIAN, MARICOPA COUNTY, ARIZONA.

Site Data

Total Site Area: 15.5 Acres
Total Area of Lot: 15.5 Acres
Total Area of Unit: 15.5 Acres
Total Area of Common Area: 15.5 Acres
Project Name: MIRAGE HEIGHTS
Project Number: 155

Lot Coverage

Residential Building: 15.5%
Total Lot Coverage: 15.5%
Lot Coverage Prescribed: 15.5%
Lot Coverage Prescribed: 15.5%

Certification

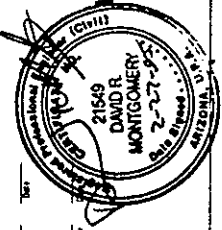
I, the undersigned, being duly qualified, do hereby certify that the information furnished and stated herein is true and correct to the best of my knowledge and belief, and that I am a duly qualified and licensed professional engineer in the State of Arizona.

Developer

SCOTT INVESTMENTS, INC.
1555 W. WILLOW AVE.
PHOENIX, ARIZONA 85015
Phone: (602) 957-1555

Approvals

Approved by the Town Council of Fountain Hills, Arizona
Approved by the Town Engineer and the Community Development Director
Approved by the Town Engineer and the Community Development Director



Acknowledgement

STATE OF ARIZONA
COUNTY OF MARICOPA

ON THIS DAY OF _____, 1995, BEFORE ME, the undersigned, a Notary Public in and for the State of Arizona, appeared the following persons, who are known to me to be the persons whose names are subscribed to the foregoing instrument, and they acknowledged to me that they executed the same for the purposes and consideration therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of my office, at Fountain Hills, Arizona, this _____ day of _____, 1995.

SCOTT INVESTMENTS, INC.
BY: _____

Engineer

DAVID R. MONTGOMERY
21549
MONTGOMERY
PHOENIX, ARIZONA 85015
Phone: (602) 957-1555

Acknowledgement

STATE OF ARIZONA
COUNTY OF MARICOPA

ON THIS DAY OF _____, 1995, BEFORE ME, the undersigned, a Notary Public in and for the State of Arizona, appeared the following persons, who are known to me to be the persons whose names are subscribed to the foregoing instrument, and they acknowledged to me that they executed the same for the purposes and consideration therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of my office, at Fountain Hills, Arizona, this _____ day of _____, 1995.

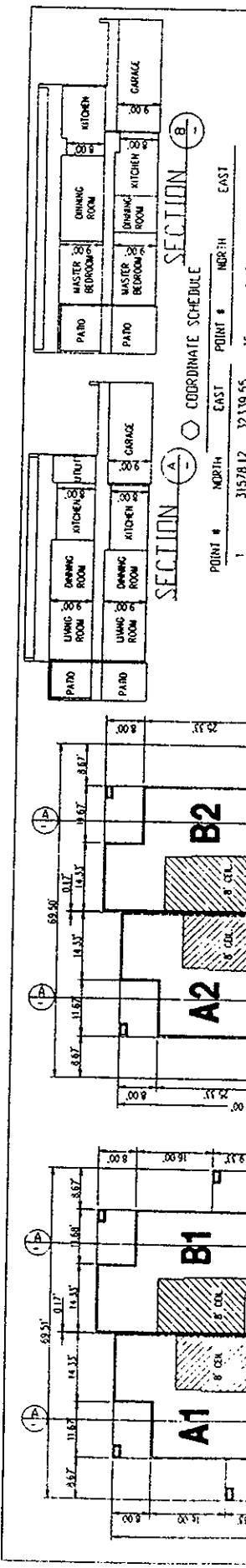
BY: _____

Basis of Bearing

THE BEARING OF EACH LINE OF THE ABOVE DESCRIBED SECTION IS BASED UPON THE QUARTER CORNER TO QUARTER CORNER SECTION 11 AND SECTION 14, TOWNSHIP 3 NORTH, RANGE 6 EAST OF THE GILA & SALT RIVER BASE & MERIDIAN, MARICOPA COUNTY, ARIZONA.

MONTGOMERY ENGINEERING & MANAGEMENT

16844 AVENUE OF THE FOUNTAINS SUITE 201
FOUNTAIN HILLS, ARIZONA 85288
(602) 837-1848

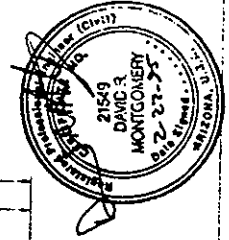


COORDINATE SCHEDULE

POINT #	NORTH	EAST	POINT #	NORTH	EAST
1	31578.12	32339.65	35	31170.22	33183.03
2	31502.37	32333.02	36	31171.59	33204.13
3	31499.28	32398.00	37	31169.29	33206.29
4	31572.54	32404.31	38	31171.44	33341.23
5	31530.91	32486.66	39	31239.37	33334.57
6	31500.70	32476.09	40	31237.22	33279.63
7	31526.34	32560.28	41	31261.92	33250.66
8	31464.04	32538.48	42	31272.27	33304.66
9	31516.97	32602.54	43	31338.44	33387.90
10	31444.92	32578.50	44	31328.08	33231.90
11	31424.19	32639.31	45	31438.96	33205.55
12	31496.25	32664.15	46	31450.14	33248.09
13	31452.70	32744.93	47	31516.37	33226.56
14	31421.29	32738.93	48	31505.13	33184.02
15	31394.02	32808.86	49	31490.35	33328.77
16	31458.81	32818.44	50	31473.35	33383.30
17	31472.04	32954.54	51	31541.44	33398.07
18	31403.60	32967.12	52	31548.45	33313.49
19	31409.06	33010.77	53	31531.23	33416.76
20	31477.50	32998.18	54	31507.53	33435.42
21	31379.34	32908.42	55	31523.49	33498.43
22	31347.85	32953.48	56	31527.19	33479.77
23	31289.70	32917.74	57	31589.55	33564.40
24	31321.19	32872.67	58	31557.69	33567.44
25	31289.71	32874.38	59	31550.51	33619.45
26	31302.09	32820.81	60	31616.21	33613.17
27	31234.80	32809.37	61	31613.53	33690.29
28	31222.42	32862.94	62	31547.71	33695.45
29	31191.80	32862.91	63	31562.43	33757.71
30	31194.87	32808.02	64	31594.24	33760.07
31	31123.55	32863.10	65	31531.58	33828.44
32	31126.62	32808.21	66	31520.60	33892.91
33	31194.05	33139.68	67	31595.53	33805.35
34	31143.29	33118.57	68	31606.51	33841.28

UNIT TYPE AIRSPACE UNIT NO.

A1	14,043 CF	101, 103
A2	10,272 CF	201, 203
B1	14,043 CF	102, 104
B2	10,272 CF	202, 204
C1	16,516 CF	105, 107, 109, 111, 113, 115, 117
C2	13,268 CF	205, 207, 209, 211, 213, 215, 217
D1	16,516 CF	106, 108, 110, 112, 114, 116, 118
D2	13,268 CF	206, 208, 210, 212, 214, 216, 218



Unofficial Document

SECOND FLOOR PLAN

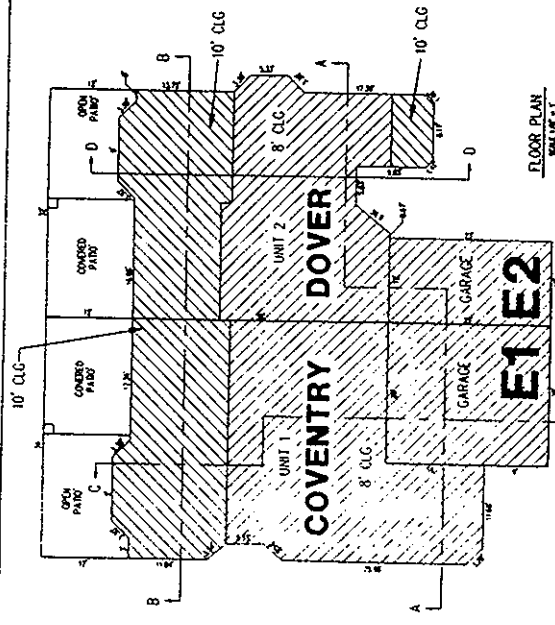
FIRST FLOOR PLAN

SECOND FLOOR PLAN

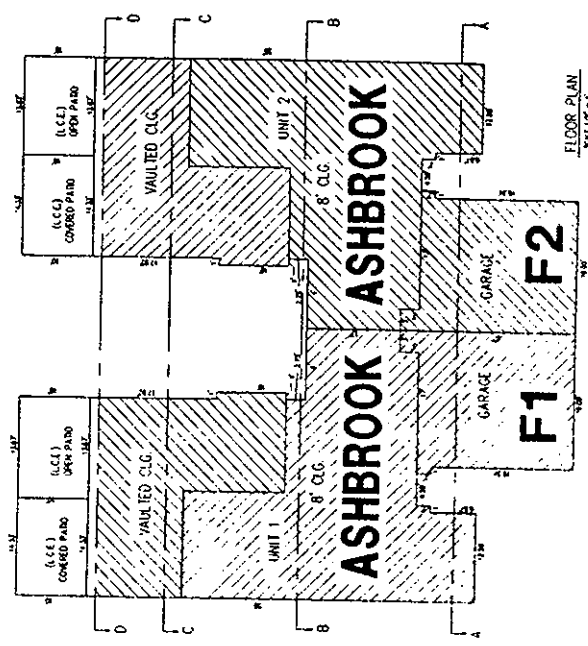
FIRST FLOOR PLAN

SCALE: 1" = 10'

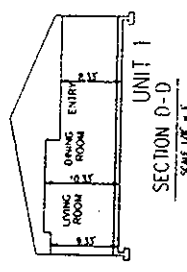
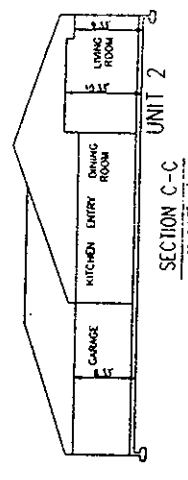
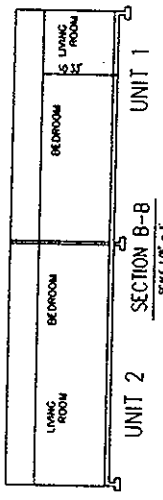
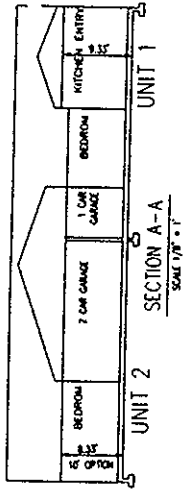
MIRAGE HEIGHTS CONSULTING
 MONTGOMERY ENGINEERING & MANAGEMENT
 FLOOR PLANS & SECTIONS



FLOOR PLAN
SCALE 1/8" = 1'-0"
CON-009

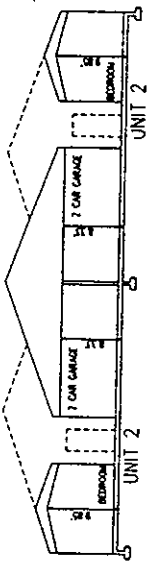
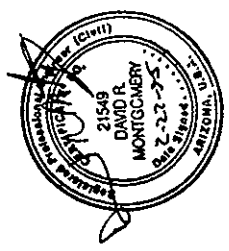


FLOOR PLAN
SCALE 1/8" = 1'-0"
451-139

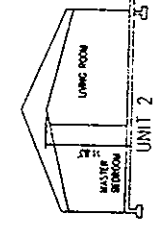


Unofficial Document

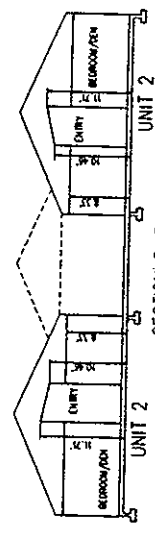
UNIT TYPE	AIRSPACE	UNIT NO.
E1	16,970 C.F.	3, 5, 9, 13
E2	14,960 C.F.	4, 6, 10, 14
F1	13,571 C.F.	1, 7, 11, 15
F2	13,571 C.F.	2, 8, 12, 16



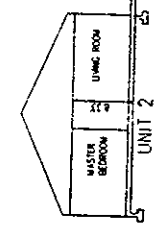
SECTION A-A
SCALE 1/8" = 1'-0"



SECTION C-C
SCALE 1/8" = 1'-0"



SECTION B-B
SCALE 1/8" = 1'-0"



SECTION D-D
SCALE 1/8" = 1'-0"

URPACE CONDORINIUMS
FLOOR PLAN AND SECTIONS

MONTGOMERY ENGINEERING & MANAGEMENT

21549
DAVID R. MONTGOMERY
PROFESSIONAL ENGINEER (Civil)
STATE OF ARIZONA
EXPIRES 2-27-25

20090398685,05/05/2009 09:47,02432-2-1-1--,N

When recorded, return to:

Ekmark & Ekmark, L.L.C.
6720 N. Scottsdale Road, Suite 261
Scottsdale, Arizona 85253

Electronic Recording.

Certificate of Amendment to
Condominium Declaration for Mirage Heights Condominiums

Mirage Heights Condominiums Homeowners Association, Inc. ("Association") is governed by the Condominium Declaration for Mirage Heights Condominiums, recorded at Recording Number 95-0181699, records of Maricopa County, Arizona Recorder, (the "Declaration"), and governs the property described in Exhibit A attached to the Declaration and as shown on the Final Plat, Mirage Heights Condominium, recorded in Book 394 of Maps, at Page 21, records of Maricopa County, Arizona Recorder.

The Association, by and through its members, hereby amends the Declaration as follows:

- (1) Article 4, Section 4.3 of the Declaration is amended in its entirety to read as follows:

"4.3 Improvements and Alterations. Any Unit Owner may make nonstructural additions, alterations and improvements within his Unit without the prior written approval of the Architectural Committee, but such Unit Owner shall, to the extent required by Arizona law, be responsible for any damage to other Units and to the Common Elements which results from any such alterations, additions or improvements. No Person shall make any structural additions, alterations or improvements within a Unit, unless prior to the commencement of each addition, alteration or improvement, the Unit Owner receives the prior written approval of the Architectural Committee and an architect or engineer, licensed in Arizona, certifies that such addition, alteration or improvement will not impair the structural integrity of the Building within which such addition, alteration or improvement is to be made. No Person shall make any additions, alterations or improvements to Limited Common Elements unless prior to the commencement of each addition, alteration or improvement, the Owner of the Unit to which the Limited Common Element is allocated receives the prior written approval of the Architectural Committee. The Unit Owner shall, to the extent required by Arizona law, be responsible for any damage to other Units and to the Common Elements which results from any such additions, alterations or improvements. Notwithstanding the foregoing, no addition, alteration or improvement within a Unit, whether structural or not, which would be visible from the exterior of the Building in which the Unit is located, shall be made without the prior written approval of the adjoining Unit Owner and the Architectural Committee."

