DECLARATION

OF

COVEANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made this 12th day of August, 1982, by Lawyers Title of Arizona, an Arizona corporation, as trustee hereinafter referred as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Maricopa, State of Arizona, which is more particularity described in Exhibit A, attached herein and made a part hereof.

NOW THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed and occupied subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1

DEFINITIONS

Section 1. "Association" shall mean and refer to HAYWARD PLACE ASSOCIATION, or its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, or to his contract purchaser, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as they hereafter be brought within the jurisdiction of the Association, in accordance with the provision of this Declaration.

Section 4. "Common Area" shall mean all real property (including improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described on Exhibit A.

The common elements shall remain undivided and shall, at all times, be owned the Association or its successors, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the common elements.

Section 5. "Lot" shall mean and refer to any subdivided unit of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Lawyers Title of Arizona as trustee, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Mortgage," "Mortgagor," and "Mortgagee" shall mean and refer to all instruments establishing a security interest, including deeds of trust, and shall include trustors, trustees, and beneficiaries under deeds of trust.

Section 8. "Developer" shall mean and refer to any person or entity which is or may be the builder of a major portion of the residential dwellings on the properties.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations after hearing by the Board of Directors of the Association; and

(c) The right of the Association to dedicate or transfer easements or permits over all or any part of the Common Area or to dedicate or transfer all or any part of the common area, to any public agency, authority, or utility for such purposes and subject to such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members has been recorded;

(d) Except as to the Association's rights set forth in © above, neither the Common Area nor facilities located thereon may be alienated, released, transferred, hypothecated, or otherwise encumbered without approval of all holders of first mortgage liens on the lots described herein;

(e) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and facilities.

Section 3. Delegation of Use. Any owner may delegate in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family or his tenants. The rights and privileges of each person or persons are subject to penalties or court proceedings to the same extent as those of the owner.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

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

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

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

(b) Within three (3) years from the date of recordation of this Declaration.

Section 3. In the event of annexation in accordance with Article XIV and Exhibit "B" herein, the units annexed shall be considered as if they were an original part of the subdivision for all purposes, including the calculation of Class A and B members above. In no event, however, shall Class B membership continue past three years from recordation hereof.

Section 4. In the event any owner is in arrears in the payment of any amount due, pursuant to any provision of this Declaration, for a period of 15 days, or shall be in default in the performance of any provisions of this Declaration of 15 days, said owner's rights to vote as a member of the Association shall be suspended and shall remain suspended until all payments are brought current and for a period not to exceed 60 days in the case of defaults.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal

obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and the homes situated upon the properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment per lot shall be Five Hundred forty dollars ($540) per lot.

(a) From and after January 1, of the year immediately following the conveyance of t he first Lot to an Owner, the maximum annual assessment may be decreased each year not more than 7% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 7% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Replacement Fund. The annual maintenance assessment shall include an amount for a replacement fund, which the Board of Directors determines to be adequate for the maintenance, repair, and replacement of Common Area improvements and such amount shall be set aside as a pro rata portion of each installment of the maintenance assessments.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost not covered by the replacement of a capital improvement upon the common area or replacement of damaged or destroyed

common elements or dwellings where the owner or owners thereof have failed to replace or rebuild pursuant to Article X herein, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for that purpose, or at an annual meeting.

Section 6. Notice and Quorum for Any Action Authorized Under Section 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 5 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis, provided, however, that Developer may pay scaled down rate (on annual assessments only) which shall be not less than twenty-five percent (25%) of the fixed uniform rate with respect to lots which are developed but unsold and unoccupied. The full assessment shall immediately and permanently attach to any lot upon the first occupancy of a dwelling thereon and if the Developer is paying a reduced assessment, it shall make up any deficits in the Association budget.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a

reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the statue of assessments on a lot is binding upon the Association as of the date of it issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same. Or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding or proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereon.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives by the Board.

ARTICLE VI

PARTY WALLS

The rights and duties of the owners of any lots within this townhouse project with respect to party walls shall be governed by the following:

(a) Each wall, including patio walls, which is constructed as part of the original construction of the townhouse multifamily structure, any part of which is placed on the dividing line between separate townhouse units, shall constitute a party wall. With respect to any such wall, each of the adjoining owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herein, the general rules of law regarding party walls shall be applied thereto.

(b) In the event any such party wall is damaged or destroyed through the act of one adjoining owner, or any of his guests, tenants, licensees, agents or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining owner of the full use and enjoyment of such wall, then, the first of such owners shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining owner.

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining owners, his agents, tenants, incenses, guests or family (including ordinary wear and tear and deterioration form lapse of time) then, in such event, both such adjoining owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint equal expense.

(d) Notwithstanding any other provisions of this Article, an owner who, by his negligent or willful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) The right of any owner to contribution form any other owner under this Article shall be appurtenant to the land and shall pass to such owner’s successors in title.

(f) In addition to meeting the other requirements of these restrictive covenants and of any building code or similar regulations or ordinances, any owner proposing to modify, make additions to or rebuild his townhouse in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining owner.

(g) In the event of a dispute between owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then, upon written request of one of such owners addressed to the Association. The matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, on chosen by each of t he owners and the third by the two so chosen, or, if the arbitrators cannot agree as to the selection of the third arbitrator within five days, then by any judge of the Superior Court of the State of Arizona, in Maricopa County. A determination of the matter signed by any two of the three arbitrators shall be binding upon the owners, who shall share the cost of arbitration equally. In event one party fails to choose an arbitrator within 10 days after personal receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators.

(h) These convents shall be binding upon the heirs and assigns of any owner, but no person shall be liable for any act or omission respecting any party wall except such as took place while an owner.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, or guests, or tenants or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such lot is subject.

ARTICLE VII

EXTERIOR MAINTANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each lot which is subject to assessment hereunder, as follows: Paint, repair, replacement and care for

roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, or guests, or tenants or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such lot is subject.

ARTICLE VIII

MAINTENANCE OF SEWER FACILITIES

In addition to maintenance upon the Common Area, the Association shall provide maintenance for the private sewer systems located upon the Common Area and the lots as follows: Repair, replace and clean all sewer lines from points of origination to intersection with public sewer facilities.

ARTICLE IX

INTERIOR AND OTHER MAINTENANCE

Each owner of a Lot shall be responsible for the upkeep and maintenance of the interior of his townhouse and for the upkeep and maintenance of individual patios, all other areas, features, or parts of his townhouse and property not otherwise maintained by the Association. All fixtures and equipment installed within a townhouse unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a townhouse unit, shall be maintained and kept in repair by the owner thereof. Termite control shall be responsibility of the owner. An owner shall do no act nor any work that will impair any easement or hereditament, nor do ay act nor allow any condition to exist which will adversely affect the other townhouse units or their owners.

ARTICLE X

The Board of Directors, or its duly authorized agent, shall have the right and power to obtain insurance for all the buildings, including all townhouses, against loss or damage by fire, or other hazards in an amount sufficient to cover 90 percent of the replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy covering all common elements. Premiums for such insurance shall be common expenses. Such insurance coverage shall

be written in the name of the Board of Directors as trustee for each of the townhouse owners proportionately. Nothing contained herein shall prejudice the right of each owner to insure his own townhouse for his own benefit. It shall be the individual responsibility of each owner to provide, as he sees fit, homeowner's liability insurance, theft and other insurance covering personal property damage and loss. In the event of damage or destruction to the property by fire or other casualty, the Board of Directors shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, the amounts of which bank or institution are insured by a Federal governmental agency, with the proviso agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one third of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall contract with any licensed contractor, who shall by required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition, as formerly, the Board of Directors shall levy a special assessment against all townhouse owners to make up any deficiency. The same shall apply in the event of destruction or damage to any common element. In the event such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the respective mortgages and owners as their interest may appear. The assessments shall be levied against said townhouse owners in proportion to their ownership interest in the Properties. Nothing in the paragraph shall be construed to damage or affect the rights or priorities of any mortgage lien or equivalent security interest in either the individual unit or common area.

ARTICLE XI

DAMAGE OR DESTRUCTION OF PROPERTY

In the event any common element is damaged or destroyed by an owner or any of his guests, tenants, licensees, agents, or members of his family, such owner does hereby irrevocably authorize the Association to repair said damaged element, and the Association so repair said damaged element in good workmanlike manner in substantial conformance with the original plans and specifications. The owner if found legally

liable under Arizona State law, shall then repay the Association in the amount actually expended for such repairs.

In the even any townhouse is damaged or destroyed by an owner or any of his guests, tenants, licensees, agents or members of his family, such owner shall be subject to the liability imposed upon him by Arizona State law, if any, but he shall not be required to rebuild after destruction by fire or other casualty loss, although the Association may require clearance of the lot within a reasonable time after the destruction of the unit. The Association shall obtain, if available, an insurance policy which contains a replacement cost endorsement providing for replacement of the unit from insurance loss proceeds and shall seek such additional endorsements as may be necessary to assure the continuation of full replacement cost coverage with respect to the reconstruction. Under such circumstances, any shortfall of funds necessary to rebuild the unit by reason of undercoverage through the blanket policy may be obtained through a special assessment levied against all unit owners.

Each lot owner further agrees these charges for repairs if not paid within ten days after completion of the work, shall be delinquent and shall become a lien upon said owner's lot and townhouse and shall continue to be such lien until fully paid. Said lien shall be subordinate to any first mortgage or encumbrance on the subject property. Said charges shall bear interest from the date of delinquency at the rate of 12 percent per annum. The amount of principal and interest owed by said owner to the Association shall be a debt, and shall be collectible by any lawful procedure allowed by the laws of the State of Arizona.

Each such owner, by his acceptance of a deed to a lot and townhouse, hereby expressly vests in the Association or its agent the right and power to bring all actions against such owner for the collection of such charges and to enforce the aforesaid lien by all methods available for the enforcement of such liens and such owner hereby expressly grants to the Association a power of sale in connection with said lien.

Nothing contained in this Article shall be construed in any way so as to relieve any insurance company from the payment of any and all amounts which would be payable under any policy or policies, had not this Article been inserted.

In the event of a dispute between an owner and the Board of Directors with respect to the cause of damage or the extent of repairs necessitated or with respect to the cost thereof, then, upon written request of the owner, addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association or its Board of Directors. If not such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by the Board of Directors, one chosen by the owner, and these two arbitrators shall then choose a third arbitrator. If the two arbitrators cannot agree as to the selection of the third arbitrator, then the third arbitrator shall be selected by any judge of the Superior Court of the State of Arizona in Maricopa County. A determination by any two of the three arbitrators shall be binding upon the owner and the Association, who shall share the cost of arbitration equally. In the event one party fails to choose an arbitrator within ten days after personal receipt of a request in writing for arbitration from t he other party, then said other party shall have the right and power to choose both arbitrators.

ARTICLE XII

USE RESTRICTIONS

Section 1. Said premises are hereby restricted to residential dwellings for residential use, except for improvements within the Common Area. All building or structures erected upon said premises shall be of new construction and no buildings or structures shall be moved from other locations onto said premises, and no subsequent buildings or structures other than townhouses, being residences joining together by party walls, shall be build on any parcel where the builder theretofor programmed and constructed a townhouse. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other out building shall be used on any portion of the promises at any time as a residence, either temporarily or permanently.

Section 2. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the builder of a major portion of the residential dwellings on the properties to maintain during the period of construction and sale of said townhouses, upon such portion of the premises as such builder may choose, such facilities as in the sole opinion of said builder may be reasonably required, convenient or

incidental to the construction and sale of said townhouses, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 3. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any of the said Lots; provided however, that ordinary domesticated dogs and cats will be permitted so long as:

(a) Such pets, such as cats and dogs are safely kept within the boundaries of the Lot of their owner and do not offend or annoy other Lot owners:

(b) Such pets are not kept, bred or maintained for any commercial purpose, and

(c) That any such pet or animal taken outside the Lot boundaries shall be accompanied by its owner and controlled by means of a leash and the owner shall be responsible for immediate removal, or cost of removal, and unsanitary conditions created by said animal.

Section 4. No advertising signs (except one of not more than five square feet "for rent" or "for sale" sign per parcel) billboards, unsightly objects, or nuisances shall be erected, placed or permitted in remain on the premises, nor shall the premises be used in any way or any purpose which may endanger the health or unreasonably disturb the owner of any townhouse or any resident thereof. Further, no business activities of any kind whatsoever shall be conducted in any building or on any portion of the premises; provided further, however, the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, or the builder, its agents and assigns during the construction and sale period, and the Association, its successors and assigns, in the furtherance of its powers and purposes, as herein set forth.

Section 5. All clotheslines, equipment, garbage cans, service yards, woodpiles, or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring townhouses and streets. All rubbish, trash or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. All clotheslines shall be confined to rear yards.

Section 6. All yard areas of a lot (except for original driveways and carports) which are visible for any street or other lot shall be used solely for the planting of grass, trees, plants and shrubs and shall not be used for any other purpose including without limitation the parking or placing of vehicles or equipment of

any nature upon any part of such area. Driveways and carports shall be used exclusively for parking motor vehicles which are in service and are classed by manufacturer's rating as not exceeding three quarters of a ton, and in no event shall such areas be used for parking recreational vehicles, motor homes, mobile homes, travel trailers, ten trailers, trailers, campers, boats or boat trailers; provided, however such vehicles may be parked in fully fenced side or back yards so long as such vehicles are not visible from any street or other lot.

Section 7. No fence, wall hedge or shrub planting which obstructs sight lines at elevations between tow (2) and six (6) feet above the roadways, shall be permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. No tree shall be permitted to remain within such distances of such intersections unless the foliage line in maintained at sufficient height to prevent obstruction of such sight lines.

Section 8. No vehicle of any type which is abandoned or inoperable shall be stored or kept on any Lot within the subdivision in such a manner as to be seen from any other lot or from any streets or alleyways within this subdivision. No vehicle classed by manufacturers rating in excess of three quarters of a ton shall be parked on any street in the subdivision, except by permission of the Board of Directors of the Association.

Section 9. Without prior written approval and the authorization of the Board of Directors, no exterior television or radio antennas of any sort shall be placed, allowed or maintained upon nay portion of the improvements to be located upon the premises, nor upon any structure situated upon said real property, other than an aerial for a master antenna system, should any such master system or systems be utilized and require any such exterior antenna.

ARTICLE XIII

EASEMENTS

Section 1. There is hereby created a blanket easement upon, across, over and under the common area for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable or communication

lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company or the Association or their agents to install and maintain facilities and equipment on said Property and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of any building. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on said Property except as initially designed and installed or thereafter approved by the Board. This easement shall in no way affect any other recorded easements on said Property. This easement shall be limited to improvements as originally constructed. There is an easement across each lot within this subdivision two (2) feet wide, which easement begins one (1) foot from the front line of each lot, and is an easement retained for the purpose of installation of a cable television system.

Section 2. Each townhouse and the common elements shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed and for the maintenance of same, as long as it stands. In the event any multifamily structure is partially or totally destroyed and then rebuilt, the owners of townhouses agree that minor encroachments of parts of the adjacent townhouse units or common elements due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist. Notwithstanding any provisions herein to the contrary, any encroachment permitted herein shall not exceed one foot.

ARTICLE XIV

ANNEXATION

The Declarant, its heirs and assigns, shall have the right to bring within the scheme of this Declaration Hayward Place Unit 11, which is legally described as:

Lot 10, Vista Income Estates, Unit One, as recorded in Book 18 of Maps, Page 18, in the office of the Maricopa County Recorder, Arizona, EXCEPT the following described portion of said Lot 10: BEGINNING at Southeast corner of said Lot 10; thence West along the South line of said Lot 10, a distance of 126.36 feet; thence North 0° 20’ 19” West parallel with the East line of said Lot 10, a distance of 160.56 feet; thence South 89° 39’ 41” West, a distance of 14.30 feet; thence North 0° 20” 19” West, a distance of 38.67 feet; thence North 89° 39’ 41” East, a distance of 35.50 feet; thence North 0° 20’ 19” West, a distance of 33.33 feet; thence South 89° 39’ 41” West, a distance of 21.20 feet; thence North 0° 20’ 19” West, a distance of 175.16 feet to the North line of said Lot 10; thence South 89° 58’ 06” East along said North line, a distance

of 126.36 feet to the Northeast corner of said Lot 10; thence South 0° 20’ 19” East, a distance of 407.65 feet to the POINT OF BEGINNING.

Without the consent of the members, within three years of this instrument, provided that the annexation is in accord with the General Plan of Development according to Exhibit B attached hereto and by reference made a part hereof. In the event a General Plan of Development of the said properties has been submitted and approved by the Federal Housing Administration and Veterans Administration, then the Federal Housing Administration and Veterans Administration must determine the annexation is in accord with the general plan heretofore approved by them. In the event of annexation in accordance with the General Plan of Development attached herein as Exhibit B, the owners of units in the area or areas annexed shall automatically become members of the Association in accordance with Article III herein. The additions authorized under the foregoing subsections shall be made by filing of record a Supplementary Declarations of Covenants, Conditions and Restrictions, or similar instrument, with respect to the additional properties which shall extend the scheme of this Declaration to such properties.

Such supplementary Declaration contemplated hereto may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration. In no event, however, shall any such Supplementary Declarations, merger or consolidation, revoke, modify or add to the covenants established by this Declaration.

The Association may also annex additional property, in the fashion set forth herein, upon a two-thirds vote.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Enforcement. The acceptance of a deed of conveyance, or the entering into of a lease, or the entering into occupancy of any Lot shall constitute an agreement that the provisions of this Declaration, the Articles and By-Laws, and the rules and regulations adopted pursuant thereto, as the same any be amended from time to time, are accepted and ratified by such Owner to Occupier and all of such

provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Lot as though such provisions were recited and stipulated at length in each and every deed of conveyance or lease thereof. Each Owner and Occupier shall strictly comply with the provisions of the Declaration, the Articles and By-Laws and the rules and regulations adopted pursuant thereto, as the same may be amended from time to time. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Board of Directors on behalf of the Owners, or by any Owner. Failure of any leasee to comply with the terms of such documents shall constitute a default under the lease. Should court proceedings by instituted in connection with any such right, or enforcement, the prevailing party therein shall be entitled to recover its or his costs and expenses in connection therewith including reasonable attorneys' fees. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten years. This Declaration may be amended during the first 20-year period by an instrument signed by not less than 90 percent of the owners, and thereafter, by an instrument signed by not less than 75 percent of the lot owners. Any amendment must be recorded.

Section 4. FHA/VA Approval. Providing the Federal Housing Administration or the Veterans Administration has issued firm commitment to insure one or more mortgages upon the properties and as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 5. Priority of Insurance Proceeds. With respect to substantial damage to or destruction of any unit or any part of the common areas and facilities, no provision of any document establishing the PUD

will entitle the owner of a unit or other party to priority over an institutional holder of any first mortgage lien or equivalent security interest on a unit with respect to any distribution to such unit of any insurance proceeds.

Section 6. Condemnation. If any unit or portion thereof or the common areas and facilities or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, no provision of any document establishing the PUD with entitle the owner of a unit or other party to priority over an institutional holder of any first mortgage lien or equivalent security interest on a unit with respect to any distribution to such unit of the proceeds of any award or settlement.

Section 7. Mortgage Protection.

(1) The Association will give 10 days prior written notice to each institutional mortgage before the Association of its members take any of the following actions:

(a) Abandonment or termination of the status of the planned development as it presently exists.

(b) Any amendment to the Articles of Incorporation, Declaration of Covenants, Conditions and Restrictions, By-Laws (or equivalent documents).

(c) Termination of professional management and assumption of self-management of the planned development.

(2) The Association shall give each institutional mortgagee written notice of any condemnation of any part of the common area, or damage thereto exceeding $10,000 in amount.

(3) Any institutional mortgagee shall upon request be entitled to:

(a) Inspect the books and records of the Association during normal business hours.

(b) Receive an annual financial statement of the Association within 90 days following the end of any fiscal year of the Association.

(c) Receive written notice of all meetings of the Association and designate a representative to attend such meetings.

(4) So long as the Federal National Mortgage Association (“FNMA”) or Government National Mortgage Association (“GNMA”) is a mortgagee of a lot in the planned development, or owns a lot therein,

the Association shall maintain in effect at least such casualty, flood and liability insurance, and a fidelity bond meeting standards established by FNMA and GNMA for planned development, as published in the FNMA and GNMA "Servicer's Guide" or otherwise, except to the extent such requirements shall have been waived in writing by FNMA or GNMA.

Section 8. No noxious or offensive activity shall be carried on in any lot or in the common areas, nor shall anything be done therein which may be or become an annoyance, nuisance, or hazard to others. No sounds shall be emitted which are unreasonably loud or annoying; nor shall any odor which is noxious or offensive to others or light which is unreasonably bright or causes unreasonable glare be permitted to exist.

Section 9. Notices. Any notice required to be send to any Owner under the provisions of the Declaration shall be deemed to have been properly sent when mailed postpaid to the last known address of the person who appears as Owner or member on the records of the Association at the time of such mailing.

IN WITNESS HEREOF, the undersigned being the Declarant herein, has hereunto set its hand and sent this 12th day of August, 1982.

LAWYERS TITLE OF ARIZONA, an Arizona Corporation (Trustee).

STATE OF ARIZONA)

) ss.

COUNTY OF MARICOPA)

On this 12th day of August, 1982, before me, the undersigned Notary Public, personally appeared John A. Finch, who acknowledges himself to be the Trust Officer of LAWYERS TITLE OF ARIZONA, an Arizona corporation, and that he, as such officer, being authorized to do, executed the within instrument for the purpose therein contained by signed the name of said corporation, as Trustee, by himself, as such officer.

WITNESS my hand and official seal.

_____

Notary Public

My Commission expires: 4/12/86

Exhibit “A”

HAYWARD PLACE UNIT I

Lots one (1) thru Sixteen (16) inclusive and Tracts A, B, C, D, E, F, and G, HAYWARD PLACE according to the plat of record in the office of the County Recorder, Maricopa County, Arizona, in Book 244 of Maps, page 6.

Lot 10, Vista Income Estate, Unit One, as recorded in Book 18 of Maps, Page 18, in the office of the Maricopa County Recorder, Arizona.

EXCEPT the following described portion of said Lot 10:

BEGINNING at the Southeast corner of said Lot 10;
thence West along the South line of said Lot 10, a distance of 126.36 feet;
thence North 0° 20’ 19” West parallel with the East line of said Lot 10, a distance of 160.56 feet;
thence South 89° 39’ 41” West, a distance of 14.30 feet;
thence North 0° 20’ 19” West, a distance of 38.67 feet;
thence North 89° 39’ 41” East, a distance of 35.50 feet;
thence North 0° 20’ 19” West, a distance of 33.33 feet;
thence South 89° 39’ 41” West, a distance of 21.20 feet;
thence North 0° 20’ 19” West, a distance of 176.16 feet to the North line of said Lot 10,
thence South 89° 38’ 06” East along said North line, a distance of 126.36 feet to the Northeast corner of said Lot 10,
thence South 0° 20’ 19 East, a distance of 407.65 feet to the
POINT OF BEGINNING.