

TITLE INSURANCE COMPANY OF MINNESOTA

When Recorded Return To:
LAW OFFICES OF JOHN W. WEIDEMAN, P.C.
7501 East McCormick Parkway, Suite 113 South
Scottsdale, Arizona 85258

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DECLARATION OF HORIZONTAL PROPERTY REGIME

AND

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

ESTABLISHING AND GOVERNING

GROUP RSTR (P)

THE CENTER COURT, SCOTTSDALE

THIS DECLARATION OF HORIZONTAL PROPERTY REGIME AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, is made and entered into as of the date hereinafter set forth by THE CENTER COURT, SCOTTSDALE, an Arizona Joint Venture, comprised of STAR RENTALS INCORPORATED, a Minnesota Corporation authorized to transact business within the State of Arizona, and ALEXANDER & SONS, INC., an Arizona Corporation, having an address at 7402 East Kalil, Scottsdale, Arizona 85260, (hereinafter referred to as the "Declarant").

RECITALS

Declarant is the fee owner of that certain real property situated in the City of Scottsdale, County of Maricopa, State of Arizona, which is more particularly described in Exhibit "A" attached hereto and incorporated herein (hereinafter referred to as the "Parcel"); and

Declarant desires to submit and subject the Parcel, together with all buildings, improvements and other permanent fixtures of whatsoever kind thereon now or hereafter constructed upon the Parcel, and all easements, rights, and privileges appurtenant thereto (hereinafter referred to as the "Property" or "Condominium Property") to a Horizontal Property Regime pursuant to the provisions of Sections 33-551 through 33-561, Arizona Revised Statutes, as the same may be from time to time amended; and

Declarant desires to reserve the right to add all or part of the Additional Parcel and thereby annex Condominium Units into the

'Horizontal Property Regime in accordance with a coordinated Development Plan; and

Declarant desires to establish for its own benefit and for the mutual benefit of all future owners or occupants of the Property, or any part thereof, certain covenants, conditions, restrictions, easements, rights, privileges, assessments, and liens over and upon the Property as set forth herein (which are hereinafter collectively referred to as "Restrictions") which shall run with and be a burden on the Property; and

Declarant desires and intends that the Owners, occupants, mortgagees, beneficiaries and trustees under the mortgages or trust deeds, as the case may be, and all other persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interest subject to, this Declaration and the rights, easements, privileges, and restrictions set forth herein, which Declaration is recorded in furtherance of establishing a general plan of Condominium ownership for the Property; and for establishing rules for the use, occupancy, management, and enjoyment thereof, all for the purpose of enhancing, perfecting, and protecting the value, desirability, and attractiveness of the Property and quality of life therein;

NOW, THEREFORE, Declarant as present Owner of all the Property described above, and for the purposes above set forth, declares as follows:

ARTICLE I DEFINITIONS

As used herein, unless the context otherwise requires:

1.01 "Act" shall mean and refer to Sections 33-351 through 33-561 of the Arizona Revised Statutes as the same may be amended from time to time pertaining to Horizontal Property Regimes within the State of Arizona.

1.02 "Additional Parcel" shall mean and refer to that certain real property situated in the City of Scottsdale, County of

Maricopa, State of Arizona, which is more particularly described in Exhibit "B" attached hereto and incorporated herein, all or part of which may be added to the Property in One (1) or more additional phases by Supplemental Declaration pursuant to the option reserved by the Declarant in accordance with the provisions of Article XIV hereof.

1.03 "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of THE CENTER COURT, SCOTTSDALE ASSOCIATION, which will be a non-profit Corporation, the members of which will be comprised of all of the Owners of the Condominium Units.

1.04 "Association" shall mean and refer to THE CENTER COURT, SCOTTSDALE ASSOCIATION, a non-profit Corporation, the members of which will be comprised of the Owner of all the Condominium Units in the Property, and whose function shall be to serve as the council of the co-Owners as defined in the Act. The Association will be incorporated under the name of THE CENTER COURT, SCOTTSDALE ASSOCIATION, an Arizona non-profit Corporation, prior to the conveyance of a Condominium Unit by the Declarant.

1.05 "Association Rules" shall mean and refer to the rules and regulations adopted by the Association pursuant to this Declaration and in furtherance of the By-Laws pursuant to the provisions of Section 33-561 of the Act, as the same may be from time to time amended.

1.06 "Assessments" shall mean and refer to the charges against the Owners to defray the Common Expenses as well as miscellaneous special Assessments, special Assessments for capital improvements, and special Assessments for the purpose of restoring and reconstructing the Property in the event of casualty or loss, all as provided in this Declaration.

1.07 "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association elected pursuant to the By-Laws and serving as the governing body of the Association.

1.08 "Building" shall mean and refer to the principal structures located or constructed on the Parcel and forming part of the

Property as shown on the Plat, as well as the principal structures located or constructed upon any part of the Additional Parcel and forming part of the Property as shown on the Plat, whether or not such structures are composed of One (1) or more floors or stories. The Buildings designated upon the Plat contain Condominium Units as shown below:

<u>BUILDINGS</u>	<u>CONDOMINIUM UNITS</u>
A	101, 201, 301, 102, 202, 302 103, 203, 303, 104, 204, 304 105, 205, 305, 106, 206, 306 107, 207, 307

1.09 "By-Laws" shall mean and refer to the By-Laws adopted by the Association pursuant to Section 33-561 of the Act promulgated for the purpose of regulating the affairs of the Association as the same may be amended from time to time.

1.10 "Common Expenses" shall mean and refer to the actual and estimated costs for: (a) maintenance, management, operation, repair, replacement, and betterment of the Common Elements which are maintained by the Association (including, but not limited to, painting, landscaping, repairs, replacements, alterations, additions, reconstruction, services, supplies, labor, materials, equipment, and other related items); (b) deficiencies arising by reason of nonpayment of Assessments by Unit Owners including the costs of forcing compliance with this Declaration; (c) management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, and employees; (d) water and all other utility service excepting telephone service and utilities other than separately metered utilities for the Condominium Units, trash pickup and disposal, gardening, and other related services; (e) insurance and bonds required by this Declaration or any other additional insurance and bonds obtained by the Board in its discretion; (f) the establishment and maintenance of reasonable reserves as the Board shall deem appropriate in its discretion to meet the costs and expenses of maintenance, repairs, and replacements of those Common

Elements which must be maintained, repaired, and replaced on a periodic basis; (g) such other miscellaneous costs and charges incurred by the Association or the Board pursuant to this Declaration, the By-Laws, or Association Rules in furtherance of the purposes of the Association or in discharge of the duties and powers of the Association.

1.11 "Common Elements" shall mean and refer to the entire Property, excluding the Condominium Units.

1.12 "Condominium Unit" shall mean and refer to a part of the Property, including one (1) or more rooms situated in the Buildings comprising part of the Property, designated or intended for independent use as a dwelling Unit, together with a respective undivided percentage interest in the Common Elements, and any exclusive or non-exclusive use appurtenant thereto. Each Condominium Unit shall consist of the air space enclosed and bounded by the horizontal and vertical planes as shown or indicated on the Plat in relation to said Unit; provided, however, that no structural components of the Building in which each Condominium Unit is located, and no pipes, wires, conduits, ducts, flues, shafts, or public utility, water or sewer lines situated within such Condominium Unit and forming part of any system serving one (1) or more other Condominium Units or the Common Elements shall be deemed part of a Condominium Unit. "Condominium Unit" shall be synonymous with "Apartment" as defined in Section 33-551 of the Act.

1.13 "Declarant" shall mean and refer to THE CENTER COURT, SCOTTSDALE, an Arizona Joint Venture

or successors or assigns in interest.

1.14 "Declaration" shall mean and refer to this Instrument by which the Property is submitted to a Horizontal Property Regime, including any and all exhibits attached hereto and incorporated herein, and any and all amendments hereof and supplements hereto.

1.15 "First Mortgagees" shall mean and refer to an Institutional holder of a first mortgage or Deed of Trust on a Condominium Unit which is a bank, savings and loan association, insurance company,

established mortgage company, a lender approved by the Veterans Administration or the Federal Housing Administration, or other entity chartered and regulated under state or federal law, and their successors and assigns.

1.16 "Occupants" shall mean and refer to a Person or Persons other than an Owner, in possession of a Condominium Unit.

1.17 "Owner" or "Unit Owner" shall mean and refer to the Person and Persons who are vested with record title, in fee simple, to a Condominium Unit according to the records of the County Recorder of Maricopa County, Arizona, including a Person or Persons who are the purchaser or purchasers of a Condominium Unit under a valid and outstanding recorded Agreement of Sale with respect thereto, but shall not include a Person or Persons whose interest in the Condominium Unit is limited to security for the performance of an obligation. For purposes of this definition, fee simple title to a Condominium Unit shall be deemed to be in the Trustor even though legal title has been conveyed to a Trustee pursuant to A.R.S. Section 33-801 et seq. The Declarant shall be considered the record owner of any Condominium Unit after the recordation of this Declaration or any Supplemental Declaration prior to its initial conveyance by the Declarant.

1.18 "Parcel" shall mean and refer to the single parcel of real property situated in the City of Scottsdale, County of Maricopa, State of Arizona, which is set forth in Exhibit "A" attached hereto and incorporated herein, and which constitutes the original real property committed to the Horizontal Property Regime pursuant to this Declaration.

1.19 "Plat" shall mean and refer to the Plat of survey of the Property submitted to this Horizontal Property Regime designating thereon Twenty-One (21) Condominium Units designated or intended for independent use as dwelling Units, each of which is identified by number. Said Plat is attached hereto as Exhibit "C" and shall be recorded simultaneously with the recordation of this Declaration. "Plat" shall also mean and refer to any additional Plat which may be referenced in any Supplemental Declaration.

1.20 "Person" shall mean and refer to a natural individual, corporation, partnership, joint venture, trustee, or other legal

entity capable of holding title to real property.

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1.21 "Property, or Condominium Project" shall mean and refer to the Parcel, and any part of the Additional Parcel added pursuant to the provisions of Article XIV hereof, together with all the Buildings, Improvements, and permanent fixtures located thereon, and all easements and rights appurtenant thereto. "Property, or Condominium Project" shall be deemed to have the same definition as set forth in Section 33-551 of the Act.

1.22 "Restrictions" shall mean and refer to the covenants, conditions, restrictions, assessments, easements, and liens as set forth in this Declaration.

1.23 "Servicer" shall mean and refer to the Person or entity servicing a first mortgage or a first deed of trust constituting a lien upon a Condominium Unit (including the first mortgagee or first beneficiary, if applicable), or his or its successors or assigns.

1.24 "Supplemental Declaration" shall mean and refer to a written instrument recorded in the records of the Office of the County Recorder, Maricopa County, Arizona, which refers to this Declaration and which amends, modifies, or supplements this Declaration in accordance with its terms.

1.25 "Unit" shall be deemed to have the same meaning as the term "Condominium Unit as set forth in Section 1.12 hereof.

ARTICLE II

CREATION OF THE HORIZONTAL PROPERTY REGIME

2.01 Submission. Declarant hereby submits and subjects the Property to a Horizontal Property Regime pursuant to the Act, and in furtherance thereof, declares and establishes the restrictions contained in this Declaration, and Declarant hereby declares and agrees that the Property and all of the Condominium Units shall be owned, held, conveyed, transferred, sold, leased, mortgaged,

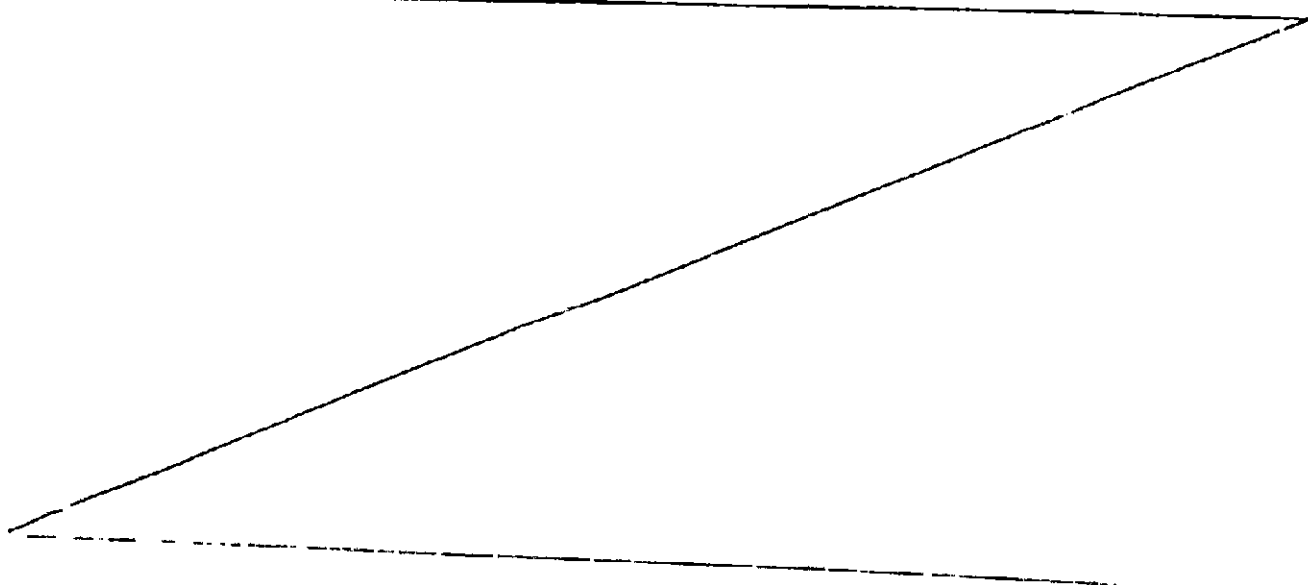
encumbered, occupied, used, and improved subject to the terms and conditions of the Restrictions, which Restrictions shall constitute covenants and conditions running with the land and which shall be binding upon and inure to the benefit of the Declarant, the Association, and each Owner, including their respective heirs, executors, administrators, personal representatives, successors, and assigns.

ARTICLE III

DESCRIPTION OF THE BUILDINGS, THE CONDOMINIUMS, AND THE COMMON ELEMENTS

3.01 Name. The Property shall be known as THE CENTER COURT, SCOTTSDALE.

3.02 Cubic Content space of The Buildings. A description of the cubic content space of each Building containing Condominium Units with reference to its location on the Parcel is set forth on the Plat. The Horizontal boundaries shall be the planes of the top elevations of the Buildings, as shown on the Plat, and the plane of the base elevation of the Buildings as shown on the Plat. The vertical boundaries shall be the exterior of the outside walls, except where there are balconies or patios which extend beyond the exterior of the outside walls, the vertical boundaries shall be the plane of the outer edges of the balcony or porch extended upward to the upper horizontal boundary as shown on the Plat.



3.03 Cubic Content Space of Condominium Units. The cubic content space of each of the Condominium Units within the Buildings are set forth on the Plat. The horizontal boundaries of each Condominium Unit shall be the underside of the finished but undecorated ceiling, and the top of the finished but undecorated floor of the Condominium Unit as shown on the Plat. The vertical boundaries of each Condominium Unit shall be the interiors of the finished but undecorated walls located on the perimeter lines of the respective Condominium Units as shown on the Plat.

3.04 Description of Common Elements. The Common Elements shall consist of the entire Property excluding the Condominium Units.

3.05 Percentage Interest of Each Condominium Unit In The Horizontal Property Regime. The designation of the percentage interest which each Condominium Unit bears to the entire Horizontal Property Regime, which percentage interest is based on proportionate floor space and which percentage interest shall constitute the percentage interest of each Owner in the Common Elements, shall be as set forth in Exhibit "D" attached hereto and incorporated herein.

3.06 Maintenance By Owners. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs, and replacements within his own Condominium Unit. Such obligation shall include: (a) the maintenance of all interior doors, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting the finished surfaces of floors, ceilings, or interior walls (all other portions of the walls, floors, or ceilings are part of the Common Elements); (b) repair and replacement of all window and door glass and related screens (including sliding glass doors for patios or balconies) and the interior and exterior cleaning of such window and door glass; (c) the maintenance of, in an open and unobstructed condition, all sewer and drainage pipes, water and other utility lines serving an Owner's respective Condominium Unit between the points at which the same enter the respective Condominium Unit and the points where the same joins the utility lines serving other Condominium Units; and (d) maintenance, replacement, repair and restoration of all of

the following which service an Owner's Condominium Unit exclusively: lighting fixtures, plumbing fixtures, stoves, refrigerators, hot water heaters, air conditioning units (including compressors and condensers) and such other appliances, fixtures, and decorations as an Owner may install. An Owner shall also furnish and be responsible for, at his, her, or its own expense, all of the maintenance with his, her, or its patio and/or balcony area and the maintenance, repair, and replacements of any storage area therein; and shall keep his, her, or its patio and/or balcony in a clean, sanitary, and attractive condition. An Owner may make non-structural alterations within his, her, or its Condominium Unit, but an Owner shall not make any structural or exterior alterations of the Common Elements.

3.07 Utilities. All utilities for individual Condominium Units, except water service charges, (which will be metered collectively and paid by the Association as a Common Expense item), will be metered separately to each Condominium Unit and such utility charges shall be the responsibility of the respective Owners.

ARTICLE IV MANAGEMENT

4.01 Association. The Association will be formed so as to constitute the "Council of co-Owners" as that term is defined in the Act to serve as the governing body for all Owners and shall make provisions for the maintenance, repair, replacement, administration, and operation of the Common Elements, assessment of expenses, payment of losses, division of profits, acquisition of hazard insurance, and disposition of such hazard insurance proceeds, and other matters as provided in the Act, the Declaration, and the By-Laws. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the Declaration and the By-Laws.

4.02 Membership. Each Owner shall be a member of

the Association so long as he, she, or it shall be an Owner and such membership shall automatically terminate when he, she, or it ceases to be an Owner, and upon the transfer of such ownership interest, the new Owner succeeding to such ownership interest shall likewise succeed to such membership in the Association.

4.53 Voting. The Association shall have two classes of voting membership.

Class A. Class A Members shall be all Owners other than Declarant. Class A Members shall be entitled to one (1) vote for each Condominium Unit owned. When more than one (1) Person owns an interest in a Condominium Unit, each such Person shall be a Member of the Association but the vote for such Condominium Unit shall be exercised as the co-Owners themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium Unit. The Association shall not be required to recognize the vote or written assent of any such co-Owner except the vote or written assent of the co-Owner designated in a writing executed by all of such co-Owners and delivered to the Association.

Class B. The Class B Member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Condominium Unit which he, she, or it owns, provided, however, the Class B Membership shall cease and be converted into Class A Membership on the happening of whichever of the following is first in time:

(a) On the date which is One Hundred and Twenty (120) days subsequent to the date when the total votes outstanding in the Class A Membership equal or exceed the total votes outstanding in the Class B Membership; or

(b) On the 7th anniversary of the first (1st) conveyance of a Condominium Unit by Declarant to an Owner; provided, however, if the Property as expanded as provided in this Declaration, the anniversary under this Sub-paragraph (b) shall relate to the anniversary of the first (1st) conveyance of a Condominium Unit in the then most recent phase of the Property; and further provided, however, the Class B Membership may be reinstated upon the expansion of the

Property in the event the Class B Membership may have been previously converted to Class A Membership as provided in this Paragraph 4.03.

4.04 Board of Directors. The governing body of the Association shall be the Board of Directors elected pursuant to the By-Laws. The Board shall consist of not less than three (3) members and not more than seven (7) members. Except as otherwise provided in this Declaration, the By-Laws, or Association Rules, the Board may act in all instances on behalf of the Association.

4.05 Qualification of Directors. Except for Board Members designated by Declarant, each Director shall be an Owner or the spouse of an Owner (or if an Owner is a corporation, partnership, or trust, a Director may be an officer, partner, trustee or beneficiary of such Owner). If a Director shall cease to meet such qualifications during his term, he will thereupon cease to be a Director and his place on the Board shall be deemed vacant.

4.06 Independent Manager. The Board may employ a responsible Person or entity as manager to manage, operate, and maintain the Common Elements, with all of the administrative functions and such other powers and duties as the Board may delegate from time to time and for such fees as the Board may establish consistent with other provisions of this Declaration. Any Agreement for management of the Property shall be in writing and shall provide for termination by either the Association or the Management Agent without cause or payment of a termination fee on not more than Thirty (30) days written notice, and the term of such Agreement shall not exceed one (1) year, renewable by written agreement of the parties for successive periods of one (1) year.

4.07 Action By Owners. The Board shall act to adopt the By-Laws and Association Rules. The By-Laws and Association Rules shall be amended only by a majority of a quorum of the voting power of the Association comprised of Ten Percent (10%) of the total votes present and voting in person or by proxy at a regular or special meeting of the Owners as set forth in the By-Laws. The Board may act on behalf of the Association to exercise those powers and duties specified herein and as set

forth in the By-Laws and Association Rules.

4.08 Annual Meeting. The first meeting of the Association shall be held not later than One Hundred and Twenty (120) days after the first conveyance of a Condominium Unit from Declarant to an Owner is recorded. Thereafter, the annual meeting shall be held as provided in the By-Laws.

4.09 Right of Association to Enter Condominium Units. The Association acting through the Board or its duly authorized agent shall have the right at all times upon reasonable notice (and at any time in case of an emergency) to enter upon or in any Condominium Unit to abate any infractions or correct any violation of any of the Restrictions herein set forth, and in connection therewith, shall have the further right to assess all costs incurred against the Owner, such Assessment to be secured by the lien provided in Section 5.01.

4.10 Reserve Fund. The Association shall maintain an adequate reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis, and such reserve shall be funded as part of monthly Assessments.

4.11 Association Rules. The Board shall adopt Association Rules in furtherance of the By-Laws for the regulation and operation of the Property. The Association Rules shall be amended in the manner set forth in Section 4.07 hereof. The Board shall have the right to exclude from the use of the recreational facilities any Owner who is delinquent in the payment of any Assessment levied in accordance with Article V hereof, or who is in violation of the Association Rules and Regulations.

ARTICLE V

COVENANTS FOR ASSESSMENTS

5.01 Creation of Lien and Personal Obligation For Assessments. Each Owner, including Declarant as an Owner as defined herein, of any Condominium Unit, by acceptance of a Deed or other

Instrument creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such Deed or other instrument, is deemed to covenant and agree to pay to the Association, such Assessments to be fixed, established, and collected from time to time as provided in this Declaration. The Assessments, together with interest thereon, late charges, attorney's fees, court costs, and other costs of collection as hereinafter provided, shall be a continuing lien upon the Condominium Unit against which each such Assessment is made. Each such Assessment, together with such interest, late charges, costs, and attorneys' fees, shall also be the personal obligation of the Owner of such Condominium Unit at the time the Assessment becomes due. The personal obligation shall not pass to the successor in title of an Owner unless expressly assumed by such successor.

5.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purposes of promoting the health, safety, and welfare of the Owners, the management, maintenance, care, preservation, and protection of the Property including, without limitation, the improvement and maintenance of the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, or in furtherance of any other duty or power of the Association.

5.03 Maximum Annual Assessment. Until January 1, of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual Assessment shall be Twelve Hundred and 00/100----- Dollars (\$1,200.00) per Unit.

(a) From and after January 1, of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual Assessment may be increased each year by a percentage amount above the maximum Assessment for the previous year without a vote of the membership, which percentage amount reflects the increase in the Consumer Price Index - All Urban Customers - All Cities (1967 = 100) published by the Bureau of Labor Statistics of the United States

Department of Labor entitled "All Items" for January, 1983 (hereinafter referred to as the "Base CPI"). The increased maximum annual assessment shall be determined by multiplying the previous maximum annual Assessment by a fraction, the numerator of which is the current CPI for January, 1984, and successive years, and the denominator of which is the Base CPI:

$$\text{Increased maximum annual Assessment} = \frac{\text{Previous maximum annual Assessment} \times \text{current CPI}}{\text{Base CPI}}$$

The increased maximum annual Assessment for each successive year shall be adjusted in accordance with the formula set forth above except that the Consumer Price Index number for the month and year of the expiration of each annual calendar period shall be substituted as the "Current CPI".

(b) From and after January 1, of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual Assessment may be increased above the amount or amounts calculated pursuant to the formula in Sub-Paragraph (a) above 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.

5.04 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 of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that, any such Assessment shall have the assent of two-Thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

5.05 Notice and Quorum for Any Action Authorized Under Sections 5.03 and 5.04. Written notice of any meeting called for the

purpose of taking any action authorized under Sections 5.03 or 5.04 shall be sent to all members not less than Thirty (30) days nor more than Sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast Sixty Percent (60%) 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 or the subsequent meeting shall be one-half (½) of the required quorum, at the preceding meeting. No such subsequent meeting shall be held more than Sixty (60) days following the preceding meeting.

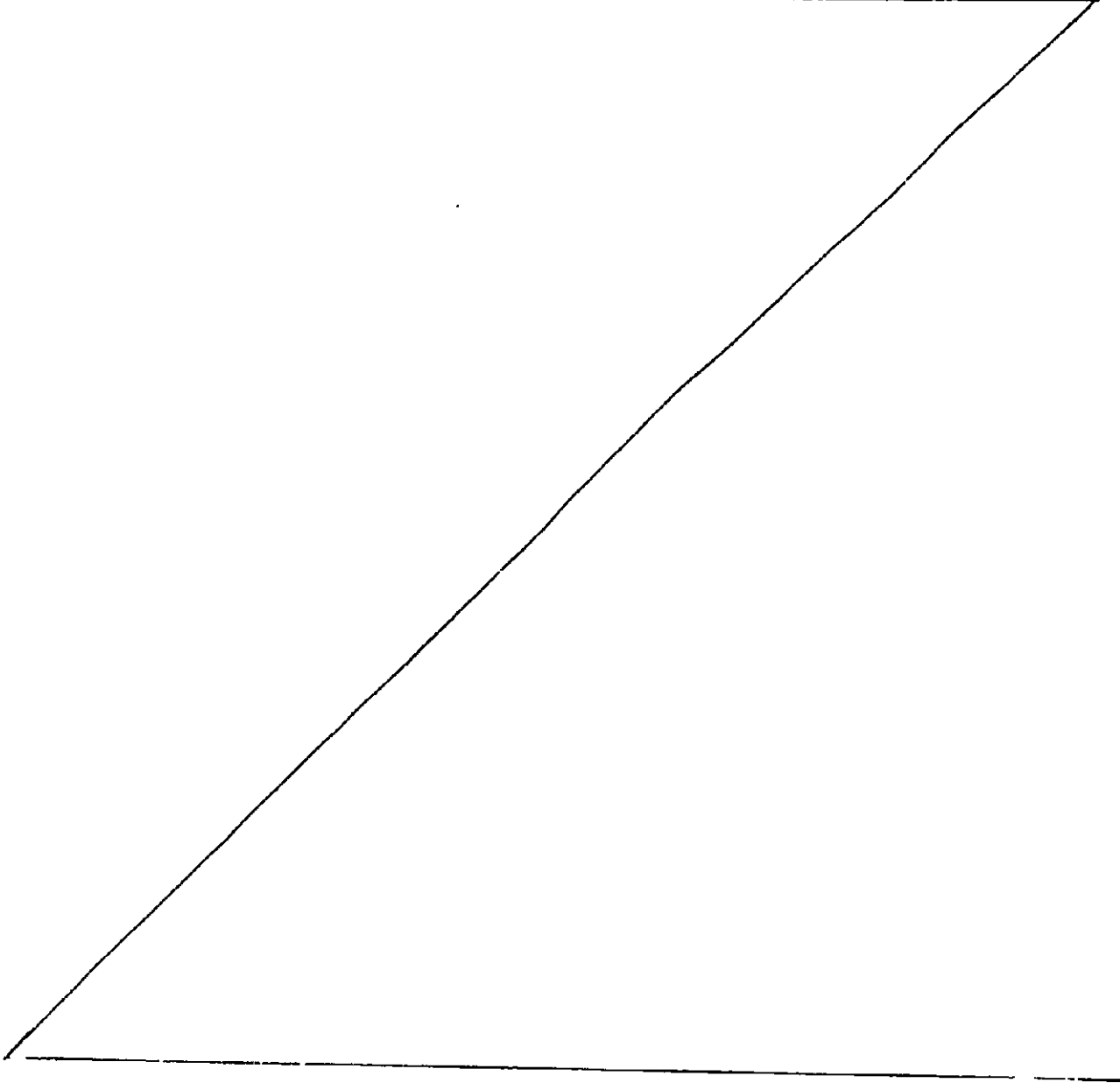
5.06 Uniform Rate of Assessment. Both annual and special Assessment must be fixed at a uniform rate for all Units and may be collected on a monthly basis.

5.07 Working Capital Fund Deposit. At the time each and every Owner receives fee simple title to his or her respective Unit from the Declarant or successor or assignee, the Declarant or successor or assignee will deposit with the Association a Working Capital Fund equal in amount to twice the monthly annual Assessment then in effect for the Unit or Units being conveyed to the Owner or Owners. The Working Capital Fund Deposit being received from the Declarant or successor or assignee, on behalf of each Owner, shall be utilized by the Association to defray any costs, expenses, or fees incurred during the initial months of the operation and management of the Property. The Board of Directors of the Association shall be empowered to establish the manner and method of any reimbursement of the aforesaid Working Capital Fund Deposit or Deposits to the Declarant or successor or assignee in the event said Working Capital Fund Deposit or Deposits are not utilized by the Association for the purposes intended therefor as specified above. The decision of the Board of Directors in regard to the utilization or reimbursement, if any, of the above-referenced Working Capital Fund Deposits shall be final and binding upon the Declarant or successor or assignee.

5.08 Certificate of Payment. The Association shall, upon

demand, furnish to any Owner liable for Assessments a certificate in writing signed by an officer or authorized agent of the Association setting forth whether the Assessments relating to a specified Condominium Unit have been paid and the amount of delinquency, if any. A reasonable charge may be collected by the Board for the issuance of each such certificate. Each certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

5.09 Date of Commencement of Assessments. Regular and other Assessments as to the Condominium Units within the Property shall commence as to all such Condominium Units on the first (1st) day of the month following the conveyance of the first Condominium Unit by Declarant to an Owner. In the event additional Condominium Units are added by Supplemental Declaration, Assessments shall not commence as to any of the _____



additional Condominium Units until the first (1st) day of the month following the conveyance by Declarant of the first (1st) Condominium Unit in such phase. Until the Association makes an Assessment, the Declarant shall pay all Common Expenses of the Property.

5.10 Reduction Or Abatement of Regular Assessments. In the event the amount budgeted to meet Common Expenses for a particular fiscal year proves to be excessive in light of the actual Common Expenses, the Board in its discretion may either reduce the amount of the regular Assessments or may abate collection of regular Assessments as it deems appropriate.

5.11 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation: (i) a claim that the Association is not properly exercising its duties and powers as provided in this Declaration; or (ii) an Owner has made or elects to make no use of the recreational facilities.

5.12 Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration (whether such liens are now in existence or are created at any time in the future), the benefit of any homestead or exemption laws of the State of Arizona now in effect, or in effect from time to time hereafter.

ARTICLE VI

EFFECT OF NON-PAYMENT OF ASSESSMENTS AND REMEDIES

6.01 Delinquency. Any Assessment which is not paid when due is delinquent. Whenever an Assessment is delinquent, the Board may at its option, invoke any or all of the sanctions provided for herein.

6.02 Late Charge. If any Assessment is not paid within Fifteen (15) days after it becomes due and payable, the Owner shall be obligated to pay the late charge then provided for in the By-Laws. The amount of such late charge until paid shall constitute part of the

Assessment lien as provided for in Section 5.01 of this Declaration.

6.03 Interest. If any Assessment is not paid within THIRTY (30) days after it becomes due and payable, interest at the rate of Twelve Percent (12%) per annum, or at such lower rate of interest as is permissible and established as the highest legal interest rate in the State of Arizona at the time, may be assessed on the amount owing from the due date until such time as it is paid.

6.04 Action At Law. The Association may bring an action to recover a delinquent Assessment either personally against the Owner obligated to pay same or, upon compliance with the notice provisions herein, to foreclose the Assessment lien; provided, however, that the Association's choice of One (1) remedy shall not prejudice or constitute a waiver of the Association's right to exercise the other. The costs of preparing and filing the complaint shall be assessed against the delinquent Owner and his, her, or its Condominium Unit and reasonable attorneys' fees and court costs will thereafter be added to the amount in delinquency (plus interest and/or late charges, if appropriate) in the event that a judgment is obtained by the Association. Each Owner vests in the Association or its assigns the right and power to bring actions at law and/or lien foreclosures against such Owner or Owners for the collection of delinquent Assessments.

6.05 Notice of Lien. No action shall be brought to foreclose an Assessment lien at a time less than THIRTY (30) days after the date that a certified or registered notice of claim of lien is deposited in the United States Mail, postage prepaid, to the Owner of the applicable Condominium Unit and a copy thereof is recorded by the Association in the Office of the County Recorder of Maricopa County, Arizona.

6.06 Foreclosure Sale. Any foreclosure sale provided for in this Declaration is to be conducted in accordance with applicable provisions relating to the foreclosure of deeds of trust in the State of Arizona. The Association, upon approval by a majority vote of the Owners, may through its duly authorized agents have and exercise the power to bid on the Condominium Unit at the foreclosure sale and to acquire, hold, lease, mortgage, and convey such Condominium Unit.

6.07 Suspension of Votes. The Board shall suspend for the entire period during which any Assessment remains delinquent the obligated Owner's right to vote on any matter at regular or special meetings of the Association.

6.08 Suspension of Recreational Privileges. The Board shall also suspend for the entire period during which any Assessment remains delinquent the obligated Owner's right to the use of the recreational facilities of the Property.

ARTICLE VII

INSURANCE

7.01 Insurance. Insurance shall be obtained by the Association upon the Property pursuant to the terms and conditions of this Article.

7.02 Authority To Purchase. The Board shall purchase and maintain certain insurance upon the Property, including, but not limited to, the insurance described in Section 7.03 below, which insurance is to be purchased by the Association for the benefit of the Association, the Unit Owners, and the first mortgagees, as their interests may appear. Provisions shall be made for the issuance of Certificates of Endorsement to the first mortgagee of any first mortgage. Such policies and endorsements thereon, or copies thereof, shall be deposited with the Association. The Board shall deliver a copy of the policies, or by and through its agent, advise the Unit Owners of the coverage of said policies to determine whether particular items are included within the coverage so that the Unit Owners may insure themselves as they see fit in the event certain items are not insured by the Association. Without limiting the generality of the foregoing, it shall be each Owner's responsibility to provide Owner's liability insurance, theft, or other insurance covering personal property damage and loss, insurance for each Owner's personal liability, and such other insurance which is not carried by the Association and is otherwise desired by the Unit Owner.

7.03 Coverage. The Association shall obtain the following policies of insurance and shall maintain said policies in full force and effect:

(a) A multi-peril type policy covering this entire Condominium Project providing, at a minimum, fire and extended coverage, and all other coverage in kind and amount customarily acquired or required for projects similar in construction, location and use, including, but not limited to, vandalism and malicious mischief, in an amount not less than ONE HUNDRED PERCENT (100%) of the insurable value based upon replacement cost.

(b) A comprehensive policy of public liability insurance covering all of the Common Elements and public ways in the Condominium Project in a minimum of at least ONE MILLION DOLLARS (\$1,000,000.00) per occurrence, for personal injury and/or property damage. Such insurance policy shall contain 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 and its agents, or other Unit Owners. The scope of such coverage shall include all other coverage in the kind and amount customarily acquired or required for projects similar in construction, location, and use.

(c) If there is a steam boiler in operation in connection with the Condominium Project, there must be in force, boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing, as minimum coverage, FIFTY THOUSAND DOLLARS (\$50,000.00) per accident per location.

(d) If the Condominium Project is located in an area designated by the Secretary of Housing and Urban Development as an area prone to special flood hazards, a "blanket" policy of flood insurance on the Condominium Project must be maintained in the amount of the outstanding principal balances of the first mortgage loans on the Units comprising the Condominium Project or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less.

(e) The Association must obtain Fidelity coverage

against dishonest acts on the part of directors, managers, trustees, employees, or volunteers responsible for handling funds belonging to or administered by the Association. The Fidelity Bond or Insurance must name the Association as the insured and shall be written to provide protection which is, in no event, less than one and one-half (1½) times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any person who serves without compensation shall be added if the policy would not otherwise cover volunteers.

(f) A Workmen's Compensation Policy, if necessary, to comply with the requirements of Arizona Law.

(g) Such other insurance as the Board shall determine from time to time to be desirable.

7.04 Provisions Required. The insurance policies purchased by the Association shall, to the extent possible, contain the following provisions:

(a) The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by Unit Owners or first mortgagees;

(b) The conduct of any one or more Unit Owners shall not constitute grounds for avoiding liability on any such policies;

(c) There shall be no subrogation with respect to the Association, its employees or agents, Unit Owners, and members of their household, their families and employees, or the policy or policies should name said persons as additional insureds;

(d) A "severability of interest" endorsement shall be obtained which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association, its agents or employees, or other Owners;

(e) A statement in the name of the insured shall be included in all policies, in form and substance similar to the following:

"THE CENTER COURT, SCOTTSDALE ASSOCIATION,
for the use and benefit of the Individual Owners"
(designated by name, if required);

(f) A standard mortgagee clause which must be endorsed to provide any proceeds shall be paid to THE CENTER COURT, SCOTTSDALE ASSOCIATION, for the use and benefit of first mortgagees as their interest may appear, or which must be otherwise endorsed to fully protect the interest of first mortgagees, their successors and assigns;

(g) For policies of hazard insurance, a standard mortgagee clause shall provide that the insurance carrier shall notify the first mortgagee named at least TEN (10) days in advance of the effective date of any reduction in or cancellation of the policy;

(h) Any "no other insurance" clause shall exclude insurance purchased by Unit Owners or first mortgagees.

7.05 First Mortgagee Protection. The Association shall provide each first mortgagee with a letter wherein the Association agrees to give written notice to each first mortgagee, or servicer of a mortgage, or any entity or person designated by such first mortgagee or servicer, whenever the damage to a Unit covered by a first mortgage exceeds ONE THOUSAND DOLLARS (\$1,000.00) or damage to the Common Elements and related facilities exceeds TEN THOUSAND DOLLARS (\$10,000.00). Each hazard insurance policy shall be written by a hazard insurance carrier which has a financing rating by Best's Insurance Reports of Class VI or better, or if such rating be discontinued, by a successor thereto or a similar such rating service. Each insurance carrier must be specifically licensed or authorized to transact business within the State of Arizona. In no event shall policies be purchased or utilized by the Association where, under the terms of the carrier's charter, By-Laws, or policy, contributions or Assessments may be made against the Unit Owner or first mortgagee or any entity or person purchasing or guaranteeing any first mortgage; where by the terms of the carrier's charter, By-Laws or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders or members; or where the policy contains any limiting clauses (other than standard insurance conditions) which could prevent any Unit Owner or the first mortgagee, its successors or assigns, from collecting insurance proceeds. The mortgagee clause of each insurance policy shall be properly endorsed, and there must have been given necessary notices of transfer,

and any other action taken required to be taken to fully protect, under the terms of the policies and applicable law, the interest of all first mortgagees, successors, and assigns. Where permissible, the insurance carrier shall be required to name the servicer of a first mortgage, as follows: "(name of servicer) or assigns," as first mortgagee under the mortgagee clause. If permissible, where a deed of trust is utilized, the insurance carrier shall be required to designate the mortgagee clause "(name of servicer), beneficiary" or "(name of trustee) for the benefit of (name of servicer)" instead of naming the trustee under the deed of trust in the mortgagee clause. All insurance drafts, notices, policies, invoices, and all other similar documents, or their equivalent, shall be delivered directly to each servicer involved, regardless of the manner in which the mortgagee clause is endorsed. The servicer's address on any first mortgagee endorsement on a policy shall be utilized in the endorsements in lieu of the address of the first mortgagee, if so requested by the first mortgagee. First mortgagees may pay overdue premiums, or may secure new insurance coverage upon the lapse of the policy, with respect to any insurance required to be maintained by the Association as provided for in this Article VII and first mortgagees so making expenditures therefor shall be owed immediate reimbursement by the Association.

7.06 Non-liability of Association and Board. Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board Member shall be liable to any Owner or any other party if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate. It shall be the responsibility of each Unit Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection that said Unit Owner may desire.

7.07 Premiums Upon Insurance Policies Purchased By The Association. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense except that the

amount of increase over any annual or other premium occasioned by the use, misuse, occupancy, or abandonment of a Condominium Unit or its appurtenances, or of the Common Elements by an Owner, shall be assessed against that particular Owner.

7.08 Insurance Claims. The Association, acting by and through its Board, is hereby irrevocably appointed agent for each Owner and for each holder of a first mortgage or other lien upon a Unit, and for each Owner of any other interest in the Property, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, the Board having full and complete power to act for the Association in this regard.

7.09 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association, the Unit Owners and first mortgagees, as their interests may appear.

ARTICLE VIII

EASEMENTS

8.01 General Easements To Common Elements. Subject to this Declaration and the Association Rules, non-exclusive reciprocal easements are hereby reserved and created for the purpose of support, ingress and egress, access, use, and enjoyment in favor of each Owner, upon, across, over, under, and through the Common Elements, including the use of all pipes, wires, ducts, flues, cables, conduits, and public utility lines and recreational facilities, which easements shall be appurtenant to each Condominium Unit. The Association, acting through the Board or its authorized agent, and public utility companies providing service to the Property, shall have non-exclusive easements with the right of access to each Condominium Unit to make inspections, to remove violations, to maintain, repair, replace, or effectuate the restoration of the Common Elements accessible in such Unit; provided, however, such rights shall be exercised in a reasonable manner and at reasonable times with prior

notification, unless emergency situations demand immediate access.

8.02 Public Utilities. Easements and rights over the Property for the installation and maintenance of electricity lines, telephone lines, cable television, water lines, gas lines, sanitary sewer lines, drainage facilities, and such other public utilities needed to serve the Property are hereby reserved unto the Association, together with the right to grant and transfer same; provided, however, such easements and rights shall not unreasonably interfere with the use of the Common Elements and the Condominium Units by the Owners or Occupants.

8.03 Easements for Encroachments. If any portion of the Common Elements now encroaches upon any Condominium Unit, or if any Condominium Unit on the Common Elements, or if any such encroachment shall occur hereafter as a result of the manner in which the Buildings have been constructed or due to settling, shifting, alteration, replacement, repair, or restoration by Declarant or the Association, a valid easement for encroachment shall exist so long as the Buildings stand.

8.04 Development Easements For Declarant. Until all Condominium Units have been sold by Declarant, or until the date which is three (3) years from the date of recordation of this Declaration, whichever first occurs, there are hereby reserved to Declarant, together with the right to grant and transfer the same to others, including Declarant's sales agents, representatives, and assigns, easements and rights upon, over, under, and through the Property (exclusive, however, of Condominium Units not owned by Declarant) for construction, display (including the use of the Condominium Units as models), maintenance, sales, and exhibit purposes (including the use of signs and other advertising devices) in connection with the erection and sale or lease of Condominium Units within the Property; provided, however, that no such use by Declarant or his agents shall otherwise restrict Owners or Occupants in the reasonable use and enjoyment of their Condominium Units.

8.05 Parking. Each Owner shall have an exclusive easement to use the parking space or spaces set forth on the Plat and designated for such Condominium Unit by corresponding number. Such exclusive parking easement shall be appurtenant to the respective Condominium Unit and may not be severed from the ownership of such

Condominium Unit.

8.06 Patios and Balconies. The Condominium Units shall have exclusive easements upon, across, and over the patios and balconies designated and indicated on the Plat, and the balconies which may be constructed at the option of the Owners as set forth in Section 3.02 hereof, which are accessible to said respective Condominium Units by sliding glass doors, french doors, or standard entry doors.

ARTICLE IX USE RESTRICTIONS

9.01 Conditions of Use and Occupancy. The use and occupancy of the Property shall be conformance with all deed restrictions and zoning and other ordinances, rules, and regulations of all appropriate governmental agencies and, subject to the foregoing, shall be in accordance with the provisions set forth in this Article IX so long as the Horizontal Property Regime created hereby exists.

9.02 Residential Use. The Property shall be used exclusively for residential purposes and each Condominium Unit shall be improved, used, and occupied as a separate dwelling Unit. Unless specifically approved by the Board, no part of the Property may be used for any business, commercial, manufacturing, storing, vending, or any non-residential purposes. However, nothing contained herein shall be construed to prevent the Declarant, its agents, or employees, from engaging in all forms of construction and sales activities within the Property, including use of the Condominium Units owned by the Declarant as models, until such time as all Condominium Units have been sold by the Declarant, or until the date which is Three (3) years from the date of recordation of this Declaration, whichever first occurs.

9.03 Signs. No sign of any kind shall be displayed to public view from any portion of the Property without the approval of the Board. Notwithstanding the foregoing, a single sign of reasonable dimension advertising a Condominium Unit for sale or rent may be placed

by the Owner, or his agent, within the Condominium Unit or immediately adjacent thereto located on the Common Elements, subject to reasonable regulation by the Board. Nothing herein contained shall prevent Declarant, and its agent, employees, and assigns from utilizing reasonable signs, flags, markers, and sales devices in furtherance of sales activities until all Condominium Units have been sold by Declarant.

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

9.05 Lawful Use. No Owner, occupant, or resident shall engage in activity within the Property in violation of any law, ordinance, statute, rule, or regulation of any local, county, state, or federal body, nor shall immoral, improper, offensive, or unlawful use be made upon the Property or any part thereof.

9.06 Leasing. Any agreement for the leasing or rental of any Condominium Unit (hereinafter referred to as in this Section as a "Lease") shall provide that the terms of such Lease shall be subject in all respects to the provisions of this Declaration, By-Laws, and the Association Rules. Said Lease shall further provide that any failure by the Occupant thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. All Leases shall be in writing. Unless approved by the Board in writing, no Condominium Unit shall be leased for transient or hotel purposes which shall be defined as rental for any period

of less than Thirty (30) days. Any Owner who shall lease his Unit shall be responsible for assuring compliance by the Occupant with this Declaration, the By-Laws, and the Association Rules. Failure by an Owner to take legal action, including the institution of a forcible entry and detainer proceeding against his Occupant who is in violation of this Declaration, the By-Laws, or the Association Rules within TEN (10) days after receipt of written demand to do so from the Board, shall entitle the Association, acting by and through the Board, to take any and all such actions including the institution of proceedings and forcible entry and detainer on behalf of such Owner against his Occupant. Any expenses incurred by the Association, including reasonable attorneys' fees and costs of suit, shall be repaid to it by such Owner. Failure of such Owner to make such repayment within TEN (10) days after receipt of a written demand therefor shall entitle the Board to levy a special Assessment against such Owner and his Condominium Unit for all such expenses incurred by the Association. In the event such special Assessment is not paid within THIRTY (30) days of its due date, the Board may resort to all remedies of the Association for the collection thereof.

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

9.08 Parking. Unless otherwise permitted by the Board, no motor vehicle (including a motorcycle), trailer, camper, boat, or similar item, and no bicycle, shall be permitted to remain upon the Property except in spaces designated for such use; provided, however, temporary parking of motor vehicles shall be permitted. For purposes hereof, "temporary parking" shall mean parking of vehicles belonging to invitees of Owners and Occupants, parking of delivery trucks, service vehicles and other

commercial vehicles being used in the furnishing of goods and services to the Association or to the Owners and Occupants as well as parking of vehicles belonging to and being used by Owners, Occupants, and invitees for loading and unloading purposes. Except for temporary parking as hereinabove defined, no buses, vans, trucks, or other vehicles having a carrying capacity in excess of three-quarters (3/4) tons or designed for commercial purposes shall be maintained or parked upon the Property except with the prior written approval of the Board. The Board may adopt Association Rules relating to the admission and temporary parking of vehicles within the Property.

Nothing herein shall be construed as preventing the Declarant from using temporary structures or trailers for construction and/or sales purposes or engaging in all forms of construction and sales activities within the Property.

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

9.10 Window Covers. Only curtains, drapes, and shades may be installed as window covers. No window shall be covered by paint, foil, sheets, or similar items. The Board may adopt Association Rules regulating the type, color, and design of the external surface of

window covers.

9.11 External Laundering. Unless otherwise permitted by the Board, external laundering and drying of clothing and other items is prohibited.

9.12 Outside Speakers and Amplifiers. No radio, stereo, broadcast, or loudspeaker units and no amplifiers of any kind shall be placed upon or outside, or be directed to the outside of any Building without the prior written approval of the Board.

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

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

9.15 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept upon the Property, except that dogs, cats, or other household pets may be kept within a Condominium Unit provided they are not raised, bred, kept, or maintained for any commercial purpose, and provided that an Owner shall not maintain more than two (2) household pets in any Condominium Unit. Notwithstanding the foregoing, no animal or fowl may be kept within a Condominium Unit which, in the good faith judgement of the Board, results in an annoyance or is obnoxious to Owners or Occupants within the Property. All animals permitted to be kept by this Section shall be kept on a leash when on any portion of the Property except within a Condominium Unit. The Board may adopt Association Rules applicable to the provisions of this Section and to the keeping of pets within the Property, and their enforcement.

9.16 Rules and Regulations. The Association shall have the power to make and adopt reasonable Association Rules with respect to activities which may be conducted on any part of the Property. The Board's determination as to whether a particular activity being conducted or to be conducted violates or will violate such Association Rules shall be conclusive unless, at a regular or special meeting of the Association, Owners representing a majority of the voting power of the Association vote to the contrary.

ARTICLE X

DESTRUCTION OF IMPROVEMENTS

10.01 Damage and Repair. If all or any part of the Condominium Property or any property in which the Association owns an interest is damaged or destroyed by fire or other hazard, the determination as to whether said Property shall be repaired or reconstructed shall be made in accordance with the provisions of this Article X.

10.02 Common Elements. If the damaged property is part of the Common Elements or any property in which the Association owns an interest, it shall be repaired or reconstructed, unless it is determined in the manner hereinafter provided that the Condominium shall be terminated.

10.03 Units. If the damaged property is a Building or Buildings containing Condominium Units, the damage shall be repaired and reconstructed, unless within SIXTY (60) days after the loss or damage, Two-Thirds (2/3) of the Owners of all of the Units vote not to repair or reconstruct the damaged property. If the damaged property is a Building or Building containing Condominium Units, and it is determined by Two-Thirds (2/3) of the Owners of all of the Units that the damaged property shall not be repaired or reconstructed then, and in such case, the Condominium will be terminated if, within SEVENTY-Five (75) days of the loss or damage, the Owners of all of the Units and all of the first mortgagees determine to terminate the Condominium as provided in this Article X.

10.04 Construction. Any repair or reconstruction must be substantially in accordance with the plans and specifications for the original improvements, or if not, then according to plans and specifications approved by the Board and a majority of the Owners. If the loss or damage is only to those parts of a Condominium Unit or Condominium Units for which the responsibility of maintenance and repair is borne by the Condominium Owner, then the Condominium Owner shall be responsible for repair and reconstruction; provided, however, to the extent that any insurance proceeds collected are attributable to the Units and not the Common Elements, the share of the proceeds attributable to the Condominium Units shall be used for repairs and reconstruction of the Condominium Units. Immediately after determination is made to repair or reconstruct damage to property for which the Association has the responsibility for repair and reconstruction, the Association shall obtain reliable and detailed estimates of the costs of the repair or reconstruction. In the case of damaged Common Elements, if the proceeds of insurance are not sufficient to defray the estimated costs of construction and repair by the Association, Assessments shall be made against the Unit Owners in sufficient amounts to provide funds to pay the estimated costs. Additional Assessments may be made at any time during or following the completion of construction. Such Assessments against Unit Owners for damage to Condominium Units shall be in proportion to the cost of reconstruction and repair of their respective Condominium Units. Such Assessments on account of damage to Common Elements shall be in proportion to the Owners' percentage ownership in the Common Elements.

10.05 Insurance Trustee. Except for loss or damage which is less than ONE PERCENT (1%) of the value of the Condominium Project, all insurance proceeds payable on account of damage or loss to the Condominium Project shall be paid to any bank in Arizona which is selected as a Trustee by the Board, which bank is hereinafter referred to as the "Insurance Trustee". The Insurance Trustee shall not be liable for payment

of premiums, for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds. Insurance proceeds payable on account of loss or damage which equals less than ONE PERCENT (1%) of the value of the Condominium Project shall be payable to and be used by the Association to repair such loss or damage. The duty of the Insurance Trustee shall be to receive the insurance proceeds that are paid, and to hold them in trust for and on behalf of the Unit Owners and the first mortgagees; an undivided share of such proceeds on account of damage to Common Elements shall be allocated to the Unit Owners according to their respective percentage ownership therein. Proceeds, if any, on account of damage to Condominium Units shall be held for the Owners of said damaged Units in proportion to the costs of repairing the damage suffered by each Unit Owner, which costs shall be determined by the Association. In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the Unit Owner and for the first mortgagee, as their interests may appear.

10.06 Manner of Disbursement. The proceeds from Assessments and insurance received by the Insurance Trustee shall be disbursed in the following manner: (a) that portion of the insurance proceeds, if any, representing damage, the reconstruction and repair of which is the responsibility of the Condominium Unit Owner, shall be paid by the Insurance Trustee to the Unit Owner, or if there is a mortgagee endorsement then to the Unit Owner and the first mortgagee jointly, who may use such proceeds as they may determine; provided, however, to the extent that any damage to a Condominium Unit affects in any way the Common Elements or any other Owner's Condominium Unit, the proceeds must be used for reconstruction and repair of such damage; (b) the portion of insurance proceeds representing damage, the reconstruction and repair of which is the responsibility of the Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board and upon the approval of an architect qualified to practice architecture in the State of Arizona and employed by the Association to supervise the work; and (c) the Insurance Trustee shall not

be required to determine whether a disbursement is to be made, the identity of the payee, or the amount to be paid, but may rely upon a Certificate of the Board acting for and on behalf of the Association stating such information.

10.07 Performance of The Work. All repairs and construction work shall be done by licensed contractors, of good reputation. Payment Bonds, Performance Bonds, and Statutory Lien Bonds may, but need not, be required in the discretion of the Board, but any and all work performed shall be done pursuant to written contractual agreements.

10.08 Termination. If it is determined pursuant to the provisions of this Article X that the Building or Buildings containing Condominium Units shall not be repaired or reconstructed because of damage or destruction, then and in such event, this Condominium shall be terminated if the Owners of all of the Units and all of the mortgagees and lien holders of record of all of the Units execute, acknowledge, and record a Declaration withdrawing the Property from this Horizontal Property Regime, pursuant to the provisions of Section 33-556 of the Arizona Revised Statutes, as amended.

ARTICLE XI

FIRST MORTGAGEES

11.01 Rights in General. Notwithstanding any other provisions of this Declaration, the Articles of Incorporation, By-Laws, or any Rules, Regulations, or Management Agreements to the contrary, the provisions set forth in this Article XI shall apply to and benefit each holder of a first mortgage upon a Unit.

11.02 No Right of First Refusal Permitted. The right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restriction to any other person or entity.

11.03 Foreclosure or Trustee Sale. Any first mortgagee or third party purchaser at a foreclosure sale or trustee sale under a Deed of Trust who obtains title to a Unit pursuant to the remedies provided for in the first mortgage for foreclosure of the mortgage will not be liable for such Unit's unpaid dues, charges, or Assessments, which may accrue prior to the acquisition, including the expiration of any period of redemption, of title to such Unit by the first mortgagee.

11.04 Prior Approvals. Unless all of the first mortgagees who have provided written notification to the Association of their respective desire to be informed of and to approve in advance the matters hereinafter set forth in this Section 11.04 (based upon One (1) vote for each first mortgage owned), and Owners of Units having Two-Thirds (2/3) of the ownership of the Common Elements, or such higher percentage as may be required in this Declaration or by applicable law, 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 Horizontal Property Regime hereby established except as set forth in Article X hereof;

(b) Change the prorata interest or obligation of any individual Unit for the purpose of levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or determining the prorata share of ownership of each Unit in the Common Elements, except as set forth in Article X hereof;

(c) Partition or subdivide any Apartment Unit or Units.

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements. The granting of an easement 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 payable or paid due to losses to any Condominium Property or portion thereof whether to the Condominium Units or to the Common Elements, for other than the

repair, replacement, or construction of such Condominium Property, except as provided herein or by statute. First mortgagees shall have the right to participate in the adjustment and settlement of any claim under any insurance maintained by the Association.

11.05 Taxes, Assessments, and Charges. All taxes, Assessments, and charges which may become liens prior to a first mortgage under local law shall relate only to the individual Unit and not to the Condominium Project as a whole.

11.06 Priority. No provision of the documents set forth in Section 11.01 hereof shall give a Unit Owner, or any other party, priority over any rights of the first mortgagee of the Units pursuant to its first mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses or taking of the Units or Common Elements.

11.07 Amenities. All amenities pertaining to the Condominium Project and located on the Property, such as driveways, recreation, and service areas, if any, are a part of the Condominium Project and shall be covered by and be subject to a mortgage on a Unit to the same extent as are the Common Elements.

11.08 Written Notification. A first mortgagee, upon request, shall be entitled to written notification from the Association of (1) any default in the performance by the Unit mortgagor pursuant to the documents specified in Section 11.01 hereof, which default is not cured by said Unit mortgagor within a period of THIRTY (30) days; (2) any condemnation or eminent domain proceeding affecting any portion of the Property; or (3) any substantial damage or destruction to the Common Elements to the extent and as provided in Section 7.05 hereof.

11.09 Books and Records. The Association shall be required to make available to Unit Owners, first mortgagees, and insurers and guarantors of the first mortgage upon any Unit, current copies of this Declaration of Horizontal Property Regime and Covenants, Conditions, and Restrictions, Articles of Incorporation, By-Laws, and other Rules and Regulations governing the Condominium, as may be in effect from time to time, and other books, records, and financial statements of the Association.

The Association shall also be required to make available to any and all prospective purchasers of any Unit current copies of this Declaration of Horizontal Property Regime and Covenants, Conditions, and Restrictions, Articles of Incorporation, By-Laws, and other Rules and Regulations governing the Condominium, and the most recent annual audited financial statement, if such is prepared. The term "available" as utilized within this Section 11.09 shall be deemed to mean and refer to, at a minimum, that the above-referenced documentation be made available by the Association for inspection, upon request, during normal business hours, or under other reasonable circumstances.

11.10 No Personal Liability. Except as otherwise provided in this Article XI, a first mortgagee shall not in any case or manner be personally liable for the payment of any Assessment or charge, nor the observance or performance of any covenant, restrictions, regulation, rule, Association Articles of Incorporation, By-Laws, or Management Agreement, except for those matters which are enforceable by injunctive or other equitable relief, not requiring the payment of money.

11.11 Breach. An action to abate the breach of any of these covenants, conditions, reservations, and restrictions set forth in this Declaration may be brought against the Purchasers who have acquired title through foreclosure of a first mortgage and the subsequent Sheriff's Sale (or through any equivalent proceedings), and the successors in interest to said purchasers, even though the breach existed prior to the time said purchaser or purchasers acquired an interest in such Unit.

11.12 Exercise of Ownership Rights and Privileges. During the pendency of any proceedings to foreclose a first mortgage (including any period of redemption) or from the time the trustee under the first deed of trust has given notice of sale pursuant to the power of sale conferred under a deed of trust and pursuant to law, the first mortgagee, or a receiver appointed in any such action, may but need not exercise any or all of the rights and privileges of the Owner in default of the Unit including, but not limited to, the right to vote as a member of the Association in the place and stead of the defaulting Owner.

11.13 Obligation to Pay Assessments and Charges. At

such time as the first mortgagee shall become record Owner of a Unit, the first mortgagee shall be subject to all of the terms and conditions of this Declaration including, but not limited to, the obligation to pay all Assessments and charges accruing thereafter in the same manner and on the same terms as any other Unit Owner.

11.14 Prior Assessment Liens. The first mortgagee, or any other party acquiring title to a mortgage Unit through foreclosure of the first mortgage or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure or acquiring title at a Trustee's Sale under a first Deed of Trust, shall acquire title free and clear of any lien authorized by or arising out of any of the provisions of this Declaration which secures the payment of an Assessment for charges accrued prior to the final conclusion of any such foreclosure or equivalent proceedings, including the expiration day of any period of redemption. Nevertheless, in the event the Unit Owner against whom the original Assessment was made is the purchaser or redemptionor, the lien shall continue in effect and the said lien may be enforced by the Association, or by the Board for the Association, for the respective Unit's Assessment that was due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid Assessment shall continue to exist as a personal obligation of the defaulting Owner of the respective Unit to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after said Owner is no longer a member of the Association.

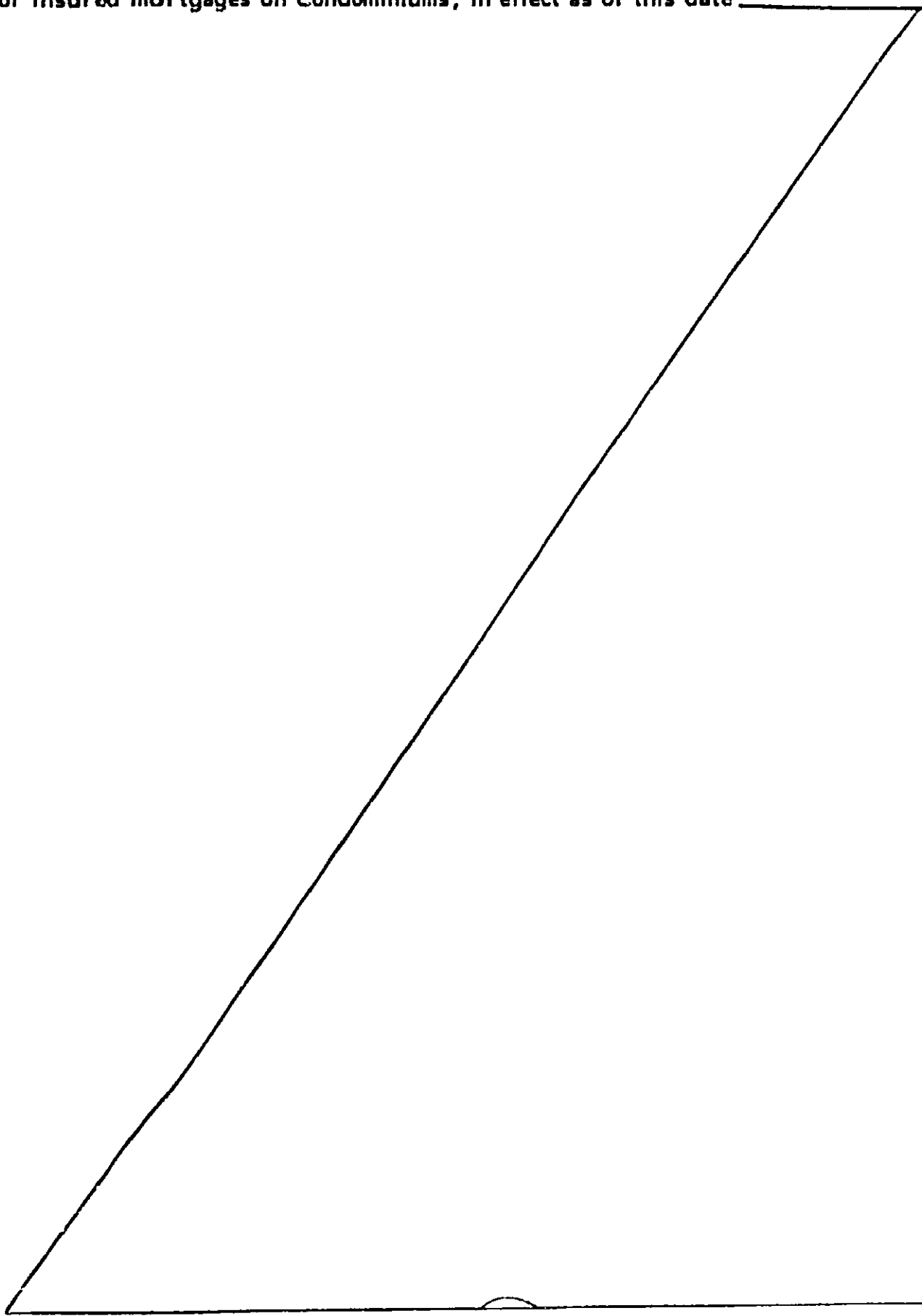
11.15 Subordination of Assessment Liens. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereinafter placed upon any Unit; provided, that such first mortgage is in favor of a bank, savings and loan association, insurance company, mortgage banker, other institutional lender, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or their successors and assigns, or is guaranteed or

insured respectively by the Veterans Administration or the United States Department of Housing and Urban Development/Federal Housing Administration, or their respective successors and assigns. The lien of the Assessments provided for herein shall not be affected by any sale or transfer of the Unit except that a sale or a transfer pursuant to the foreclosure of a first mortgage, as herein defined, shall extinguish the subordinate lien of the Assessments provided for herein which became payable prior to such sale or transfer. Any such sale or transfer pursuant to a foreclosure of a first mortgage shall not relieve the purchaser or transferee of a Unit from liability for, nor the Unit so sold or transferred from the lien of, any common expense charges secured by the lien of the Assessments provided for herein which thereafter become due.

11.16 No Reversion Or Foreclosure. Notwithstanding any other provisions in the documents specified in Section 11.01 hereof, no provision of this Declaration or of said documents relating to costs, use, set-back, minimum size, building materials, architectural, aesthetic, or similar matters shall provide for reversion or foreclosure of title to a Unit in the event of violation thereof. No breach or any other violation of any provisions of the documents specified in Section 11.01 hereof shall affect, impair, defeat, or render invalid the interest or lien of any first mortgagee.

11.17 Rights, Privileges, and Powers of First Mortgagees; Interpretation. Notwithstanding and prevailing over any and all provisions hereof, no amendment to this Declaration shall be made or become effective which in any way affects, diminishes, or impairs any of the rights, privileges, or powers granted to any first mortgagee, or which is in any way inconsistent with the customary rules, regulations, or requirements of institutional first mortgagees or their assigns or successors, without the prior written consent of all first mortgagees. First mortgagees shall have the right to enforce against Unit Owners, the Association, and all others, any and all provisions of this Declaration including, without limitation, the provisions set forth in this Article XI. Said enforcement by first mortgagees may be by injunction, mandatory or prohibitory, or any other lawful procedure. This Declaration shall be interpreted in conformity with all Rules,

Regulations, and requirements of institutional mortgage holders, and of the Veterans Administration and the United States Department of Housing and Urban Development/Federal Housing Administration, applicable to guaranteed or insured mortgages on Condominiums, in effect as of this date



or as hereafter amended, and any provision hereof which is inconsistent therewith shall be deemed modified to conform thereto. The Articles, By-Laws, and all Rules and Regulations of the Association shall be governed by this Declaration and all provisions thereof which are inconsistent herewith shall be null and void.

ARTICLE XII
EMINENT DOMAIN

12.01 Effect of Condemnation. If a portion of the Common Elements should be taken by the exercise of the power of eminent domain, or should be transferred and conveyed to a condemning authority in the anticipation of such exercise, the entire award made as compensation for such taking including, but without limitation, any amount awarded as severance damages, or the entire amount received and paid in anticipation of such taking, after deducting therefrom in each case, reasonable and necessary costs and expenses, including, but without limitation, attorneys' fees, appraisers' fees, and court costs (which net amount is hereinafter referred to in this Article XII as the "Award") shall be paid to the Board as Trustee for all Owners and first mortgagees. If the portion of the Common Elements taken or conveyed shall not be comprised of or include, all or any part of a Building, as soon as practicable, the Board shall cause the Award to be utilized for the purpose of repairing and restoring the Property, including, if the Board deems it necessary or desirable, the replacement of any improvements so taken or conveyed; provided, however, all first mortgagees then of record with reference to the Units, shall be notified in writing, and if a majority object to such repairing or restoring within TEN (10) days after written notice, then the Board may act only with the approval of such a majority. If the portion of the Common Elements taken or conveyed is comprised of, or includes all or any part of a Building, the Board shall call a special meeting of the members of the Association, with notice to all first mortgagees then of record with reference to the Units, to convene within THIRTY (30) days after its

receipt of the Award to determine whether and, if so, in what manner, the Building shall be restored, reconstituted, or replaced. If Two-Thirds (2/3) of the Owners and the Two-Thirds of the first mortgagees determine, at such special meeting, not to restore, reconstitute, or replace the applicable Building and related improvements, the Board shall utilize the Award to effect such minimum repairs thereto as shall be necessary to comply with all applicable requirements of law and shall divide the remainder of the Award in as many shares as there are Units, such shares to be in the same proportion as the Owners' respective undivided percentage interest in the Common Elements, and such shares shall be distributed to the Owners and first mortgagees, as their interest may appear. If the Award should exceed the cost of repair and restoration, any excess shall, as soon as practicable following the completion thereof, be divided into shares and be distributed in the same manner as provided in the immediately preceding sentence. If the cost of repair and restoration shall exceed the amount of the Award, a special Assessment shall be levied against the Owners to the extent necessary to make up such deficiency, such Assessment to be levied against the Owners in the same proportion as their percentage interest in the Common Elements. The special Assessments provided for herein shall be secured by the lien provided hereinbefore in this Declaration. Nothing herein contained shall be deemed to impair or affect the priority of any first mortgage in or to any proceeds as set forth in Article XI hereof.

ARTICLE XIII

LIMITATIONS UPON PARTITION AND SEVERANCE

13.01 No Partition. The right to partition the Property is hereby suspended, except that the right to partition shall revive and the Property may be sold as a whole when the conditions for such action set forth in Article X dealing with destruction of improvements, and Article XII dealing with eminent domain have been met; provided, however, nothing contained in this Section shall be construed as limiting partition by joint Owners, upon the prior written approval of an applicable lender, of one (1) or more Condominium Units as to individual ownership of such Condominium

Units, provided the Horizontal Property Regime is not terminated.

13.02 No Severance. The elements of a Condominium Unit and other rights appurtenant to the ownership of a Condominium Unit, including exclusive easements over the Common Elements, if any, are inseparable, and each Owner agrees that he, she, or it shall not, while this Declaration is in effect, make any conveyance of less than the entire Condominium Unit and such appurtenances. Any conveyance made in contravention of this Section shall be void.

13.03 Proceeds of Partition Sale. If an action brought for the partition of the Property by sale, whether upon the occurrence of an event of destruction and a decision not to reconstruct or the taking of all or a portion of the Property by eminent domain, Owners shall share in the proceeds of such sale in the same proportion as their interest in the Common Elements, but in such event, the liens and provisions of all lenders or Assessment liens encumbering Condominium Units within the Property so encumbered shall extend to each applicable Owner's interest in the proceeds of such partition and sale. The interest of an Owner in such proceeds shall not be distributed to such Owner except upon the prior payment of any Assessment lien or lien of a lender encumbering such proceeds.

ARTICLE XIV

EXPANSION OF HORIZONTAL PROPERTY REGIME

14.01 Reservation of Option to Expand. Declarant intends to develop the Additional Parcel on a phased basis by annexing all or part of the Additional Parcel into the Property; however, Declarant may elect not to develop or annex all or any portion of the Additional Parcel. Without the approval of the Owners or the Association, Declarant shall have the ability to annex all or part of the Additional Parcel by Supplemental Declaration, and Declarant hereby reserves the right, privilege, and option to expand the Property under the name of "THE CENTER COURT CONDOMINIUM" by adding one (1) or more portions of the Additional Parcel on a phased basis and related Buildings and Condominium Units, together with improvements

and fixtures located thereon, and easements and rights appurtenant thereto, as provided in this Article XIV. However, Declarant shall be under no obligation to expand the Property; and no part of the Additional Parcel shall become subject to this Declaration unless and until a Supplemental Declaration shall have been executed and recorded in accordance with this Article XIV.

14.02 Supplemental Declaration. A Supplemental Declaration shall be a written instrument in recordable form, recorded in the Office of the County Recorder of Maricopa County, Arizona, which annexes all or part of the Additional Parcel to the Property under this Declaration; and which incorporates by reference all of the Restrictions and other provisions of this Declaration, and which contains such other provisions as are set forth in this Declaration relating to Supplemental Declarations.

14.03 Additional Condominium Units. The Declarant may elect to add One Hundred and Eighty (180), or less, additional Condominium Units to the Property, so that the aggregate number of total Condominium Units in the Property shall not exceed a maximum of Two Hundred and One----- (201) Units. All additional Condominium Units shall be used exclusively for residential purposes, and such additional Condominium Units may be added in One (1) or more phases as the Declarant may determine consistent with the phased Development Plan approved for the Property by the City of Scottsdale, Arizona.

14.04 Time Limitation. The Declarant shall have the right to add One Hundred and Eighty----- (180), or less, Condominium Units to the Property by Supplemental Declaration; provided, however, the right and option of the Declarant to add all or any part of the Additional Parcel and related Condominium Units to the Property shall extend only for a Seven (7) year term commencing upon the latter of (1) the date this Declaration is originally recorded, or (2) the date of recordation of the Supplemental Declaration annexing the most recent phase of the Property, if recorded within Seven (7) years from the date the Declaration was originally recorded.

14.05 Reallocation Formula. The percentage interest of each Condominium Unit in the Common Elements shall be reallocated by a complete restatement in any Supplemental Declaration setting forth the percentage interest in the Common Elements for the then total number of Condominium Units and such percentage shall be based on proportionate floor space. The voting rights and Assessment obligations of an Owner shall remain unchanged since this Declaration otherwise provides that there shall be One (1) vote for each Owner of a Condominium Unit, and since the Declaration provides that Assessments shall be uniform for Condominium Units and determined by a fraction the numerator of which is one (1) and the denominator of which is the then aggregate number of Condominium Units contained in the Property. In the event the Declarant ~~does not~~ annex any Condominium Units to the Property pursuant to the provisions of this Article XIV, the percentage interest of each Condominium Unit in the Common Elements shall be and remain as set forth in Exhibit "B" attached hereto and incorporated herein. In the event the Declarant annexes the maximum amount of the Condominium Units to the Property, as permitted and set forth in Paragraph 14.03 hereof, the percentage interest of each Condominium Unit and the Common Elements, subsequent to said complete and maximum permitted annexation, shall be as set forth in Exhibit "E" attached hereto and incorporated herein.

14.06 Compatible Construction. Declarant covenants that all Buildings and Condominium Units added to the Property, if any, shall be compatible in architectural style, quality of construction, and principal materials employed in construction. Furthermore, while it is the original Declarant's intention that all additional Condominium Units shall be similar in size to one (1) of the respective typical Units originally constructed in Phase I, consisting of Twenty-One (21) Condominium Units, Declarant makes no assurance in this regard since it may be necessary to modify the design features and certain other portions of the plans and specifications in order to meet the demands for the Property.

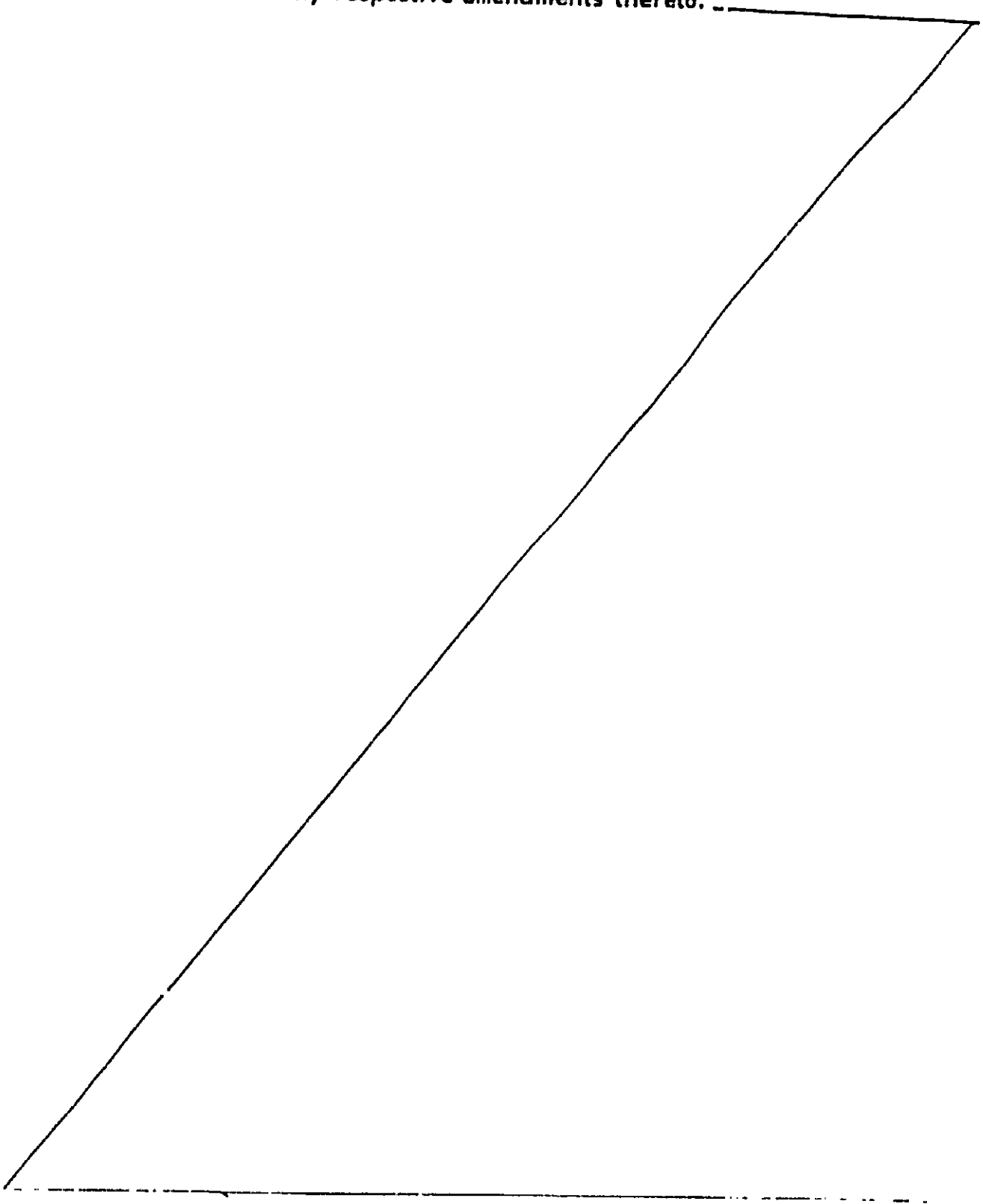
ARTICLE XV

GENERAL PROVISIONS

15.01 Enforcement. The Association or any Owner shall have the

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right to enforce, by proceedings at law or in equity, all Restrictions and other provisions now or hereafter imposed by this Declaration, or any amendments thereto, including the right to prevent the violation of any such Restrictions, and the right to recover damages and other sums for such violation. The Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the By-Laws and Association Rules and any respective amendments thereto. _



15.02 No Waiver. Failure by the Association or by any Owner to enforce any Restriction or provision herein contained, or contained in the By-Laws or Association Rules, in any certain instance or on any particular occasion shall not be deemed a waiver of such right of enforcement as to any such future breach of the same or any other Restriction or provisions.

15.03 Cumulative Remedies. All rights, options, and remedies of Declarant, the Association, the Owners or the lenders under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, the Association, the Owners and the lenders shall have the right to pursue any one or all of such rights, options, and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

15.04 Severability. Invalidation of any one or a portion of the Restrictions or provisions set forth in this Declaration or in the By-Laws or Association Rules by judgment or court order shall in no way affect any other Restrictions or provisions contained herein or therein which shall remain in full force and effect.

15.05 Covenants To Run With The Land; Term. The Restrictions and other provisions of this Declaration shall run with and bind the Property as equitable servitudes and also as covenants running with the land and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of FIFTY (50) years from the date this Declaration is recorded, after which time the Restrictions and other provisions shall be automatically extended for successive periods of TEN (10) years, unless an instrument, signed and acknowledged by Owners of SEVENTY-FIVE PERCENT (75%) or more of the Condominium Units within the Property has been recorded within One (1) year prior to the end of any such period, agreeing to change or revoke the Restrictions and other provisions of this Declaration in whole or in part.

15.06 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for

the development of a residential Condominium community and for the maintenance of the Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

15.07 Interpretation. This Declaration shall be interpreted in accordance with all Rules, Regulations, and requirements of the Veterans Administration or the United States Department of Housing and Urban Development /Federal Housing Administration, respectively applicable to guaranteed or insured mortgages, in the event said Administration or Department, as the case may be, approves the Condominium Project encompassed hereby and has guaranteed or insured one (1) or more mortgages on the Condominium Units herein. Interpretation of this Declaration in accordance with the above Rules, Regulations, and requirements of the Veterans Administration or the United States Department of Housing and Urban Development /Federal Housing Administration, as the case may be, shall be made as of the date of this Declaration or as hereinafter amended, and any provision hereof which is inconsistent therewith shall be deemed modified to conform to said Rules, Regulations, and requirements. If there is any conflict between or among this Declaration, the Articles of Incorporation, the By-Laws, or the Rules and Regulations of the Association, the provisions of this Declaration shall prevail; thereafter, priority shall first be given to the Articles, then to the By-Laws, and then to the Rules and Regulations of the Association.

15.06 Gender and Number. Whenever the context of this Declaration requires, the singular shall include the plural, and vice-versa, and the masculine shall include the feminine and the neuter and vice-versa.

15.09 Nuisance. The result of every act or omission whereby any provision or Restriction contained in this Declaration or any provision contained in the By-Laws or Association Rules is violated in whole or in part is hereby declared to be and shall constitute a nuisance, and every remedy allowed at law or in equity against a nuisance, either public or private, shall be applicable with respect to the abatement thereof, and may be exercised by the Association, or any Owner. Such remedy shall be

deemed cumulative to all other remedies set forth in this Declaration and shall not be deemed exclusive.

15.10 Attorneys' Fees. In the event any action is instituted to enforce any of the provisions contained in this Declaration, the By-Laws, or Association Rules, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment reasonable attorneys' fees and costs of suit.

15.11 Notices. Any notice to be given to an Owner, a first mortgagee, or the Association under the provisions of this Declaration shall be in writing and shall be delivered as follows:

(a) Notice to an Owner shall be delivered personally or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Board for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Condominium Unit. Any notice so deposited in the mail shall be deemed delivered SEVENTY-TWO (72) hours after such deposit. In the case of co-Owners, any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivered to all such co-Owners.

(b) Notice to a first mortgagee shall be delivered by first class United States mail, postage prepaid, to the most recent address furnished by such first mortgagee in writing to the Board for the purpose of notice or, if no such address shall have been furnished, to any office of the first mortgagee in Maricopa County, Arizona, or if no such office is located in Maricopa County, to any office of such first mortgagee. Any notice so deposited in the mail shall be deemed delivered SEVENTY-TWO (72) hours after such deposit.

(c) The declaration of an officer or authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any Owner or Owners, or to a first mortgagee or first mortgagees, to the address or addresses for the giving of notice pursuant to this Section, shall be deemed conclusive proof of such mailing.

(d) Notice to the Association shall be delivered by registered or certified United States mail, postage prepaid, addressed as follows:

President
THE CENTER COURT, SCOTTSDALE ASSOCIATION
7402 E. Kalil
Scottsdale, Arizona 85251

or to such other address as is subsequently provided by the Association to the Owners and first mortgagees in the manner hereinabove provided. Any notice so deposited in the mail shall be deemed delivered upon the date of receipt.

15.12 Effect of Declaration. This Declaration is made for purposes set forth in the recitals in this Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances, regulations, and the like applicable thereto. Declarant shall have no liability whatsoever if any of the provisions of this Declaration, the By-Laws, or Association Rules are determined to be unenforceable in whole or in part or under certain circumstances.

15.13 Personal Covenant. To the extent the acceptance of a conveyance of a Condominium Unit creates a personal covenant between the Owner of such Condominium Unit and Declarant, other Owners or the Association, such personal covenant shall terminate and be of no further force or effect from and after the date when a Person ceases to be an Owner except to the extent this Declaration provides for personal liability with respect to the Assessments incurred during the period a Person is an Owner.

15.14 Nonliability of Officials. To the fullest extent permitted by law, neither the Board nor any officer of the Association shall be liable to any Owner or the Association for any damage, loss, or prejudice suffered or claimed on account of any decision, approval, or disapproval, course of action, act, omission, error, or negligence if such Board member or officer acted in good faith within the scope of his, her, or their duties.

15.15 Unsegregated Real Property Taxes. Until such time

as real property taxes have been segregated by the County Assessor of Markopa County for the Condominium Units, the taxes shall be paid by the Association on behalf of the Owners. In connection with such payment, the proportionate share of such tax or installment thereof for a particular Condominium Unit shall be determined by multiplying the tax or installment in question by the respective percentage interest of such Condominium Unit in the Common Elements. The Association may levy a special Assessment against any Owner who fails to pay his share of any real property taxes pursuant to this Section. In the event any special Assessment is not paid within THIRTY (30) days of its due date, the Board may resort to all remedies of the Association for the collection thereof.

15.16 Use of Funds Collected by the Association. All funds collected by the Association, including Assessments and contributions to the Association paid by Owners, if any, shall be held by the Association in a fiduciary capacity to be expended in their entirety for nonprofit purposes of the Association in managing, maintaining, caring for, and preserving the Common Elements and for other permitted purposes as set forth in this Declaration. No part of said funds shall inure to the benefit of any Owner (other than as a result of the Association managing, maintaining, caring for, and preserving the Common Elements and other than as a result of expenditures made for other permitted purposes as set forth in this Declaration).

15.17 Amendments. Subject to the other provisions of this Declaration, including, without limitation, the rights of first mortgagees, this Declaration may be revoked or amended as follows:

(a) Prior to the conveyance of a first Condominium Unit to an Owner other than a Declarant, this Declaration and any amendments thereto may be amended or revoked by the execution by Declarant of an instrument amending or revoking the same.

(b) Subsequent to the conveyance of the first Condominium Unit in the Property to an Owner other than Declarant, this Declaration may be amended by the vote of not less than SEVENTY-FIVE

PERCENT (75%) of the Unit Owners of the Association.

(c) An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the Office of the County Recorder of Maricopa County, Arizona. An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment has been so approved, and when the amendment has been recorded in the Office of the County Recorder of Maricopa County, Arizona.

(d) Notwithstanding the foregoing, any provisions of this Declaration, the Articles, By-Laws, or Association Rules which expressly requires the approval of a specified percentage of the voting power of the Association or first mortgagees for action to be taken under said provision can be amended only with the affirmative written assent vote of not less than the same percentage or percentages of the voting power of the Association and/or first mortgagees.

(e) As long as there is a Class B Membership, the following actions will require the prior approval of the United States Department of Housing and Urban Development/Federal Housing Administration or the Veterans Administration: annexation of additional properties, dedication of the Common Elements or any part thereof, and amendment of this Declaration of Horizontal Property Regime and Covenants, Conditions, and Restrictions.

IN WITNESS WHEREOF, the Declarant has executed this Declaration in its behalf all as of the 12th day of January, 1984.

THE CENTER COURT, SCOTTSDALE,
an Arizona Joint Venture, comprised
of STAR RENTALS INCORPORATED,
a Minnesota Corporation, and ALEXANDER
& SONS, INC., an Arizona Corporation,
("Declarant")

By: STAR RENTALS INCORPORATED,
a Minnesota Corporation,
co-Venturer

By: James E. Hargrove
Its Pres.

By: ALEXANDER & SONS, INC., an
Arizona Corporation, co-Venturer

By: Steven T. Alexander
its Vice-President Steven T. Alexander

STATE OF ARIZONA)
)
COUNTY OF MARICOPA) ss.

Before me, the undersigned Notary Public, on this 12th day of January, ~~1984~~ ¹⁹⁸⁴ personally appeared Jerry E. Harrington, known to me to be the President of STAR RENTALS INCORPORATED, a Minnesota Corporation, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes contained therein on behalf of the Corporation.

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

Patricia M. Wickman
Notary Public

My Commission Expires:
11/28/87

STATE OF ARIZONA)
)
COUNTY OF MARICOPA) ss.

Before me, the undersigned Notary Public, on this 13th day of January, 198⁴, personally appeared Steven T. Alexander, known to me to be the Vice-President of ALEXANDER & SONS, INC., an Arizona Corporation, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes contained therein on behalf of the Corporation.

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

Patricia M. Wickman
Notary Public

My Commission Expires:
My Commission Expires Jan. 31, 1987

EXHIBIT "A"

LEGAL DESCRIPTION FOR CENTER COURT, PHASE I

BEGINNING at the South quarter corner of Section 26, Township 2 North, Range 4 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

thence North $89^{\circ}41'50''$ West, along the South line of said Section 26, also being the monument line of Thomas Road, a distance of 1,312.74 feet to the intersection of said South section line with the monument line of 74th Street;

thence North, along the monument line of 74th Street, a distance of 562.53 feet;

thence North $89^{\circ}46'30''$ East, a distance of 40.00 feet to the East Right-of-Way line of 74th Street also being the TRUE POINT OF BEGINNING;

thence North $00^{\circ}00'00''$ West, along the said East Right-of-Way line of 74th Street, a distance of 430.16 feet;

thence North $89^{\circ}48'51''$ East, a distance of 126.50 feet;

thence South $00^{\circ}00'30''$ West, a distance of 6.00 feet;

thence North $89^{\circ}48'51''$ East, a distance of 15.50 feet;

thence South $00^{\circ}11'09''$ East, a distance of 0.31 feet;

thence South $59^{\circ}06'30''$ East, a distance of 90.57 feet;

thence South $00^{\circ}13'30''$ East, a distance of 254.94 feet;

thence South $89^{\circ}46'30''$ West, a distance of 167.71 feet;

thence South $00^{\circ}58'12''$ West, a distance of 60.01 feet;

thence North $89^{\circ}46'30''$ East, a distance of 81.00 feet;

thence South $00^{\circ}13'30''$ East, a distance of 11.50 feet

to a point on a curve concave to the Northeast and having a radius of 4.50 feet;

thence Southeasterly, along the arc of said curve, a distance of 7.07 feet through a central angle of $90^{\circ}00'00''$;

thence North $89^{\circ}46'30''$ East, a distance of 130.50 feet;

thence South $00^{\circ}13'30''$ East, a distance of 40.00 feet;

thence North $89^{\circ}46'30''$ East, a distance of 330.22 feet;

thence North $00^{\circ}00'30''$ East, a distance of 99.10 feet;

thence South $89^{\circ}59'30''$ East, a distance of 12.00 feet;

thence North $00^{\circ}00'30''$ East, a distance of 344.52 feet;

thence South $89^{\circ}46'30''$ West, a distance of 224.36 feet;

thence North $00^{\circ}13'30''$ West, a distance of 158.97 feet;

thence North $89^{\circ}51'05''$ East, a distance of 231.00 feet;

thence South $00^{\circ}00'30''$ West, a distance of 508.94 feet;

thence South $89^{\circ}46'30''$ West, a distance of 12.00 feet;

thence South $00^{\circ}00'30''$ West, a distance of 99.30 feet;

thence South $89^{\circ}46'30''$ West, a distance of 399.20 feet;

thence North $00^{\circ}13'30''$ West, a distance of 22.00 feet;

thence South $89^{\circ}46'30''$ West, a distance of 144.00 feet;

thence South $00^{\circ}13'30''$ East, a distance of 22.00 feet;

thence South $89^{\circ}46'30''$ West, a distance of 61.24 feet to the TRUE POINT OF BEGINNING.

Said parcel contains 121,255.14 square feet or 2.7836 acres more or less.

84 019865

EXHIBIT "B".

LEGAL DESCRIPTION FOR CENTER COURT EXCLUDING PHASE I

BEGINNING at the South quarter corner of Section 26, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

thence 89°41'50" West, along the South line of said Section 26, also being the monument line of Thomas Road, a distance of 1,212.74 feet to the intersection of said South Section line with the monument line of 74th Street;

thence North along the monument line of 74th Street, a distance of 562.53 feet;

thence North 89°46'30" East, a distance of 40.00 feet to the East right-of-way line of 74th Street to a Point "A";

thence North 00°00'00" West, along the said East right-of-way line of 74th Street, a distance of 430.16 feet;

thence North 89°48'51" East, a distance of 126.50 feet to the TRUE POINT OF BEGINNING;

thence North 00°00'30" East, a distance of 290.82 feet;

thence North 89°51'05" East, a distance of 280.00 feet;

thence South 00°00'30" West, a distance of 112.00 feet;

thence South 89°51'05" West, a distance of 21.00 feet;

thence South 00°13'30" East, a distance of 158.97 feet;

thence North 89°46'30" East, a distance of 224.36 feet;

thence South 00°00'30" West, a distance of 344.52 feet;

thence North 89°59'30" West, a distance of 12.00 feet;

thence South 00°00'30" West, a distance of 99.10 feet;

thence South 89°46'30" West, a distance of 330.22 feet;

thence North 00°13'30" West, a distance of 40.00 feet;

thence South 89°46'30" West, a distance of 130.50 feet

to a point on a curve concave to the Northeast and having a radius of 4.50 feet;

thence Northwesterly along the arc of said curve, a distance of 7.07 feet through a central angle of 90°00'00";

thence North 00°13'30" West, a distance of 11.50 feet;

thence South 89°46'30" West, a distance of 81.00 feet;

thence North 00°58'12" East, a distance of 60.01 feet;

thence North 89°46'30" East, a distance of 167.71 feet;

thence North 00°13'30" West, a distance of 254.94 feet;

thence North 59°06'30" West, a distance of 90.57 feet;

thence North 00°11'09" West, a distance of 0.31 feet;

thence South 89°48'51" West, a distance of 15.50 feet;

thence North 00°00'30" East, a distance of 6.00 feet to

the TRUE POINT OF BEGINNING.

TOGETHER WITH THE FOLLOWING:

BEGINNING at above mentioned Point "A";

thence North 89°46'30" East, a distance of 61.24 feet to the TRUE POINT OF BEGINNING #1

— thence North 00°13'30" West, a distance of 22.00 feet;

thence North 89°46'30" East, a distance of 144.00 feet;

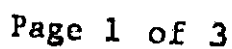
thence South 00°13'30" East, a distance of 22.00 feet;

thence South 89°46'30" West, a distance of 144.00 feet

to the TRUE POINT OF BEGINNING #1.

Said parcel contains 261,505.29 square feet or 6.0033 acres more or less.

11/3/83



84 019865

ONE BEDROOM UNIT

LOWER LEVEL

1ST & 2ND LEVEL

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

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

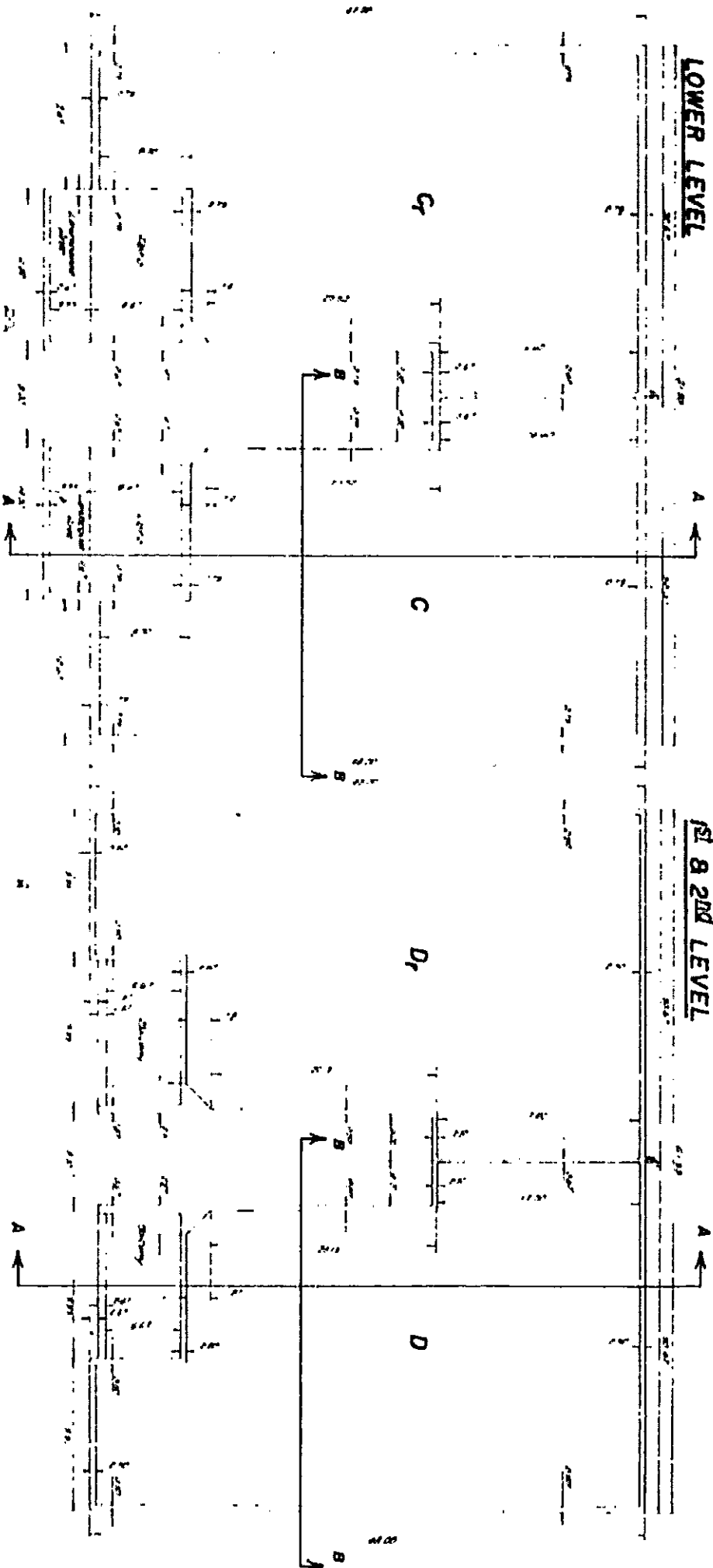
THE STAIRS SERVING THE APARTMENT SHALL BE LOCATED IN THE COMMON AREA OF THE BUILDING. THE STAIRS SHALL BE LOCATED IN THE COMMON AREA OF THE BUILDING. THE STAIRS SHALL BE LOCATED IN THE COMMON AREA OF THE BUILDING.

LEGEND
APARTMENT ROOMS
COMMON AREAS
STAIRS
ELEVATOR
PARKING

TWO BEDROOM UNIT

LOWER LEVEL

1st & 2nd LEVEL



SECTION 8-4

SECTION 8-B-B

THE STANDARD CORPORATION OF THE UNITED STATES: FROM 1900 TO 1910, IT WAS THE ONLY PAPER MANUFACTURING COMPANY IN THE WORLD. IT WAS THE ONLY PAPER MANUFACTURING COMPANY IN THE WORLD. IT WAS THE ONLY PAPER MANUFACTURING COMPANY IN THE WORLD.

Call 1-800-368-5868

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NOTED 4/25

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