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DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS FOR  
CASAS ADOBES TERRACE

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This Declaration of Covenants, Conditions and Restrictions is made this 8<sup>th</sup> day of June, 1993, by First American Title Insurance Company, a California corporation as Trustee under Trust No. 4471 (the "Declarant") with reference to the facts set forth below:

W I T N E S S E T H:

WHEREAS, the real property in Pima County, State of Arizona legally described on the attached Exhibit A (hereinafter referred to as the "Covered Property" and also sometimes referred to as "Casas Adobes Terrace") is owned by the Declarant; and

WHEREAS, the Declarant wishes to subject all of Casas Adobes Terrace to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements (hereinafter collectively called "Covenants") hereinafter set forth; and

WHEREAS, Declarant desires to form or has formed a non-profit corporation for the maintenance, social and recreational purposes of benefiting Casas Adobes Terrace, the Owners and the Residents (as said terms are defined hereinbelow), which non-profit corporation (hereinafter termed the "Association") will (1) acquire, construct, operate, manage and maintain any Common Areas within Casas Adobes Terrace; (2) establish, levy, collect and disburse the Assessments and other charges imposed hereunder; and (3) as the agent and representative of the Members of the Association and Residents of Casas Adobes Terrace, administer and enforce all provisions hereof and enforce use and other restrictions imposed on various parts of Casas Adobes Terrace; and

WHEREAS, in order to cause the Covenants to run with Casas Adobes Terrace and to be binding upon Casas Adobes Terrace and the Owners thereof from and after the date of the Recording of this Declaration, Declarant hereby makes all conveyances of Casas Adobes Terrace, whether or not so provided therein, subject to the Covenants herein set forth; and by accepting Deeds, Leases, easements or other grants or conveyances to any portion of Casas Adobes Terrace, the Owners, and other transferees for themselves and their heirs, executors, administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally bound by all of the Covenants (including, but not limited to, the obligation to pay Assessments) hereinafter set forth, except to the extent such persons are specifically excepted herefrom.

NOW, THEREFORE, the Declarant hereby declares, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

The following words, phrases or terms used in this Declaration shall have the following meanings:

A. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot or Owner pursuant to Article VII, Section 2, hereof.

B. "Architactural Committee" shall mean the committee of the Association to be created pursuant to Article XI below.

C. "Articles" shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.

D. "Assessable Property" shall mean any Lot except such part or parts thereof as may from time to time constitute Exempt Property.

E. "Assessment" shall mean an Annual Assessment, Special Assessment, and/or Maintenance Charge.

F. "Assessment Lien" shall mean the lien created and imposed by Article VII.

G. "Assessment Period" shall mean the term set forth in Article VII, Section 7.

H. "Association" shall mean the Arizona non-profit corporation organized or to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration, its successors and assigns. Declarant hereby reserves the exclusive right to cause such Association to be incorporated. The Association shall be named the "Casas Adobes Terrace Homeowners' Association".

I. "Association Land" shall mean such part or parts of Casas Adobes Terrace, together with the buildings, structures and improvements thereon, and other real property which the Association may at any time own in fee or in which the Association may at any time have a leasehold interest, for as long as the Association is the owner of the fee or leasehold interest.

J. "Board" shall mean the Board of Directors of the Association.

K. "Bylaws" shall mean the Bylaws of the Association as the same may from time to time be amended or supplemented.

L. "Common Area and Common Areas" shall mean (a) all Association Land; (b) all land within Casas Adobes Terrace which the Declarant, by this Declaration or other Recorded instrument, makes available for use by Members of the Association and evidences its intent to convey to the Association at a later date; (c) all land within Casas Adobes Terrace which the Declarant indicates on a Recorded subdivision plat is to be used for landscaping, drainage, and/or flood control for the benefit of Casas Adobes Terrace and/or the general public and is to be dedicated to the public or Pima County; and (d) areas on a Lot within easements granted to the

Association or its Members for the location, construction, maintenance, repair and replacement of a wall, which easement may be granted or created on a Recorded subdivision plat or by a Deed or other conveyance accepted by the Association.

M. "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.

N. "Declarant" shall mean and refer to the above recited Declarant or any person or persons to whom any part of all of Declarant's rights reserved to the Declarant hereunder are assigned. The Declarant's rights shall only be assigned by a written, Recorded instrument expressly assigning those rights.

O. "Declaration" shall mean this Declaration as amended or supplemented from time to time.

P. "Deed" shall mean a Deed or other instrument conveying the fee simple title in a Lot.

Q. "Dwelling Unit" shall mean any building or portion of a building situated upon a Lot designed and intended for use and occupancy as a residence by a Single Family.

R. "Exempt Property" shall mean the following parts of Casas Adobes Terrace:

1. All land and improvements owned by, or dedicated to and accepted by, the United States, the State of Arizona, Pima County, or any political subdivision thereof, for as long as any such entity or political subdivision is the Owner thereof or for so long as said dedication remains effective;

2. All Association Land, for as long as the Association is the Owner thereof.

3. Any portion of the Casas Adobes Terrace conveyed to any water utility as a well site.

S. "Lot" shall mean any of Lots 1-182 designated on the Recorded subdivision plat of Casas Adobes Terrace.

T. "Maintenance Charges" shall mean any and all costs assessed pursuant to Article X, Sections 2 or 3.

U. "Member" shall mean any person holding a Membership in the Association pursuant to this Declaration.

V. "Membership" shall mean a Membership in the Association and the rights granted to the Owners and Declarant pursuant to Article VI to participate in the Association.

W. "Owner" shall mean (when so capitalized) the record holder of legal title to the fee simple interest in any Lot including contract sellers, but excluding others who hold such title merely as security. In the case of Lots the fee simple title to which is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., legal title shall be deemed to be in the Trustor. An Owner shall include any person who holds record title to a Lot in joint ownership with any other person or holds an undivided fee interest in any Lot.

X. "Casas Adobes Terrace Rules" shall mean the rules for Casas Adobes Terrace adopted by the Board pursuant to Article V, Section 3.

Y. "Recording" shall mean placing an instrument of public record in the Office of the County Recorder of Pima County, Arizona, and "Recorded" shall mean having been so placed of public record.

Z. "Resident" shall mean:

1. Each buyer under a contract of sale as defined in A.R.S. 33-741 covering any part of the Assessable Property, regardless of whether the contract is Recorded, and each Tenant actually residing on any part of the Assessable Property; and

2. Members of the immediate family of each Owner and Tenant referred to in subparagraph (1) actually living in the same household with such Owner or such buyer or Tenant.

Subject to such rules and regulations as the Association may hereinafter specify (including the imposition of special non-resident fees for use of the Association Land if the Association shall so direct), the term "Resident" also shall include the guests or invitees of any such Owner, buyer or Tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

AA. "Single Family" shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not all so related, who maintained a common household in a Dwelling Unit.

BB. "Special Assessment" shall mean any Assessment levied and assessed pursuant to Article VII, Section 5.

CC. "Special Use Fees" shall mean special fees authorized by this Declaration which an Owner, Resident or any other person is obligated to pay to the Association over, above, and in addition to, any Annual or Special Assessments or Maintenance Charges imposed or payable hereunder.

DD. "Tenant" shall mean any person who occupies property located on Casas Adobes Terrace under any type of rental or leasing arrangement.



EE. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is, or would be, visible to a person six (6) feet tall, standing at ground level on any part of such neighboring property.

## ARTICLE II

### PROPERTY SUBJECT TO CASAS ADOBES TERRACE DECLARATION

Section 1. General Declaration Creating Casas Adobes Terrace. Declarant hereby declares that all of the real property within Casas Adobes Terrace is, and shall be, held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration as amended or modified from time to time; provided, however, property which is not part of a Lot and which is dedicated to the public or a governmental entity for public purposes shall not be subject to this Declaration and the Covenants herein contained while owned by the public or the governmental entity, although restrictions imposed in this Declaration upon the Owners and Residents concerning the use and maintenance of such public areas shall at all times apply to the Owners and Residents. This Declaration is declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of Casas Adobes Terrace and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Parcel I and every part thereof. All of this Declaration shall run with all Lots and Association Land for all purposes and shall be binding upon, and inure to, the benefit of Declarant, the Association, all Owners and Residents and their successors in interest. Nothing in this Declaration shall be construed to prevent the Declarant from modifying any Master Development Plan or any portions thereof, or from dedicating or conveying portions of Casas Adobes Terrace, including streets or roadways, for uses other than as a Lot or Association Land.

Section 2. Association Bound. Upon incorporation of the Association, the Covenants shall be binding upon and shall benefit the Association.

## ARTICLE III

### EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMON AREAS

Section 1. Easements of Enjoyment. Every Owner, Resident and Tenant and other Member of the Association shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to, and shall pass with, the title to every Lot, subject to the following provisions:

A. The right of the Association to charge reasonable admission and other Special Use Fees for the use of any recreational or other facility situated upon the Common Areas. Fees shall be uniform among Members.

B. The right of the Association to suspend the voting rights and right to use of the recreational facilities and other Common Areas by any Member (i) for any period during which any Assessment against his Lot remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Declaration or the Casas Adobes Terrace Rules; and (iii) for successive sixty (60) day periods if any such infraction is not corrected during any period sixty (60) day suspension period.

C. The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. Unless otherwise required by zoning stipulations or agreements with the Pima County effective prior to the date hereof or specified on a Recorded subdivision plat, no such dedication or transfer shall be effective unless an instrument signed by the Owners of two-thirds (2/3) of the Memberships in each class of Members agreeing to such dedication or transfer has been Recorded, except that the Board shall have authority to transfer to such public agencies or authorities any utility easements and rights-of-way which are intended to benefit Casas Adobes Terrace and which do not have any substantial adverse affect on the enjoyment of the Common Areas by the Members.

D. The right of the Association to regulate the use of the Common Areas through the Casas Adobes Terrace Rules and to prohibit access to those Common Areas, such as landscaped rights-of-way, not intended for use by the Members. The Casas Adobes Terrace Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Common Areas for the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

Section 2. Delegation of Use. Any Member may, in accordance with the Casas Adobes Terrace Rules and the limitations therein contained and this Declaration (a) delegate his right of enjoyment in the Common Areas and facilities to the members of his family, his Tenants, or his guests or invitees; or (b) designate another person to exercise all of his rights (but not liabilities or voting rights), which other person shall, during the period of such designation, have the sole right to delegate rights of enjoyment pursuant to Subsection (a) of this Section. Such delegation of use is subject to approval by the Board.

#### ARTICLE IV

##### PERMITTED USES AND RESTRICTIONS

Section 1. Permitted Uses and Restrictions. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots:

A. Architectural Control. All properties at Casas Adobes Terrace are subject to architectural control as established by the Architectural Committee. No improvements, alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any property within Casas Adobes Terrace, or the improvements located thereon, from its natural or improved state, shall be made or done without prior approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered, or made without the prior written approval of the Architectural Committee. All subsequent additions to, or changes or alterations in, any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots, shall be subject to the prior written approval of the Architectural Committee. No changes or deviations in or from the plans and specifications once approved by the Architectural Committee shall be made without prior written approval of the Architectural Committee.

B. Animals. No animal, bird, fowl, poultry or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal, bird, fowl, poultry, or livestock shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal, bird, fowl, poultry, or livestock shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Member or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal, bird, fowl, poultry, or livestock is a generally recognized house or yard pet, whether such a pet is a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

C. Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any property shall be removed immediately after the completion of construction.

D. Maintenance of Lawns and Planting. Each Owner of a Lot shall keep all shrubs, trees, hedges, grass and plantings of every kind located on

(1) his Lot (including the rear bufferyards on Lots 23, 24, 25, 46 and 47 and the side bufferyards on Lots 3,

7, 8, 13, 14, 29, 33, 34, 38, 39, 58, 59, 72, 75, 98, 100, 101, 104, 106, 110, 114, 116, 128, 129, 143, 145, 157, 158, 171 and 174, and any other Common Areas located on any of the Lots),

(ii) planted public right-of-way areas between sidewalks (or bikepaths) and the street curb in front of his property, if any,

(iii) any other public right-of-way or easement area which abuts the Owner's Lot and which is located between the boundary line of his Lot and the paved area of any street, sidewalk, bikepath or similar area, and

(iv) any non-street public right-of-way or easement area adjacent to his Lot,

neatly trimmed, and shall keep all such areas properly cultivated and free of trash, weeds and other unsightly material; provided, however, that such Owner shall not be responsible for maintenance of any area over which (1) the Association assumes the responsibility in writing; (2) the Association has been given such responsibility by a Recorded Instrument as provided in Article X, Section 1 of this Declaration; or (3) Pima County assumes responsibility, for so long as the Association or Pima County assumes or has responsibility as provided in Subsections (1), (2) or (3). The Architectural Committee may require landscaping by the Owner of the areas described in Subsections (ii), (iii) and (iv) above.

**E. Nuisances; Construction Activities.** No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, and trash and debris shall not be permitted to accumulate.

**F. Diseases and Insects.** No Owner shall permit anything or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

G. Repair of Building. No building or structure on any Lot shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection (a) above, such building or structure shall be immediately repaired or rebuilt or shall be demolished.

H. Antennas. No antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any Lot, whether attached to a building or structure or otherwise, unless approved by the Architectural Committee.

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

J. Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only for the shortest time reasonable necessary to affect such collection. All rubbish, trash, or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot.

K. Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

L. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to a Lot except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other improvements; (ii) that which Declarant or the Association may require for the operation and maintenance of Casas Adobes Terrace.

M. Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot except:

- (i) Signs required by legal proceedings.

(ii) No more than two (2) identification signs for individual residences, each with a face area of seventy-two (72) square inches or less.

(iii) No more than one (1) "For Sale" and "For Lease" signs of the Owner of a Dwelling Unit with a face area of four (4) square feet or less.

(iv) Promotional and advertising signs of builders on any Lot approved from time to time by the Declarant as to number, size, colors, design, message content, location and type.

(v) Such other signs (including, but not limited to, construction job identification signs, builder identification signs, subdivision, and apartment identification signs) which are in conformance with the requirements of the Pima County or other governmental agencies and which have been approved in writing by the Architectural Committee as to size, colors, design, message content and location.

N. Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Board, which approval must be evidenced on the plat or other instrument creating the subdivision, easement, or other interest. This provision shall not, in any way, limit Declarant from subdividing or separating into Lots any property at any time owned by Declarant. No portion of a Lot but for the entire Lot, together with the improvements thereon, may be rented, and then only to a Single Family. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner or other person against any Lot without the provisions thereof having been first approved in writing by the Board and any covenants, conditions, restrictions or easements Recorded without such approval being evidenced thereon shall be null and void.

O. Utility Easements. There is hereby created a blanket easement upon, across, over and under each Lot and the Common Area for ingress to, egress from, and the installation, replacing, repairing and maintaining of, all utility and service lines and systems, including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. as such utilities are installed in connection with the initial development of the Lot and the construction of the first Dwelling Unit or other building thereon. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of

buildings on the Lots. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Lot except as initially programmed and approved by the Declaration or the Architectural Committee.

P. Party Walls. Except as hereinafter provided, the rights and duties of Owners with respect to party walls between Lots or party fences between Lots shall be as follows:

(i) The Owners of contiguous Lots who have a party wall or party fence shall both equally have the right to use such wall or fence, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(ii) In the event that any party wall or party fence is damaged or destroyed through the act of an Owner or any of his Tenants, agents, guests, or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the party wall or party fence without cost to the Owner of the adjoining Lot. Any dispute over an Owner's liability for such damage shall be resolved as provided in Subsection (v) below, but any liability imposed on an Owner hereunder shall not prevent the Owner from seeking indemnity therefor from the persons causing such damage.

(iii) In the event any party wall or party fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his Tenants, agents, guests or family, it shall be the obligation of all Owners whose Lots adjoin such party wall or party fence to rebuild and repair such wall or fence at their joint expense, such expense to be allocated among the Owners in accordance with the frontage of their Lots on the party wall or party fence.

(iv) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any party wall or party fence without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.

(v) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a party wall or party fence, or with respect to the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board, the decision of which shall be binding. Anything in the foregoing to the contrary notwithstanding.

(vi) In the case of party fences (1) between Common Areas and Lots, or (2) constructed by the Declarant or the Association on Common Areas within a Lot, the Association shall be responsible for all maintenance thereof, subject to the provisions of Article X, Sections 2 and 3, except that each Owner of a Lot shall be responsible for painting the portion of the party fence facing his Lot or the portion thereof which is not a portion of the Common Area.

Q. Utility Service. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Committee.

R. Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or other area from ground level to a height of eight (8) feet.

S. Trucks, Trailers, Campers and Boats. No currently unlicensed or unregistered motor vehicle and no motor vehicle classed by manufacturer rating as exceeding 3/4-ton, mobile home travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer, or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot or on any street in Casas Adobes Terrace so as to be Visible From Neighboring Property, the Common Areas or the streets; provided, however, the provisions of this Section shall not apply to pickup trucks of less than 3/4-ton capacity with camper shells not exceeding seven (7) feet in height measured from ground level and mini-motor homes not exceeding seven (7) feet in height and eighteen (18) feet in length which are parked as provided in Subsection (U) below and are used on a regular and recurring basis for basic transportation.

T. Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot, or street in Casas Adobes Terrace, and no inoperable vehicle may be stored or parked on any such Lot, or street so as to be Visible From Neighboring Property or to be visible from Common Areas or streets; provided, however, that the provisions of this Section shall not apply to (i) emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Architectural Committee; or (ii) vehicles parked in garages on Lots so long as



such vehicles are in good operating condition and appearance and are not under repair.

U. Parking. Vehicles of all Owners, and Residents, of their employees, guests and invitees, are to be kept in garages, carports, residential driveways of the Owner, and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a Lot; provided, however, this Section shall not be construed to permit the parking in the above described areas of any vehicle whose parking on Casas Adobes Terrace is otherwise prohibited or the parking of any inoperable vehicle. See Amendment 2

V. Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot, any member of the Architectural Committee, any member of the Board, or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot, and the improvements thereon, except for the interior portions of any completed residence, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

W. Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of structures, improvements or signs necessary or convenient to the development or sale of property within Casas Adobes Terrace.

X. Health, Safety and Welfare. In the event additional uses, activities, and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, and Residents, the Board may make rules restricting or regulating their presence on Casas Adobes Terrace as part of the Casas Adobes Terrace Rules or may direct the Architectural Committee to make rules governing their presence on Lots as part of the architectural guidelines.

Y. Model Homes. The provisions of this Declaration which prohibit non-residential use of Lots and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by persons engaged in the construction of residential dwellings on Casas Adobes Terrace and parking incidental to the visiting of such model homes so long as the location of such model homes and the construction, operation and maintenance of such model homes otherwise comply with all of the provisions of this Declaration. The Architectural Committee may also permit Lots and other areas to be used for parking in connection with the showing of model homes so long as such parking and parking areas are in compliance with the ordinances of Pima County or other applicable governmental agencies and any rules of the Architectural Committee. Any homes constructed as model homes shall cease to be used as model homes at any time

the Owner or builder thereof is not actively engaged in the construction and sale of Single Family residences of Casas Adobes Terrace and no home shall be used as a model home for the sale of homes not located on Casas Adobes Terrace.

Z. Incidental Uses. The Board may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within that Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Board may wish to impose, in its sole discretion, for the benefit of Casas Adobes Terrace as a whole.

AA. No Business. All Lots shall be used, improved and devoted exclusively to Single Family residential use. No gainful occupation, profession, trade or other non-residential use other than the keeping of an office for private use shall be conducted on any Lot and no person shall enter into any Lot for engaging in such uses or for the purpose of receiving products or services arising out of such usage.

BB. Tenants. The entire Dwelling Unit on the Lot may be let to a Single Family Tenant from time to time by the Owner, subject to the provisions of this Declaration and the Casas Adobes Terrace Rules.

## ARTICLE V

### ORGANIZATION OF ASSOCIATION

Section 1. Formation of Association. The Association shall be a non-profit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2. Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The initial Board shall be composed of three (3) members. The Board may also appoint various committees and appoint a manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the manager or any other employee of the Association.

Section 3. The Casas Adobes Terrace Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the Casas Adobes Terrace Rules. The Casas Adobes Terrace Rules may restrict and govern the use of any Common Area by any Member or Resident, by the family and designees of

such Member; provided, however, that the Casas Adobes Terrace Rules shall not discriminate among Members and shall not be inconsistent with this Declaration, the Articles or Bylaws. Upon adoption, the Casas Adobes Terrace Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

Section 4. Personal Liability. No member of the Board or of any committee of the Association, no officer of the Association, and no manager or other employee of the Association shall be personally liable to any Member, or to any other persons, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Association, the Board, the manager, any representative or employee of the Association, or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 4 shall not apply to any person who has failed to act in good faith or has engaged in wilful or intentional misconduct.

## ARTICLE VI

### MEMBERSHIPS AND VOTING

Section 1. Owners of Lots. Every Owner of a Lot which is subject to Assessment shall be a Member of the Association. Each such Owner shall have one (1) Membership for each Lot owned by the Member. Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot to which the Membership is attributable. There shall be only one (1) Membership for each Lot which Membership shall be shared by any joint Owners of, or Owners of undivided interests in, a Lot.

Section 2. Declarant. The Declarant shall be a Member of the Association for so long as Declarant holds a Class B Membership pursuant to Section 3 below or owns any property in Casas Adobes Terrace.

Section 3. Voting. The Association shall have two (2) classes of voting Memberships:

Class A. Class A Memberships shall be all Memberships, except the Class B Membership held by the Declarant, and each Owner shall be entitled to one (1) vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof.

Class B. There shall be one (1) Class B Membership which shall be held by the Declarant and the class B Membership shall be entitled to three (3) votes for each Membership or Lot owned by the Declarant. The Class B Membership shall cease and be converted to Class A Memberships on the happening of the first of the following events:

A. Within ninety (90) days after the number of Class A votes exceeds the number of Class B votes, or

B. December 31, 2005.

Section 4. Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Membership must be cast as a unit, and fractional votes shall not be allowed. In the event that a Membership is owned by more than one (1) person or entity and such owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same Membership unless objection thereto is made at the time the vote is cast. In the event more than one (1) vote is cast for a particular Membership, none of the said votes shall be counted and all said votes shall be deemed void.

Section 5. Cumulative Voting for Board Members. In any election of the members of the Board, every owner of a Membership entitled to vote at such an election shall have the number of votes for each Membership equal to the number of directors to be elected, except that the Class B Member shall have the number of votes designated in Section 4 above times the number of directors to be elected. Each Member shall have the right to cumulate his votes for one (1) candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected. See Amendment 1

Section 6. Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 7. Transfer of Membership. The rights and obligations of the owner of a Class A Membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot. A transfer of ownership to a Lot may be effected by Deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership(s) appurtenant to said Lot to the new Owner thereof.

## ARTICLE VII

### COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 1. Creation of Lien and Personal Obligation of Assessments and Maintenance Charges. Each Owner by acceptance of a Deed therefor (whether or not it shall be so expressed in such Deed) is deemed to covenant and agree, to pay to the Association the following Assessments and charges: (1) Annual Assessments established by this Article VII. (2) Special Assessments for capital improvements or other extraordinary expenses or costs established by this Article VII, and (3) Maintenance Charges established by Article X, Sections 2 and 3, all such Assessments to be established and collected as hereinafter provided. The Annual Assessments, Special Assessment and Maintenance Charges, together with costs and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing servitude and lien upon the Lot against which each such Assessment is made. The Annual and Special Assessments against each Lot shall be based on the number of Memberships appurtenant to the Lot. Each such Annual and Special Assessment and Maintenance Charge, together with costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

Section 2. Annual Assessments. In order to provide for the uses and purposes specified in Article IX hereof, including the establishment of replacement and maintenance reserves, the Board in each year, commencing with the year in which the first Lot is conveyed to an Owner other than Declarant, shall assess against each Lot an Annual Assessment. The amount of the Annual Assessment, subject to the provisions of Section 4 hereof, shall be in the sole discretion of the Board but shall be determined with the objective of fulfilling the Association's obligations under this Declaration and providing for the uses and purposes specified in Article IX.

Section 3. Uniform Rate of Assessment. The amount of an Annual or Special Assessment against each Lot shall be fixed at a uniform rate per Membership. However, as long as there is a Class B Membership, Declarant shall not be subject to Assessments for Lots not sold to purchasers, but instead shall be required to pay the difference between actual operating costs for the Association and all income from Assessments and other sources. When the Class B Membership ceases as prescribed herein, Declarant shall become a Class A Member and will be subject to Assessment for each Lot owned.

Section 4. Maximum Annual Assessment. The Annual Assessment to be established by the Board may not exceed a certain amount, hereinafter referred to as the "Maximum Annual Assessment", which Maximum Annual Assessment shall be determined and shall vary in accordance with the following provisions:

A. Until January 1 of the year following the conveyance of the first Lot by Declarant, the Maximum Annual Assessment against each Owner shall be Sixty Dollars (\$60.00) per each Membership.

B. From and after January 1 of the year immediately following the conveyance of the first Lot by Declarant, and during such year, the Maximum Annual Assessment shall be increased effective January 1 of each year without a vote of the Membership by a maximum of five percent (5%) of the Maximum Annual Assessment for the previous year or in conformance with the percentage rise, if any, of the Consumer Price Index as hereinafter defined, whichever is greater. The Maximum Annual Assessment attributable to the Consumer Price Index for each such period shall be computed by reference to the statistics published in the Monthly Labor Review by the United States Department of Labor, Bureau of Labor Statistics, designated "Consumer Price Index for all Urban Consumers, 1967 Equals 100, All Items", hereinafter called the "Consumer Price Index". For purposes of identification, the Consumer Price Index for June, 1980 was 247.8. The Maximum Annual Assessment shall be computed by the following formula:

X = Consumer Price Index for September of the calendar year immediately preceding the year of the first Annual Assessment.

Y = Consumer Price Index for September of the year immediately preceding the calendar year for which the Maximum Annual Assessment is to be determined.

$$\frac{Y-X}{X} + 1$$

Multiplied by the initial Maximum Annual Assessment figure equals the Maximum Annual Assessment for the year in question.

If the Bureau of Labor Statistics shall change the method of determining the Consumer Price Index, the formula for determining the Maximum Annual Assessment shall be altered or amended, if possible, so as to continue the base period and base figure, but in the event it shall be impossible to do so, or in the event the Bureau of Labor Statistics shall cease to publish the said statistical information and such information is not available from any other source, public or private, then and in any such events a new formula for determining the Maximum Annual Assessment shall be adopted by the board.

C. The Maximum Annual Assessment may be increased above the Maximum Annual Assessment otherwise determined under Subsection (B) 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 such purpose.

Section 5. Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Association may levy, in any Assessment Period, one (1) or more Special Assessments applicable to that period 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 Association Land, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that any such Assessment shall have the assent of two-third (2/3) of the votes of each class of Members who are voting in person or by proxy duly called for such purpose. The provisions of this Section are not intended to preclude or limit the assessment, collection or use of Annual Assessments for the aforesaid purposes.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 or 5 of this Article shall be sent to all Members no less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast ten percent (10%) of all the votes (exclusive of suspended voting rights) of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence upon the conveyance of the first Lot to an Owner other than Declarant, and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period by Recording with the county Recorder of Pima County, Arizona, an instrument specifying the new Assessment Period.

Section 8. Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making the Assessments provided herein and for the billing and collection of the Annual and Special Assessment and the Maintenance Charges provided that said procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement, at the address of the Member on the records of the Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any

time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment Period; successor Owners of Lots and successor shall be given credit for prepayments, on a prorated basis, made by prior Owners. In case the owner of a Membership becomes liable for payment of an increased sum pursuant to this Article during the Assessment Period, he shall notify the Association, but his failure to notify the Association shall not relieve him of the liability for such amounts.

Section 9. Collection Costs and Interest on Delinquent Assessments. Any Assessment or installment thereof not paid within fifteen (15) days of the due date shall be deemed delinquent and shall bear interest at a rate of twelve percent (12%) per annum, in addition to a flat ten dollar (\$10.00) penalty charge per late occurrence. The Board may also record a Notice of Delinquent Assessment against any Lot as to which an Assessment is delinquent and constitutes a lien, and may establish a fixed fee to reimburse the Association for the Association's cost in recording such Notice, processing the delinquency and Recording a notice of payment, which fixed fee shall be treated as a collection cost of the Association secured by the Assessment Lien.

Section 10. Evidence of Payment of Annual and Special Assessments and Maintenance Charges. Upon receipt of a written request by a Member or any other person, the Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all Annual and Special Assessments and Maintenance Charges (including costs and attorney's fees, if any, as provided in Section 9 above) have been paid with respect to any specified Lot as of the date of such certificate, or (b) if all Annual and Special Assessments and Maintenance Charges have not been paid, the amount of such Annual and Special Assessments and Maintenance Charges (including interest, costs and attorney's fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the Lot in question.

Section 11. Property Exempted from the Annual and Special Assessments and Assessment Lien. Exempt Property shall be exempted from the assessment of the Annual and Special Assessments and, except as provided in Article X, Section 3, from Maintenance Charges and the Assessment Lien; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the Annual and Special Assessments, and, if exempt therefrom, Maintenance Charges (prorated as of the date it became Assessable Property) and the Assessment Lien.



## ARTICLE VIII

### ENFORCEMENT OF PAYMENT OF ANNUAL AND SPECIAL ASSESSMENTS AND MAINTENANCE CHARGES AND OF ASSESSMENT LIEN

Section 1. Association as Enforcing Body. The Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Declaration. However, if the Association shall fail or refuse to enforce this Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Member may enforce them on behalf of the Association, but not at the expense of the Association, by any appropriate action, whether in law or in equity.

Section 2. Association's Remedies to Enforce Payment of Annual and Special Assessments, and Maintenance Charges. If any Member fails to pay the Annual or Special Assessments or installments when due, or to pay Maintenance Charges assessed pursuant to Article X, Sections 2 and 3, the Association may enforce the payment of the Annual or Special Assessments, Maintenance Charges and/or this Assessment Lien by taking either or both of the following actions, concurrently or separately (and, by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

A. Bring an action at law and recover judgment against the Member personally obligated to pay the Annual or Special Assessments or the Maintenance Charges.

B. Foreclose the Assessment Lien against the Lot in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the Lot may be redeemed after foreclosure sale as provided by law.

Section 3. Subordination of Assessment Lien to First Mortgage or Deed of Trust; Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien held by, or deed of trust of which the beneficiary is, a lender who has lent funds with the Lot as security, or held by the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a mortgage or deed of trust to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot free of the Assessment Lien for all Annual and Special Assessments, and Maintenance Charges that have accrued up to the date

of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; but upon the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure, the Assessment Lien immediately shall become and remain superior to any and all other charges, liens or encumbrances (except liens for taxes or other public charges which by applicable law are expressly made superior), and such mortgage or deed of trust foreclosure sale purchaser or grantee shall take subject to all Annual and Special Assessments, Maintenance Charges and the Assessment Lien thereof according subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

Section 4. Costs to be Borne by Member in Connection with Enforcement of Payment of Annual and Special Assessments and Maintenance Charges. In any action taken pursuant to Section 2 of this Article, the Member shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Annual and Special Assessments and Maintenance Charges together with interest and the Association's collection costs and attorney's fees, including those costs and fees specified in Article VII, Section 9.

## ARTICLE IX

### USE OF FUNDS; BORROWING POWER

Section 1. Purposes for which Association's Funds may be Used. The Association shall apply all funds and property collected and received by it (including the Annual and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of Casas Adobes Terrace and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without Casas Adobes Terrace, which may be necessary, desirable or beneficial to the general common interests of Casas Adobes Terrace, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and Residents, maintenance of landscaping on Common Areas and public right of way and drainage areas within Casas Adobes Terrace or adjacent thereto, recreation (including liability insurance, communications, transportation, health, utilities, public services, safety and indemnification of officers and directors of the Association.) The Association also may expend its funds for any purposes which any municipality may expend its funds under the laws of the State of Arizona or such municipality's charter. The Association shall pay when due all ad valorem property taxes with respect to Association Land.

Section 2. Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such period of time as is necessary or appropriate.

Section 3. Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

Section 4. Administration of Special Use Fees. The Association is authorized to bill for, sue for, collect, administer and disburse all Special Use Fees and the payment thereof shall be secured by the Assessment Lien; provided, however, that all Special Use Fees collected shall, if imposed in connection with a particular improvement, be separately accounted for as to each separate improvement pertaining to which they are collected and shall be expended on the particular improvement to which they pertain.

Section 5. Insurance. The Association shall maintain insurance against liability incurred as a result of death or injury to persons or damage to property on the Common Areas. The Board in its discretion, may determine additional insurance needs for the Association.

## ARTICLE X

### MAINTENANCE

Section 1. Common Areas and Public Right of Way. The Association, or its duly delegated representative, shall maintain and otherwise manage all Common Areas, including, but not limited to, the landscaping, walkways, paths, parking areas, drives, recreational facilities; provided however, the Association shall not be responsible for providing or maintaining the landscaping or structures on any Common Areas which are part of Lots unless (i) such landscaping or structures are available for use by all Owners and Residents or are within easements intended for the general benefit of Casas Adobes Terrace and (ii) the Association assumes in writing the responsibility for such maintenance or such responsibility is set forth in a Recorded instrument as hereinafter provided. The Association shall also maintain any landscaping and other improvements not on Lots which are within the exterior boundaries of Casas Adobes Terrace, but which are within areas shown on a subdivision plat or other plat of dedication for Casas Adobes Terrace and which is intended for the general benefit of the Owners and Residents of Casas Adobes Terrace, except the Association shall not maintain areas which (i) Pima County or other governmental entity is maintaining or (ii) are to be maintained by the Owners of a Lot pursuant to Article IV, Section 1(D), of this Declaration, unless the Association elects to maintain such areas and as to which the

Association has made such an election to maintain. Specific areas to be maintained by the Association may be identified on a subdivision plat Recorded or approved by the Declarant and in Deeds from the Declarant to a transferee of a Lot, but the failure to so identify such areas shall not affect the Association's rights or responsibilities with respect to such common Areas and other areas intended for the general benefit of Casas Adobes Terrace.

The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property so that the Casas Adobes Terrace development will reflect a high pride of ownership. In this connection the Association may, in the discretion of the Board:

A. Reconstruct, repair, replace or refinish any improvement or portion thereof upon Association Land except that no permanent improvements shall be made by the Association on any Common Area that is not Association Land.

B. Replace injured and diseased trees and other vegetation in any Common Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil for aesthetic purposes.

C. Place and maintain upon any Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof.

D. Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in accordance with the general purposes specified in this Declaration.

The Board shall be the sole judge as to the appropriate maintenance of all Common Areas and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

In the event any subdivision plat, deed restriction or this Declaration permits the Board to determine whether or not Owners of certain Lots will be responsible for maintenance of certain Common Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners, and Residents of Casas Adobes Terrace for the Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article X and, in order to promote uniformity and harmony of appearance, the Board may also cause the Association to contract to provide maintenance services to Owners of Lots having such

responsibilities in exchange for the payment of such fees as the Association and Owner may agree upon.

Section 2. Assessment of Certain Costs of Maintenance and Repair of Common Areas and Public Areas. In the event that the need for maintenance or repair of Common Areas and other areas maintained by the Association is caused through the willful or negligent act of any Member, his family, guests, invitees or designees, the cost of such maintenance or repairs shall be added to, and become a part of, the Assessment to which such Member and the Member's Lot is subject and shall be secured by the Assessment Lien. Any charges or fee to be paid by the Owner of a Lot pursuant to Section 1 of this Article X in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

Section 3. Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of Casas Adobes Terrace which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration, or in the event the Owner of any Lot is failing to perform any of its obligations under this Declaration or the architectural guidelines and standards of the Architectural Committee, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen (14) day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the costs thereof shall be added to, and become a part of, the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Assessment Lien.

## ARTICLE XI

### ARCHITECTURAL CONTROL COMMITTEE

Section 1. Establishment. The Declarant shall establish an Architectural Committee to perform the functions of the Architectural Committee set forth in this Declaration and shall adopt the procedural rules and regulations for the performance of such duties by the Architectural Committee, including procedures for the preparation, submission and determination of the application for any approvals required by this Declaration. The Architectural Committee shall consist of such number of regular members and alternate members as the Declarant may designate and such members shall be appointed by the Declarant. The appointees need not be architects, Owners, or Residents and do not need to possess any special qualifications of any type except such as the Declarant may, in its discretion,

require. The Architectural Committee shall hold regular meetings, a quorum for such meeting shall consist of a quorum of the regular members, and the concurrence of a majority of the regular members shall be necessary for any decision of the Architectural Committee. An alternate member, approved by the Declarant, may participate at any meeting at which there is not a quorum of regular members present, may constitute a quorum by his (their) presence and shall have all of the authority of a regular member while so participating. The Architectural Committee shall promulgate architectural guidelines and standards to be used in rendering its decisions. Subject to the provisions of Section 2 of this Article, the decision of the Architectural Committee shall be final on all matters submitted to it pursuant to this Declaration.

Section 2. Appeal. Any Owner or other Resident aggrieved by a decision of the Architectural Committee may appeal the decision to the Architectural Committee in accordance with procedures to be established by the Architectural Committee. Such procedures would include the requirement that the appellant has modified the requested action or has new information which would in the Architectural Committee's opinion warrant a reconsideration. If the Architectural Committee fails to allow an appeal or if the Architectural Committee, after appeal, again rules in a manner aggrieving the appellant, the decision of the Architectural committee is final.

Section 3. Fee. The Board may establish a reasonable processing fee to defer the costs of the Association in considering any requests for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted.

Section 4. Appointment of Architectural Committee Members. Architectural Committee members are appointed by the Declarant and may be replaced at the discretion of the Declarant. Declarant's right to appoint Architectural Committee members shall cease and the Board shall be vested with that right and all other rights of the Declarant pertaining to the Architectural Committee as stated in Article XI, five (5) years after the date on which Class B vote expires, or when such right is expressly relinquished by Declarant to Board in writing, whichever condition occurs first.

Section 5. Limited Liability of Architectural Committee Approval. Approval by the Architectural Committee shall relate only to the conformity of plans and specifications to general architectural and landscaping plans for the area covered by these restrictions, and such plans, drawings, and specifications are not approved for engineering design or architectural competence. By approving such plans, drawings, and specifications, the Architectural Committee does not assume liability or responsibility therefore, or for any defect in any structure constructed from such plans, drawings and specification. Members of the Board shall have absolutely no personal responsibility to any person with regard to any actions taken by them in their capacity as such members.

## ARTICLE XII

### RIGHTS AND POWERS OF ASSOCIATION

Section 1. Association's Rights and Powers as Set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are sets forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Declarant, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. After incorporation of the Association, a copy of the Articles and Bylaws of the Association shall be available for inspection at the office of the Association during reasonable business hours.

Section 2. Association's Rights of Enforcement of Provisions of this and Other Instruments. The Association, as the agent and representative of the Owners, shall have the right to enforce the Covenants set forth in this Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, Deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant.

Section 3. Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors or officers of the Association or members of any committee is employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such director, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by the Declarant, its affiliated companies or any competitor thereof and may vote thereat to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

Section 4. Change of Use of Association Land and Procedure Therefore. Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part

of the Association Land or of the Association's interest in other Common Areas is no longer in the best interests of the Owners and Residents and (b) the approval of such resolution by a majority of the votes of Members who are voting in person or by proxy at a meeting duly called for such purpose, the Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Owners and Residents, and (ii) shall be consistent with any deed restrictions (or zoning regulations) restricting or limiting the use of the Association Land.

### ARTICLE XIII

#### TERM; AMENDMENTS; TERMINATION

Section 1. Term; Method of Termination. This Declaration shall be effective upon the date of its Recording hereof and, as amended from time to time, shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is Recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting seventy-five percent (75%) of the total votes cast at an election held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. The Declaration may be terminated at any time if seventy-five percent (75%) of the votes cast by each class of Members shall be cast in favor of termination at an election held for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from the holders of Recorded first mortgages or deeds of trust to which the Assessment Lien is subordinate pursuant to Article VIII, Section 3 above, on seventy-five percent (75%) of the Lots upon which there are such Recorded first mortgages and deeds of trust. If the necessary votes and consents are obtained, the Board shall cause to be Recorded with the County Recorder of Pima County, Arizona, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these Covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

Section 2. Amendments. This Declaration may be amended by Recording with the County Recorder of Pima County, Arizona, a Certificate of Amendment, duly signed and acknowledged as required for a Certificate of Termination in Section 1 of this Article. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided in Section 3 of this Article, shall certify that at an election duly called and held pursuant to the



provisions of the Articles and Bylaws the Members casting two-thirds (2/3) of the votes at the election voted affirmatively for the adoption of the amendment; provided, however, after twenty (20) years from the date of the Recording of this Declaration, the affirmative vote of Members casting two-thirds (2/3) of the votes at a duly called election shall be necessary to amend this Declaration.

Section 3. Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or any portions thereof. Any such amendment shall be effected by the Recording, by Declarant, of a Certificate of Amendment duly signed by or on behalf of the partners, authorized agents, or authorized officers of Declarant, as applicable, with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. The Recording of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when Recorded, shall be binding upon all of Casas Adobes Terrace and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions. Except as provided in this Section 3, Declarant shall not have any right to amend this Declaration otherwise than in accordance with an pursuant to the provisions of Section 2 of this Article.

#### ARTICLE XIV

##### MISCELLANEOUS

Section 1. Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the Covenants and provisions hereof.

Section 2. Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is

invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 3. Rule Against Perpetuities. If any interest purported to be created by this Declaration would otherwise be unlawful, void or voidable under the Rule against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuity shall be (a) those which would be used in determining the validity of the challenged interest, plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interests.

Section 4. Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt rules and regulations with respect to all other aspects of the Association's right, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

Section 5. Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth on a Recorded plat or other instrument Recorded in the office of the County Recorder of Pima County, Arizona, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of Casas Adobes Terrace can, or will be, carried out, or that any land now owned or hereafter acquired by it is or will be subject to this Declaration, or that any such land (whether or not it has been subject to this Declaration) is, or will be, committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

Section 6. References to the Covenants in Deeds. Deeds to and instruments affecting any Lot or any part of Casas Adobes Terrace may contain the Covenants herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 7. Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder provided that Declarant's rights and powers may only be assigned by a written, Recorded instrument expressly assigning such rights and powers.

Section 8. Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

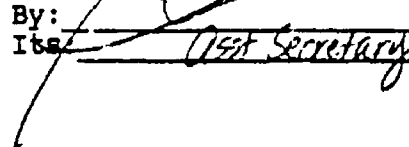
Section 9. Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

Section 10. Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, this Declaration or resolution of the Board to be given to any Owner or Resident then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within Pima County or Casas Adobes Terrace. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner.

Section 11. FHA/VA Approval. If this Declaration has been initially approved by the FHA or the VA in connection with any loan programs made available by FHA or VA and any loans have been made which are insured or guaranteed by FHA or VA, then as long as there is a Class B Membership, the following actions will require the prior approval of the FHA or the VA, as applicable, unless the need for such approval has been waived by FHA or VA: Dedications of Common Areas (except where such dedication is required as of the date hereof to Pima County); and amendment of this Declaration.

IN WITNESS WHEREOF, the Declarant, has hereunto caused its name to be signed by the signature of its duly authorized official as of the day and year first above written.

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation as Trustee under Trust No. 4471 only and not in its individual or corporate capacity

By:   
Its: Asst Secretary

STATE OF ARIZONA )  
 ) SS.  
COUNTY OF PIMA )

ACKNOWLEDGED this 4th day of May, 1993, by Brianne Eckert, the ~~Trust Officer~~ on behalf of First American Title Insurance Company, a California corporation as Trustee under Trust NO. 4471 only and not in its individual or corporate capacity.

Erina Smith  
Notary Public



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EXHIBIT "A"

Lots 1 through 182 and all Common Areas of Casas Adobes Terrace, a Subdivision of Pima County, Arizona according to the Map of Record in the Office of the Pima County Recorder in Book 44 of Maps and Plats at Page 91.