

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: JSH
DEPUTY RECORDER
0497 PE-1



DOCKET: 13728
PAGE: 643
NO. OF PAGES: 37
SEQUENCE: 20100120220
01/20/2010
AMEN 12:39
MAIL
AMOUNT PAID \$ 42.00

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**THIRD AMENDED AND RESTATED
DECLARATION OF DEVELOPMENT
AND OPERATING PLAN
FOR
CASITA DE CASTILIAN, INC.**

Effective November 1, 2008

THIRD AMENDED AND RESTATED
DECLARATION OF DEVELOPMENT
AND OPERATING PLAN
FOR
CASITA DE CASTILIAN, INC.

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THIRD AMENDED AND RESTATED
DECLARATION OF DEVELOPMENT AND OPERATING PLAN
FOR
CASITA DE CASTILIAN, INC.

WHEREAS, an Amended and Restated Declaration of Development and Operation Plan of Casita de Castilian, Inc., A Condominium Apartment Project (Horizontal Property Regime in Fee), was recorded on February 7, 1985, at Docket 7467 at Page 1050 et seq.; and

WHEREAS, Article V(A) of the Amended and Restated Declaration provides that the provisions of the Declaration may be changed by an instrument in writing, signed and acknowledged by Owners of at least seventy-five percent (75%) of the units in the condominium project, after approval of such amendments at a meeting of the voting owners duly called for such purpose;

NOW, THEREFORE, upon the approval of at least seventy-five percent (75%) of the Owners of units in the condominium project, and except as expressly stated herein, the Amended and Restated Declaration of Development and Operating Plan of Casita de Castilian, inc., recorded in Docket 7467 at Page 1050 et seq., and any subsequent amendments thereto, shall be null and void, and this Third Amended and Restated Declaration shall amend and supersede such previously recorded Amended and Restated Declaration, as amended from time to time. The real property as described herein shall be held, sold and conveyed subject to the following easements, assessments, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protection the value, desirability and attractiveness of the property. These easements, assessments, restrictions, covenants and conditions shall run with the property and shall be binding upon all parties having or acquiring and right, title or interest in the described properties or any part thereof and shall inure to the benefit of each such party.

ARTICLE 1

DEFINITIONS

1.1 General Definitions. Capitalized terms not otherwise defined in this Declaration shall have the meanings specified for such terms in the Arizona Condominium Act, A.R.S. 33-1201, et seq., as amended from time to time.

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

(a) “Articles” means the Articles of Incorporation of the Association, as amended from time to time. The Articles are recorded in the office of the Pima County Recorder in Docket 2594 at page 267, et seq., and are incorporated herein by this reference.

(b) “Assessments” means the Common Expense Assessments and Special Assessments levied and assessed against each Unit pursuant to Article 7 of the Declaration.

(c) “Assessment Lien” means the lien granted to the Association by the Condominium Act (as defined below) and by this Declaration, to secure the payment of Assessments, monetary penalties and other charges owed to the Association.

(d) “Association” means Casita de Castilian, Inc., an Arizona nonprofit corporation, its successors and assigns.

(e) “Board of Directors” means the Board of Directors of the Association.

(f) “Building” means the structures designated as buildings on the Plat.

(g) “Bylaws” means the Bylaws of the Association, as amended from time to time. The provisions of the Bylaws are incorporated herein by this reference.

(h) “Common Elements” means all portions of the Condominium other than the Units.

(i) “Common Expenses” means expenditures made by or financial liabilities of the Association, together with any allocations to reserves pursuant to Article 7 of this declaration.

(j) “Common Expense Assessment” means the assessment levied against the Units pursuant to Section 7.2 of this Declaration.

(k) “Common Expense Liability” means the liability for common expenses allocated to each Unit by this Declaration.

(l) “Condominium” means the real property located in Pima County, Arizona, which is described in Exhibit A attached to this Declaration, together with all buildings and other Improvements located thereon.

(m) “Condominium Act” means the Arizona Condominium Act, A.R.S. Sections 33-1201, et seq., as amended from time to time.

(n) “Condominium Documents” means this Declaration and the Articles, Bylaws, and the Rules and Regulations.

(o) “Declaration” means this Condominium Declaration, as amended from time to time.

(p) “Eligible Insurer or Guarantor” means an insurer or governmental guarantor of a First Mortgage who has requested notice of certain matters in accordance with Section 9.1 of this Declaration.

(q) “Eligible Mortgage Holder” means a first Mortgagee who has requested notice of certain matters from the Association in accordance with Section 9.1 of this Declaration.

(r) “First Mortgage” means any mortgage or deed of trust on a Unit with first priority over any other mortgage or deed of trust on the same Unit.

(s) “First Mortgagee” means any holder of any First Mortgage.

(t) “Improvements” means any physical structure, fixture or facility existing or constructed, placed, erected or installed on the land included in the Condominium, including, but not limited to, buildings, private drives, paving, fences, walls, hedges, plants, trees and shrubs of every type and kind.

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

(v) “Member” means any Person who is or becomes a member of the Association.

(w) “Original Declaration” means the Amended and Restated Declaration of Development and Operating Plan of Casita de Castilian, inc., recorded on February 7, 1985, in the office of the Pima County Recorder in Docket 7467 at page 7467 et seq.

(x) “Person” means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

(y) “Plat” means the condominium plat for Casita de Castilian, which plat has been recorded in Docket 2673 at pages 142-149, recorded Pima County, Arizona, and any amendments, supplements or corrections thereto, all as set forth in Exhibit “A”, attached hereto and incorporated herein by this reference.

(z) “Purchaser” means any Person, who by means of a voluntary transfer becomes a Unit Owner.

(aa) “Reimbursement Assessment” refers to an assessment levied by the Association against any Owner and his/her Unit arising out of that Owner’s failure to comply with the Condominium Documents.

(bb) “Rules and Regulations” means those policies and procedures adopted by the Board of Directors to govern and conduct and actions of Owners and occupants within the Condominium, not otherwise covered in this Declaration.

(cc) “Single Family “ means a group of one or more persons related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not all so related, together with their domestic servants, who maintain a common household in a Unit.

(dd) “Unit” means a portion of the condominium designated for separate ownership or occupancy, the boundaries of which are described in Section 2.4 of the Declaration.

(ee) “Unit Owner” means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Unit. Unit Owner shall not include Persons having an interest in a Unit merely as security for the performance of an obligation or a lessee or tenant of a Unit. Unit Owner shall include a purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract subject to A.R.S. 33-741, et seq. Unit Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to executory contracts pending the closing of a sale or purchase transaction. In the case of Units, the fee simple title to which is vested in a trustee pursuant to A.R.S. 33-801, et seq., the Trustor shall be deemed to be the Unit Owner. In the case of Units, the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the Unit shall be deemed to be the Unit Owner.

ARTICLE 2

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

2.1 Submission of Property. The real property described on Exhibit A attached to this Declaration, together with all Improvements situated thereon and all easements, rights and appurtenances, thereto, hereby are submitted to the provisions of the Condominium Act.

2.2 Name of Association. The name of the Association is Casita de Castilian, Inc., an Arizona non-profit corporation.

2.3 Identifying Numbers of Units. The identifying numbers of Unit one (1) through One Hundred and Twenty (120), inclusive.

2.4 Unit Boundaries. Each Unit may be described hereafter by reference to the numerical number assigned to it on the attached development plat (See Exhibit A), as from time to time amended. The description of the cubic content of each Unit is that certain content space of each Unit located within the Condominium, as shown on the map of this development and which may be from time to time amended as herein set forth.

2.5 Allocation of Common Element Interest. The percentage of ownership interest which each Unit bears to the entire Condominium Project shall be determined by computing the percentage which the floor space of each Unit bears to the total floor space of all Units in the entire Condominium Project. Such percentage shall be expressed in the closest one-thousandth and such computation shall be amended as necessary if there is a change in the number of Units in the Condominium.

2.6 Allocation of Votes in the Association. The total votes in the Association shall be equal to the number of units. The votes in the Association shall be allocated equally among all the Units with each Unit having one (1) vote.

2.7 Limited Common Elements. There shall not be Limited Common Elements, except as expressly herein provided. The Association (through the Board of Directors) shall have the authority to limit and regulate the use of carports.

ARTICLE 3

EASEMENTS

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

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

3.3 Unit Owners' Easements of Enjoyment.

(a) Every Unit Owner shall have a right and easement of enjoyment in and to the Common Elements, which right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(1) The right of the Association to adopt reasonable rules and regulations governing the use of the Common Elements;

(2) The right of the Association to convey the Common Elements or subject the Common Elements to a mortgage, deed of trust, or other security interest, in the manner and subject to the limitations set forth in the Condominium Act;

(3) All rights and easements set forth in this Declaration;

(4) The right of the Association to suspend the right of a Unit Owner and any resident of his/her Unit to use the Common Elements for any period during which the Unit Owner is in violation of any provision of the Condominium Documents.

(b) If a Unit is leased or rented, the lessee and the members of his/her family residing with the lessee shall have the right to use the Common Elements during the term of the lease, and the Unit Owner shall have no right to use the Common Elements until the termination or expiration of the lease.

(c) The guests and invitees of any member or other person entitled to use the Common Elements pursuant to Subsection 3.1 of this Declaration or of any lessee who is entitled to use the Common Elements pursuant to Subsection 3.2 of this Declaration may use the Common Elements provided they are accompanied by a Member, lessee or other person entitled to use the Common Elements pursuant to Subsection 3.1 or 3.2 of this Declaration. The Board of Directors shall have the right to limit the number of guests and invitees who may use the Common Elements at any one time and may restrict the use of the Common Elements by guests and invitees to certain specified times.

(d) A Unit Owner's right and easement of enjoyment in and to the Common Elements shall not be conveyed, transferred, alienated or encumbered separate and apart from a Unit. Such right and easement of enjoyment in and to the Common Elements shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Unit, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to such right and easement.

(e) The provision of this Section 3.3 shall not apply to any of the Limited Common Elements that are allocated to one or more but less and all of the Units.

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

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

3.6 Common Elements Easement in Favor of Unit Owners. The Common Elements shall be subject to the following easements in favor of the Units benefited:

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

(b) For the installation, repair, maintenance, use, removal or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve any Unit but which encroach into a part of a Common Elements adjacent to such Unit; provided that the installation, repair, maintenance, use, removal or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building.

(c) For driving and removing nails, screws, bolts and other attachment devices into the Unit side surface of the stone, block, brick or other masonry walls bounding the Unit and the Unit side surface of the studs which support the dry wall or plaster perimeter walls bounding the Unit, the bottom surface of floor joists above the Unit and the top surface of the floor joists below the Unit to the extent such nails, screws, bolts and other attachment devices may encroach into a part of a Common Element adjacent to such Unit; provided that any such action will not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building.

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

(e) For the performance of the Unit Owners' obligation to maintain, repair, replace and restore those portions of the Common Elements and Limited Common Elements that the Unit Owner is obligated to maintain under Section 5.2 of this Declaration.

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

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

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

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

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

(e) For inspection, at reasonable times and upon reasonable notice to the Unit Owner, of the Units and the Limited Common Elements in order to verify that the provisions of the Condominium Documents are being complied with by the Unit Owners, their guests, tenants, invitees and other Occupants of the Unit.

3.8 Easement for Unintended Encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element as a result of original construction, shifting or settling or alteration or restoration authorized by this Declaration or any reason other than the intentional encroachment on the Common Elements or any Unit by a Unit Owner, a valid easement for the encroachment, and for the maintenance thereof, exists.

ARTICLE 4

USE AND OCCUPANCY RESTRICTIONS

4.1 Residential Use. All Units shall be used, improved and devoted exclusively to residential use by a Single Family. No trade or business may be conducted on any Unit or in or from any Unit, except that an Owner or other resident of a Unit may conduct a business activity within a Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the unit; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Condominium; (iii) the business activity does not involve persons coming on to the Unit or the door-to-door solicitation of Unit Owners or other residents in the Condominium and (iv) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of the other residents in the Condominium, as may be determined from time to time in the sole discretion of the Board of Directors. The terms “business” and “trade” as used in this Section shall be construed to have ordinary, generally-accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider’s family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended or does generate a profit; or (iii) a license is required for such activity. The leasing of a Unit by the Unit Owner thereof shall not be considered a trade or business within the meaning of this Section.

4.2 Antennas. No antenna, satellite television dish 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 portion of the Condominium, whether attached to a Building or structure or otherwise, unless approved by the Board of Directors.

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

4.4 Improvements and Alterations. Any Unit Owner may make non-structural addition, alterations and improvements within his/her Unit without the prior written approval of the Board of Directors, but such Unit Owner shall, to the extent permitted under Arizona law, be responsible for any damage other Units and to the Common Elements which results from any such alterations, additions or improvements. No Unit Owner shall make any structural additions, alterations or improvements within a Unit, unless prior to the commencement of each addition, alteration or improvement, the Unit Owner receives the prior written approval of the Board of Directors, and an architect or engineer, licensed in Arizona, certifies that such addition, alteration or improvement will not impair the structural integrity of the Building within which such addition, alteration or improvement is to be made. The Unit Owner shall, to the extent permitted by Arizona law, be responsible for any damage to other Units and to the Common Elements which results from any such additions, alterations or improvements. Notwithstanding the foregoing, no addition, alteration or improvement within a unit or within any Limited Common Element allocated to the exclusive use of a Unit, whether structural or not, which would be visible from the exterior of the Building in which the Unit is located or from the exterior of the Limited Common Element, shall be made without the prior written approval of the Board of Directors, which approval shall only be granted if the Board of Directors affirmatively finds that the proposed addition, alteration or improvement is aesthetically pleasing and in harmony with the surrounding improvements. No unit Owner shall make any addition, alteration or improvement to the Common Elements without the prior written approval of the Board of Directors.

4.5 Trash Containers and Collection. No garbage or trash shall be placed or kept on the Condominium except in covered containers of a type, size and style which are approved by the Board of Directors. The Board of Directors shall have the right to subscribe to a trash service for the use and benefit of the Association and all Unit Owners, and to adopt and promulgate rules and regulations regarding garbage, trash, trash containers and collection. The Board of Directors shall have the right to require all Owners to place trash and garbage in containers located in areas designated by the Board of Directors. No incinerators shall be kept or maintained in any Unit.

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

4.7 Animals. No animals, birds, fowl, poultry or livestock shall be maintained or kept in any Units or on any other portion of the Condominium, except that no more than two Permitted Pets may be kept or maintained in a Unit if they are kept, bred or raised solely as domestic pets and not for commercial purposes. Furthermore, only one dog is permitted per Unit. For purposes of this Section, a "Permitted Pet" shall mean a dog, cat or household bird. No Permitted Pet shall be allowed to make an unreasonable amount of noise, cause an odor, or to become a nuisance. All dogs shall be kept on a leash when outside a Unit or any Limited Common Elements allocated to the Unit, and all dogs shall be directly under the Unit Owner's control at all times. The owners must clean up after their pets and dispose of droppings, bagged, in their trash receptacles. Any Unit or Limited Common Element where a Permitted Pet is kept or maintained shall at all times be kept in a neat and clean condition. No structure for the care, housing, confinement, or training of any animal or pet shall be maintained on any portion of the Common Elements or in any Unit so as to be visible from the exterior of the Building in which the Unit is located. Upon the written request of any Unit Owner, the Board of Directors shall determine whether, for the purposes of this Section, a Permitted Pet is a nuisance or is making an unreasonable amount of noise or causing an odor. The Board of Directors shall have the right to adopt, amend and repeal rules and regulations governing the keeping of Permitted Pets in the Condominium, and such rules and regulations may include limitations on the height and weight of Permitted Pets.

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

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

4.10 Diseases and Insects. No Unit Owner shall permit any thing or condition to exist upon the Condominium which could induce, breed or harbor infectious plant diseases or noxious insects.

4.11 Trucks, Trailers, Campers and Boats. No commercial vehicle (defined as vehicles with commercial insignia on the vehicle) or pick-up truck of one-ton gross weight or more; mobile home; travel trailer; tent trailer; trailer; camper shell; detached camper; recreational vehicle; boat; boat trailer; or other similar equipment or vehicle may be parked, kept, maintained, constructed, reconstructed or repaired on any part of the Condominium except a loading and unloading period of twenty-four (24) hours.

4.12 Motor Vehicles. Except for emergency repairs or repair of flat tires, no automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed, serviced or repaired on any portion of the Condominiums, and no inoperable vehicle may be stored or parked on any portion of the Condominium. No automobile, motorcycle, motorbike or other motor vehicle shall be parked upon any part of the Condominium except in carports or in such designated parking spaces as may exist from time to time on the Common Elements. The Board of Directors may adopt additional parking policies as needed.

4.13 Towing of Vehicles. The Board of Directors shall have the right to have any truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer or similar equipment or vehicle or any automobile, motorcycle, motorbike, or other motor vehicle parked, kept, maintained, constructed, reconstructed or repaired in violation of the Condominium Documents, towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid by the owner of the vehicle or equipment to the Association upon demand.

4.14 Yard Sales. No patio, yard, carport or estate sales shall be permitted in any Unit or on any Common Element or Limited Common Element.

4.15 Signs. No signs (including, but not limited to, "For Sale" or "For Rent" signs) shall be permitted on the exterior of any Unit or Building or any other portion of the Condominium without the prior written approval of the Board of Directors.

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

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

4.18 Window Coverings. No reflective materials, including, but not limited to, aluminum foil, reflective screens or glass, mirrors or similar items, shall be installed or placed upon the outside or inside of any windows of the unit without the prior written approval of the Board of Directors. No enclosures or exterior draped, blinds, shades, screens or other items affecting the exterior appearance of a Unit or any Limited Common Elements allocated to the unit shall be constructed or installed without the prior written consent of the Board of Directors.

4.19 Limitation on Leasing of Units. No Unit Owner may lease less than his/her entire Unit. No Unit may be leased for period of less than One (1) year, except in the case of seasonal visitors, where the rental period shall be proposed to and approved by the Board of Directors. All leased shall be in writing and shall proved that the terms of the lease shall be subject in all respects to the provisions of the Condominium Documents, a copy of which has been provided to the lessee(s), and any failure by the lessee (s) to comply with the terms of the Condominium Documents shall be a default under the lease. Within five (5) days of leasing his/her Unit, a Unit Owner shall notify the Secretary of the Association or the managing agent, in writing, of the commencement date and termination date of the lease, the names of each lessee or other person who will be occupying the Unit during the term of the lease, and the agent, if any, that is handling the rental.

4.20 Notification Upon Sale. Upon sale of his/her unit an Owner shall notify the Secretary of managing agent of the Association, in writing, within five (5) business days after close of escrow, the name and address of the buyer (s), and the date of transfer.

4.21 Age Restriction. It is intended that the Condominium shall be considered as housing for older persons, as defined in the Fair Housing Amendments of 1988 (Public Law 100-430, 42 U.S.C. 3602 et seq.) and any amendments thereto. Therefore, at least one occupant of each Unit must be fifty-five (55) years of age or older, except as provided in the Rules and Regulations. No Unit shall be occupied at any time by any person aged seventeen (17) years of age or younger nor shall any recreational facilities of the Condominium be used by a person aged seventeen (17) years of age or younger, except as otherwise may be first approved by at least a two-thirds (2/3) affirmative vote at a duly constituted and convened meeting of the members held for that purpose. Notwithstanding the foregoing, persons aged seventeen (17) years or younger may visit the adult occupants of a Unit and may utilize the recreational facilities of the Condominium while on such visit, provided that such visits shall be for such time as may be set forth in the Rules and Regulations or as otherwise established by the Board of Directors.

ARTICLE 5

MAINTENANCE AND REPAIR OF COMMON ELELEMENTS AND UNITS

5.1 Duties of the Association.

(a) The Association shall maintain, repair and replace all Common Elements, whether located inside or outside the Units, except for the designated Common Elements and Limited Common Elements which the Unit Owners are obligated to maintain, repair and replace pursuant to Section 5.2 of this Declaration. This includes (but is not limited to) : The entire concrete pad, stem walls, and footings; all masonry except fireplace, firebrick, and chimney structures; coatings and paint on exterior masonry, including the exterior walls encompassing the front patio and rear.

(b) The cost of all such maintenance, repairs and replacements shall be a Common Expense and shall be paid for by the Association.

5.2 Duties of Unit Owners.

(a) Each Unit Owner shall maintain, repair and replace at his/her own expense, all portions of his/her Unit, including (but not limited to): floor coverings; fireplace masonry, fire brick, flue and chimney structure, dampers and all other parts of the fireplace system; interior wall structure, including ceilings, wall coverings, painting, finishes, etc.; window, door and skylight glass or Plexiglas, interior doors, including all door hardware, locks and hinges; plumbing, plumbing fixtures, trim, pipe, tubing, ducts and all valves within the Unit to the exterior main water supply valve, to the sewer system immediately outside the Unit, and to the connection to the gas meter; electrical lighting fixtures or lamps, electrical switches, distribution panels and receptacles, television receptacles; electrical wiring within the Unit to the point where the connection is made to the electrical meter; the television antenna and its support, including the television wiring from the antenna to the television receptacles, including connections; telephone system and wiring in its entirety; heating and cooling systems.

(b) Each Unit Owner shall be responsible for the maintenance and repair of the following portions of the Common Elements; the entire roof covering; all Improvements within the interior of any patio or front courtyard allocated to the Unit; window and door glass; all exterior doors and windows (including carports), all door hardware, locks and hinges.

5.3 Repair or Restoration Necessitated By Owner. Each Unit Owner shall be liable to the Association for any damage to the Common Elements or the improvements, landscaping or equipment thereon which results from the negligence or willful conduct of the Unit Owner, any of his/her guests, agents, tenants, invitees, licensees or members of his/her family. The cost to the Association of any such repair, maintenance or replacement required shall be paid by the Unit Owner, upon demand, to the Association. The Association may enforce collection of any such amounts in the same manner and to the same extent as provided for in this Declaration for the collection of Assessments.

5.4 Unit Owner's Failure to Maintain. If a Unit Owner fails to maintain in good condition and repair his/her Unit or any Limited Common Element or Common Element which he/she is obligated to maintain under this Declaration and the required maintenance, repair or replacement is not performed within fifteen (15) days after written notice has been given to the Unit Owner by the Association, the Association shall have the right, but not the obligation, to perform the required maintenance, repair or replacement. The cost of any such maintenance, repair or replacement shall be assessed against the non-performing Unit Owner pursuant to Subsection 7.2 (d) of this Declaration

ARTICLE 6

THE ASSOCIATION; RIGHTS AND DUTIES, MEMBERSHIP

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

6.2 Rules and Regulations. The Board of Directors, from time to time and subject to the provisions of this Declaration and the Condominium Act, may adopt, amend, and repeal rules and regulations. The Rules and Regulations may, among other things, restrict and govern the use of any area by and Unit Owner, by the family of such Unit Owner, or by any invitee, licensee or lessee of such Unit Owner. The Rules and Regulations shall have the same force and effect and shall be enforceable in the same manner as provisions of this Declaration.

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

6.4 Transfer of Membership. Membership in the Association shall not be transferred, encumbered, hypothecated or alienated in any manner except in connection with the sale or transfer of a Unit. Any purported transfer of membership in violation of the foregoing shall be void. In the event an Owner shall sell or otherwise transfer a Unit, the transferee of such Unit shall become a member of the Association in the place and stead of the transferor, notwithstanding the fact that the transferor of such Unit fails or refuses to transfer his/her membership in the Association to such transferee. The Association shall have the right to designate such transfer of membership on its books.

6.5 Voting Rights. Each member shall have one vote in the Association for each Unit owner by such member. Where a Unit is owned by more than one person, the membership in the Association, insofar as such persons are concerned, shall be a single membership and such persons shall designate to the Association the one of their number who shall be authorized to vote such membership at any meeting of the members of the Association.

6.6 Suspension of Rights and Privileges. The voting rights in the Association of any member who is in default in paying any assessment or other sums to the Association or who is in default under the Condominium Documents shall be subject to suspension by the Board of Directors during the pendency of such default in accordance with the procedures set forth in the Bylaws. Any member whose voting rights in the Association have been suspended shall not

have the right to use any of the Common Elements of the Condominium or to receive the benefit of any services rendered by the Association until such suspension terminates, provided, however, that, notwithstanding the foregoing, any such member shall continue to be entitled to the use and benefit of any common water or sewage facilities owned or operated by the Association and shall further continue to have the right to receive periodic removal of trash from his/her Unit, to the extent such trash removal is provided by the Association.

ARTICLE 7

ASSESSMENTS

7.1 Preparation of Budget.

(a) Contents of Budget. At least sixty (60) days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Association containing:

(1) estimated revenue and expenses which the Board of Directors believes will be required during the ensuing fiscal years to pay all Common Expenses including, but not limited to: (A) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units, if any, which the Association has the responsibility of maintaining, repairing and replacing; (B) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Condominium; and (C) the amount required to render to the Unit Owners all services required to be rendered by the Association under the Condominium Documents; and

(2) the amount of the total cash reserves of the Association currently available for replacement or major repair of Common Elements and for contingencies; and

(3) an itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement of or addition to, major components of the Common Elements; and

(4) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Elements.

(b) No Waiver if Budget is not Prepared Timely. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a unit Owner's obligation to pay his/her allocable share of the Common Expenses as provided in Section 7.2 of this Declaration, and each Unit Owner shall continue to pay the Common Expense Assessment against her/her Unit as established for the previous fiscal year until notice of the Common Expense Assessment for the new fiscal year has been established by the Board of Directors.

(c) Assessments to Less Than All Units. The budget shall separately reflect any Common Expenses to be assessed against less than all of the Units in accordance with Section 7.2 (d) and (e) below.

(d) Notice to Unit Owners. Within thirty (30) days after the adoption of a budget, the Board of Directors shall send to each Unit Owner a summary of the budget and a statement of the amount of the Common Expense Assessment assessed against the Unit of the Unit Owner in accordance with Section 7.2 of this Declaration.

(e) Adoption and Ratification of Annual Budget. The board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Unit Owners shall be required unless the Common Expense Assessment is being increased or a Special Assessment is being levied, in which case the members of the Association must approve such increase or levy by at least a two-thirds (2/3) vote of those members present in person or represented by proxy and entitled to vote at an annual or special meeting called for such purpose.

7.2 Common Expense Assessment.

(a) Unit Allocation. For each fiscal year, the total amount of the estimated Common Expenses set forth in the budget adopted by the Board of Directors and ratified by the Members if required (except for the Common Expenses which are to be assessed against less than all of the Units pursuant to Subsections 7.2(d) and 7.2(e) of this Declaration), shall be assessed against each Unit. For purposes of levying such assessments against Unit Owners, such Owners shall be divided into four classes as follows: Class 1 shall consist of the Owners of those Units which were originally constructed with one bedroom; Class 2 shall consist of the Owners of those single floor Units which were originally constructed with two bedrooms. Class 3 shall consist of the Owners of those single floor Units which were originally constructed with three bedrooms or two bedrooms and a den; and Class 4 shall consist of the Owners of those Units which were originally constructed with two floors. All such Common Expense Assessments levied by the Association against Units within each class shall be equal; however, the assessments may vary between classes of units.

(b) Installment Payments. Common Expense Assessments shall be levied on a fiscal year bases, although the Board may provide that such annual assessment is payable in equal monthly installments. Unless otherwise specified by the Board of Directors, Common Expense Assessments shall be due and payable in monthly installments on the first day of each month.

(c) Assessment Against all Units. Except as otherwise expressly provided in this Declaration, all Common Expenses including, but not limited to, Common Expenses associated with the maintenance, repair and replacement of a Limited Common Element, shall be assessed against all the Units in accordance with Subsection 7.2(a) of this Declaration.

(d) Owner Misconduct. If any Common Expense is caused by the action or misconduct of any Unit Owner, the Association shall assess that Common Expense exclusively against his/her Unit.

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

(f) Personal Obligation of Owner. All Assessments, monetary penalties and other fees and charges levied against a Unit pursuant to this Declaration or the Rules and Regulations, shall be the personal obligation of the Unit Owner of the Unit at the time the Assessments, monetary penalties or other fees and charges became due. The personal obligation of a Unit Owner for Assessments, monetary penalties and other fees and charges levied against his/her Unit shall not pass to the Unit Owner's successors in title unless expressly assumed by them.

7.3 Special Assessments. In addition to Common Expense Assessments, the Association may levy, in any fiscal year, a special assessment applicable to that fiscal year for: (1) constructing capital improvements; (2) correcting an inadequacy in the current operating account; (3) defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of improvements in the Unit(s) or Common Elements; or (4) paying for such other matters as the Board may deem appropriate for the Condominium. Special Assessments shall be levied in the same manner as Common Expense Assessments and must be approved by Members representing two-thirds (2/3) of the votes in the Association, who are voting in person or by proxy at a meeting duly called for such purpose. Unless otherwise specified by The Board of Directors, Special Assessments shall be due thirty (30) days after they are levied by the Association and notice of the Special Assessment is given to the Unit Owners.

7.4 Reimbursement Assessments. The Association shall levy and Reimbursement Assessment against any Owner and his/her Unit if a failure to comply with the Condominium Documents has (1) necessitated an expenditure of monies by the Association to bring the Owner or his/her Unit into compliance or (2) resulted in the imposition of a fine or penalty. A Reimbursement Assessment shall not be levied by the Association until notice and an opportunity for a hearing has been given. Reimbursement Assessments may be enforced in the same manner as Common Expense and Special Assessments, including the filing of Notice of Lien as provided in this Declaration.

7.5 Liability for Payment; Effect of Nonpayment of Assessments; Remedies of the Association.

a) Covenants. The obligation to pay assessments to the Association shall run with the land so that each successive record Owner of a Unit shall become liable to pay all such assessments. Each Owner, by the acceptance of a deed to a Unit, whether or not it is expressly stated in the deed, covenants and agrees to pay to the Association all assessments and any additional charges levied pursuant to this Article 7.

b) No Waiver or Offset. No Unit Owner may waive or otherwise escape personal liability for or release the Unit owned by him/her from payment of Assessments, monetary penalties and other fees and charges levied pursuant to the Condominium Documents, by nonuse of any of the Common Elements and facilities or by the abandonment of his/her Unit, attempting to renounce rights in the Common Elements or the facilities or services within the Condominium, or for any other reason.

c) **Delinquency.** Any Assessment, or any installment of any Assessment, which is not paid within fifteen (15) days after the Assessment first became due shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of interest established from time to time by the Board of Directors.

d) **Successor Liability.** The personal obligation of an Owner for delinquent assessments shall not pass to a successive Owner unless the personal obligation is assumed by the successive Owner. No such assumption of personal liability by a successive Owner (including a contract purchaser under an installment land contract) shall relieve any Owner from personal liability for delinquent assessments. After an Owner transfers fee title of record to his/her Unit, he/she shall not be liable for any charge thereafter levied against the Unit. Upon the sale or transfer of any Unit, the Owner's interest in the funds shall be deemed automatically transferred to the successive Owner. All transfers shall be deemed complete upon the recordation of a deed in favor of a subsequent Owner within the Pima County Recorder's Office.

e) **Assessment Lien.** All Assessments, monetary penalties and other fees and charges imposed or levied against any Unit or Unit Owner, including attorney fees and costs, shall be secured by the Assessment Lien as provided for in the Condominium Act. The recording of this Declaration constitutes record notice and perfection of the Assessment Lien, and no further recordation of any claim of lien shall be required. Although not required in order to perfect the Assessment Lien, the Association shall have the right but not the obligation, to record a notice setting forth the amount of any delinquent assessments, monetary penalties or other fees or charges imposed or levied against a Unit or the Unit Owner which is secured by the Assessment Lien. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all the Owners. Further, except for the transfer of the Unit pursuant to a foreclosure proceeding, the sale or transfer of a Unit shall not affect such lien.

f) **Assessment Lien Under Original Declaration.** The provisions of the Original Declaration shall continue in effect to the extent necessary to establish priority of and to validate and collect all assessments and other charges levied thereunder prior to the effective date of this Declaration.

g) **Enforcement.** The Association shall have the right, at its option, to enforce collection of any delinquent Assessments, monetary penalties and all other fees and charges owed to the Association in any manner allowed by law including, but not limited to: (i) bringing an action at law against the Unit Owner personally obligated to pay the delinquent amounts. Such action may be brought without waiving the Assessment Lien securing any such delinquent amounts; or (ii) bringing an action to foreclose its Assessment Lien against the Unit in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Units purchased at such sale. Each Owner waives the benefit of any homestead or exemption laws of the State of Arizona now or then in effect regarding any lien created pursuant to this Declaration.

h) **Additional Charges for Enforcement.** In addition to any other amounts due or any other relief or remedy obtained against an Owner who is delinquent in the payment of

any assessments, each Owner agrees to pay such additional costs, fees, charges and expenditures (“Additional Charges”) as the Association may incur or levy in the process of collecting monies due and delinquent from the Owner. All additional charges shall be included in any judgment in any suit or action brought to enforce collection of delinquent assessments or may be levied against a Unit as a Reimbursement Assessment. Additional charges shall include but not limited to the following:

(1) Attorneys’ Fees. Reasonable attorneys’ fees and cost incurred in the event an attorney is employed to collect any assessment or other sum due, including the placement of the lien, or the filing of a suit or otherwise;

(2) Late Charges. A late charge in an amount to be determined by the Board and set forth in its written collection policy, to compensate The Association for additional collection cost incurred in the event any assessment or other sum is not paid when due;

(3) Costs of Suit. Costs of suit and court costs incurred as are allowed by the Court;

(4) Interest. Interest on all sums imposed in accordance with this Article 7 including and delinquent attorneys’ fees and late charges, at an annual percentage rate to be established by the Board and set forth in its written collection policy, commencing thirty (30) days after the assessment becomes due; and

(5) Other. Any such other additional costs that the Association may incur in the process of collecting delinquent assessments or sums, including, but not limited to, private investigator services to locate any Owner who has abandoned his/her Unit.

i) Application of Payments. All payments received by the Association shall first be applied to collection costs and attorney’s fees, then to late charges, then to interest and then to delinquent assessments.

j) Release of Lien. Upon payment of a delinquent assessment or other satisfaction thereof, the Association shall record a release of any recorded assessment lien.

7.6 Subordination of Assessment Lien to Mortgages. Notwithstanding any provision to the contrary, the Assessment Lien created by this Declaration shall be subject to and subordinate to and shall not affect the holder of any First Mortgage or Deed of Trust made in good faith and for value. Any First Mortgagee or any other party acquiring title or coming into possession of a Unit through foreclosure of a First Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title free and clear of any claims for unpaid Assessments, monetary penalties and other fees and charges against the Unit which became payable prior to such sale or transfer. Any delinquent Assessments, monetary penalties and other fees and charges which are extinguished pursuant to this Section may be reallocated and assessed to all Units as Common Expense. Any Assessments, monetary penalties and other fees and charges against the Unit which accrue prior to such sale or transfer shall remain the obligation of the defaulting Unit Owner. After any foreclosure or any equivalent proceeding, there shall be a lien on the interest of the purchaser at the foreclosure sale to secure all assessments, whether regular or special, charged to such Unit after the date of such foreclosure sale, which lien shall have the same effect and shall be enforced in the same manner as provided herein. For purposes of this section, a mortgage may be given in good faith or for value even though the mortgagee has constructive or actual knowledge of the assessment lien provisions of this Declaration.

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

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

7.9 Reserve Fund. The Association shall maintain a reserve account with the funds therein being used for the periodic maintenance, repair and replacement of the Common Elements as required hereunder. The Reserve Fund shall be funded by a portion of the Common Expense Assessments of Owners rather than by Special Assessments; provided, however, that this provision shall not be deemed to limit the power of the Association to levy any other type of assessment or charge authorized by this Declaration. The Association shall pay out of the Reserve Fund only those costs that are attributable to the maintenance, repair or replacement of capital improvements for which reserves have been collected and held. No portion of a reserve designated for a particular capital improvement may be expended for any purpose other than the maintenance or replacement of that capital improvement. Except for funds collected for contingencies, no funds collected for the Reserve Fund may be used for ordinary current maintenance and operation purposes.

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

7.11 Monetary Penalties. If any Owner, his/her family, or any licensee, invitee, tenant or lessee violates the Condominium Documents, the Board may levy a fine upon the Owner of the Unit for each violation and may suspend the right of such person to use the Common Elements, under such conditions as the Board may specify, for a period not to exceed thirty (30) days for each violation. However, for each day a violation continues after written notice to cease has been mailed, it shall be considered a separate violation and subject to the imposition of the fine for each day the violation continues thereafter. The Board shall establish a procedure by which it imposes such penalties, including the right to hearing if requested by the Owner. Any fines imposed hereunder which remain unpaid for a period of ten (10) days or more after being assessed against an Owner, shall become a lien upon the Owner's Unit upon the recording of a Notice of Lien prepared pursuant to this Declaration, and shall be the personal obligation of the affected Owner in accordance with Section 7.3 above.

7.12 Transfer Fee. Each Purchaser of a Unit shall pay to the Association immediately upon becoming the Owner of the Unit a transfer fee in such amount as may be established from time to time by the Board of Directors.

7.13 Accounts. Assessments and other funds collected by the Association shall be deposited into at least two (2) separate accounts with a federally-insured bank or savings and loan association, which accounts shall be clearly designated as (a) the current operating account, and (b) the reserve account(s). The Board shall deposit those portions of the assessments collected for current maintenance and operations into the current operating account and shall deposit those portions of the assessments collected as reserves for contingencies and for replacement and deferred maintenance of capital improvements into the reserve account (s).

ARTICLE 8

INSURANCE

8.1 Scope of Coverage

(a) The association shall maintain, to the extent reasonable available, the following insurance coverage:

(1) Property insurance on the Common Elements and Units, exclusive of improvements and betterments installed in Units by Unit Owners, issued under a standard form "All Risk of Direct Physical Loss Form" in an amount equal to the maximum insurable replacement value of the Common Elements and Units, as determined by the Board of Directors; provided, however, that the total amount of insurance after application of any deductibles shall

not be less than one hundred percent (100 %) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property insurance policy.

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

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

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

(5) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association, the members of the Board of Directors, the members of any committee of the Board of Directors or the Unit Owners.

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

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

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

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

(iv) The coverage afforded by such policy shall be primary and shall not be brought into contribution or proration with any insurance which may be purchased by Unit Owners or their mortgages or beneficiaries under deeds of trust.

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

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

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

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

(8) “Agreed Amount” and “Inflation Guard” endorsements.

(b) If, at the time of a loss insured under an insurance policy purchased by the Association, the loss is also insured under an insurance policy purchased by a Unit Owner, the Association’s policy shall provide primary coverage.

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

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

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

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

ARTICLE 9

RIGHTS OF FIRST MORTGAGEES

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

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

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

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

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

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

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

(1) Voting rights;

(2) Assessments, assessment liens or subordination of assessment liens;

(3) Reserves for maintenance, repair and replacement of Common Elements;

(4) Insurance or fidelity bonds;

(5) Responsibility for maintenance and repairs;

(6) Expansion or contraction of the Condominium, or the addition or annexation of property to the Condominium;

- (7) Boundaries of any Unit;
 - (8) Reallocation of interests in the Common Elements or Limited Common Elements or rights to their use;
 - (9) Convertibility of units into Common Elements or of Common Elements into Units;
 - (10) Leasing of Units;
 - (11) Imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
 - (12) A decision by the Association to establish self management when professional management has been required previously by an Eligible Mortgage Holder;
 - (13) Restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;
 - (14) Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs;
 - (15) Any provisions which expressly benefit First Mortgagees, Eligible Mortgage Holders or eligible Insurers or Guarantors.
- (b) Any action to terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation of the Condominium must be approved by Eligible Mortgage holders holding mortgages on Units the Unit Owners of which have a least sixty-seven percent (67%) of the votes in the Association allocated to Unit Owners of all Units subject to First Mortgages held by Eligible Mortgage Holders.
- (c) Any First Mortgagee who receives a written request to approve additions or amendments to the Declaration, Articles or Bylaws, which addition or amendments are not material, who does not deliver or mail to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request. Any addition or amendment to the Declaration, Articles or Bylaws shall not be considered material if it is for the purpose of correcting technical errors or for clarification only.
- (d) The approvals required by this Section shall not apply to amendments that may be executed by the Declarant in the exercise of its Development Rights.

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

9.4 Right of Inspection of Records. Any Unit Owner, First Mortgagee or Eligible Insurer or Guarantor will, upon written request, be entitled to: (i) inspect the current copies of the

Condominium Documents and the books, records and financial statements of the Association during normal business hours; (ii) receive within ninety (90) days following the end of any fiscal year of the Association, an audited financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party; and (iii) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings.

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

- (a) By act or omission, seek to abandon or terminate this Declaration or the Condominium;
- (b) Change the pro rata interest or obligations of any individual Unit for the purpose of: (i) levying Assessments or charges or allocating distribution of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the Common Elements;
- (c) Partition or subdivide any Unit;
- (d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this Subsection;
- (e) Use Hazard insurance proceeds for losses to any Units or the Common Elements for any purpose other than the repair, replacement or reconstruction of such Units or the Common Elements. Nothing contained in this Section or any other provision of this Declaration shall be deemed to grant the Association the right to partition any Unit without the consent of the Unit Owners thereof. Any partition of a Unit shall be subject to such limitations and prohibitions as may be set forth elsewhere in this Declaration or as provided under Arizona law.

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

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

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

9.9 Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Article and any other provision of the Condominium Documents, the provisions of this Article shall prevail; provided, however, that in the event of any conflict or inconsistency between the different Sections of this Article or between the provisions of this Article and any other provision of the Condominium Documents with respect to the number or percentage of Unit Owners, First Mortgagees, Eligible Mortgage Holders or eligible Insurers or Guarantors that must consent to (i) an amendment of the Declaration, Articles or Bylaws, (ii) a termination of the Condominium, or (iii) certain actions of the Association as specified in section 9.1 and 9.5 of this Declaration, the provision requiring the consent of the greatest number or percentage of Unit Owners, First Mortgagees, Eligible Mortgage Holders, or Eligible Insurers or Guarantors shall prevail; provided, however, that the Declarant, without the consent of any Unit Owner being required, shall have the right to amend this Declaration, the Articles or the Bylaws during the Period of Declarant Control in order to (i) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner, (ii) correct any error or inconsistency in the Declaration, the Articles or the Bylaws if the amendment does not adversely affect the rights of any Unit Owner, or (iii) comply with the requirements or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veterans Administration.

ARTICLE 10

GENERAL PROVISIONS

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

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

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

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

10.5 Amendment.

(a) Except in cases of amendments that may be executed by the Association under Section 33-1206 or 33-1216 (d) of the Condominium Act, or by certain Unit Owners under Section 33-1218(B), Section 33-1222, Section 33-1223 or Section 33-1228(B) of the Condominium Act, the Declaration, including the Plat, may be amended only by a vote of the Unit Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(b) Except to the extent expressly permitted or required by the Condominium Act, an amendment to the Declaration shall not increase the number of units or change the boundaries of any Unit, or the allocated Interest of a Unit, in the absence of unanimous consent of the Unit Owners.

(c) Any amendment adopted by the Unit Owners pursuant to Subsection 10.5 of this Declaration shall be signed by the President or Vice President of the Association and shall be recorded with the County Recorder of each County in which any portion of the condominium is located. Any such amendment shall certify that the amendment has been approved as required by this Section.

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

10.7 Notices. All notices, demands, statements or other communications required to be given to or served on a Unit Owner under this Declaration shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed to the Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Association or, if no such address is designated, at the address of the Unit of such Unit Owner. A Unit Owner may change his/her address on file with the Association for receipt of notices by delivering a written notice of change of address to the Association pursuant to this Section. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Unit is owned by more than one person, notice to one of the Unit Owners shall constitute notice to all Unit Owners of the same Unit. Each Unit Owner shall file his/her correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

10.8 Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any portion of the Condominium, each Person, for himself, his/her heirs, personal representatives, successors, transferees and assigns, binds himself, his/her heirs, personal representatives, successors, transferees and assigns, to all the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by the Condominium Documents and any amendments thereof. In addition, each such person by so doing thereby acknowledges that the Condominium Documents set forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his/her interest that all the restrictions, conditions, covenants, rules and regulations contained in the Condominium Documents shall run with the land and be binding on all subsequent and future Unit Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that the Condominium Documents shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future covenants and agrees that the units and the membership in the Association and the other rights created by the Condominium Documents shall not be separated or separately conveyed, and each Unit even though the description in the instrument of conveyance or encumbrance may refer only to the unit.

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

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

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

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

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

10.14 Guests and Tenants. Each Unit Owner shall be responsible for compliance by his/her agents, tenants, guests, invitees, licensees and their respective servants, agents, and employees with the provisions of the Condominium Documents. A Unit Owners' failure to insure compliance by such Persons shall be grounds for the same action available to the Association or any other Unit Owner by reasons of such Unit Owner's own noncompliance.

10.15 Attorney Fees. In the event the Association or any Unit Owner employs an attorney or attorneys to enforce compliance with to recover damages for any violation or noncompliance with the Condominium Documents, the prevailing party in any such action shall be entitled to recover from the other party his reasonable attorney's fees incurred in the action. Attorney fees for lien enforcement or assessment collection shall be in accordance with Section 7.5(h) (1) above.

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

10.17 Notice of Violation. The Association shall have the right to record a written notice of a violation by any Unit Owner of any restriction or provision of the Condominium Documents. The notice shall be executed and acknowledged by an officer or agent of the Association and shall contain substantially the following information: (i) the name of the Unit Owner; (ii) the legal description of the Unit against which the notice is being recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Unit Owner to cure the violation. Recordation of a Notice of Violation shall serve as a notice to the Unit Owner and to any subsequent purchaser of the Unit that there is a violation of the provisions of the Condominium Documents. If, after the recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the actual violation referred to in the notice has been cured, the Association shall record a notice of compliance which shall state the legal description of the Unit against which the Notice of Violation was recorded, the recording data of the Notice of Violation, and shall state that the violation referred to in the notice of violation has been cured, or if such be the case, that it did not exist.

10.18 Effective Date; Effect of Prior Declaration. This Third Amended and Restated Declaration of Development and Operating Plan shall be effective upon recordation in the office of the Pima County Recorder, Pima County, Arizona, and upon such recordation, the Second Amended Declaration shall thereupon be terminated and of no further force or effect after the effective date hereof except as provided in Section 7.5(f) as to assessments or charges and except as necessary to continue any actions commenced prior to the effective date hereof to continue any actions commenced prior to the effective date to enforce the Original or Second Amended Declaration, or any Bylaws or Rules and Regulations promulgated pursuant thereto. However, nothing in this Declaration shall be deemed to invalidate any action taken under the Original or Second Amended Declaration.

IN WITNESS WHEREOF, The Vice-President and Secretary of the Association execute this Third Amended and Restated Declaration of Development and Operating Plan of Casita de Castilian, Inc., this _____ day of _____, 2008, certifying that this Third Amended and Restated Declaration of Development and Operating Plan was approved by a least seventy-five (75%) percent of the Owners of Lots, with one vote per Lot, pursuant to Article V(A) of the Amended and Restated Declaration of Development and Operating Plan, and that the consents are on file in the records of the Association.

VICE-PRESIDENT *PRESIDENT*
Young X. Huang

SECRETARY



Notary stamp present, but ink
may not reproduce

EXHIBIT A

PLAT AND LEGAL DESCRIPTION

CASITA DE CASTILIAN

Plat

Casita de Castilian was created as a Condominium Apartment Project (Horizontal Property Regime in Fee) by the Declaration of Development and Operating Plan of Casita de Castilian (the "original Declaration"), which was recorded on January 20, 1966, in Docket 2673 at pages 140 et seq., office of the Pima County Recorder, Pima County, Arizona. The Plat of Casita de Castilian was recorded as Exhibit A to the aforesaid Declaration, in Docket 2673 at pages 142-149, office of the Pima County Recorder, Pima County, Arizona, and is incorporated herein by this reference.

Legal Description

The original legal Descriptions of Casita de Castilian is set forth in Docket 2673, page 143, office of the Pima County Recorder, and is incorporated herein by this reference.

Certain property was added to the original horizontal property regime, as set forth in the following recorded documents (the "Additions"), all of which are on record at the office of the Pima County Recorder, Pima County, Arizona, and are incorporated herein by this reference;

Addition recorded in the office of the County Recorder, Pima County, Arizona, in Docket 3045, at page 130;

Addition recorded in the office of the County Recorder, Pima County, Arizona, in docket 3072 at page 119;

Addition recorded in the office of the County Recorder, Pima County Arizona, in Docket 3184 at page 523;

Addition recorded in the office of the County Recorder, Pima County, Arizona, in Docket 3273 at page 361;

Addition recorded in the office of the County Recorder, Pima County, Arizona, in Docket 3587 at page 395.