

DISCOVERY AT VILLA DE PAZ

DECLARATION OF HORIZONTAL
PROPERTY REGIME AND
COVENANTS, CONDITIONS AND
RESTRICTIONS, BYLAWS,
ARTICLES OF INCORPORATION
AND RULES AND REGULATIONS

When recorded mail to:
Nathy Williams
Continental Homes, Inc.
2735 East Camelback
Phoenix, AZ 85016

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DECLARATION OF HORIZONTAL PROPERTY REGIME

AND

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

DISCOVERY AT VILLA DE PAZ

RECORDED IN OFFICIAL REG OF
OF MARICOPA COUNTY, ARIZO
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BILL HENRY COUNTY RECORDER
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This document is being re-recorded for the sole purpose of correcting the legal description of the annexable property described in Exhibit B.

THIS DECLARATION OF HORIZONTAL PROPERTY REGIME AND COVENANTS, CONDITIONS AND RESTRICTIONS is made as of the date hereinafter set forth by AMERICAN CONTINENTAL CORPORATION, an Ohio corporation dba Continental Homes, Inc. ("Declarant").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property located in Maricopa County, Arizona, more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein (hereinafter referred to as the "Real Property") and desires to submit and subject the Real Property, and such additions thereto, as may hereafter be made, including the improvements constructed and to be constructed thereon, and the appurtenances, easements and rights appurtenant thereto, collectively referred to herein as the "Property", "Condominium Property", or "Declared Property", to a Horizontal Property Regime pursuant to Arizona Revised Statutes, Sections 33-551 through 33-561, inclusive;

WHEREAS, it is declared that these covenants, conditions and restrictions are intended to benefit the owners and their successors of all or any portion of the Condominium Property.

WHEREAS, Declarant wishes to establish a method for the administration, maintenance, preservation, use and enjoyment of the Condominium Property now or hereafter submitted and subjected to this Declaration;

WHEREAS, Declarant is the holder of legal title to certain real property located within Maricopa County, Arizona, designated as Phases 2-13 on Sheet 4 of Exhibit "B", which Exhibit "B" is attached hereto and by this reference incorporated herein (the "Annexable Property"), and may, pursuant to the conditions set forth in Section 2.5 hereof, from time to time and at its sole discretion, subject all or a portion of the Annexable Property to the provisions of this Declaration;

WHEREAS, Declarant is the holder of legal title to certain real property located within Maricopa County, Arizona, designated as Tract A on Sheet 4 of Exhibit "B" attached hereto (the "Additional Property"), and may, from time to time and at its sole discretion, pursuant to the conditions set forth in Section 2.5 hereof, subject all or a portion of the Additional Property to the provisions of this Declaration;

NOW, THEREFORE, pursuant to Arizona Revised Statutes, Sections 33-551 through 33-561 inclusive, Declarant hereby submits the Condominium Property, described in Article II hereof, to a Horizontal Property Regime (hereinafter referred to as the "Project" or "Condominium Project"), to be held, conveyed, encumbered, leased, used and improved subject to the following restrictions, covenants, conditions, easements and equitable servitudes, all of which shall run with the Condominium Property, shall be binding

Recorded in office records of Maricopa County, Arizona
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upon all persons having or acquiring any right, title or interest in the Condominium Property or any part thereof, shall inure to the benefit of each owner of any portion of the Condominium Property or any interest therein, shall inure to the benefit of and be binding upon each successor in interest, and may be enforced as hereinafter provided.

ARTICLE I

Definitions

The terms defined in this Article of this Declaration shall have the meanings herein specified, except as may be expressly otherwise provided herein.

Section 1.1. "Act" shall mean Sections 33-551 through 33-561, inclusive, Arizona Revised Statutes, as and if amended.

Section 1.2. "Apartment" shall mean a separate freehold estate designated by a number on the Plat, consisting of an airspace defined as follows:

A. The lower horizontal boundary is the surface of the unfinished floor thereof.

B. The upper horizontal boundary is a plane, the elevation of which coincides with the elevation of the surface of the unfinished ceilings thereof.

C. The lateral boundaries are the interior surfaces of the perimeter walls, windows (except as noted below), and doors thereof and the vertical planes coincidental with the interior surfaces of the perimeter walls thereof, extended upwards to intersect the upper horizontal boundary, and extended downwards to intersect the lower horizontal boundary. In the case where an Apartment includes bay windows that extend outward from the Apartment boundaries, the boundary of such Apartment windows shall be the plane of the interior surface of the perimeter walls across the bay windows.

D. Each Apartment includes the surfaces so described, and the portions of the Building and Improvements lying within said boundaries; provided, however, that no structural components of the Building in which each Apartment is located, and no pipes, wires, conduits, ducts, flues, shafts, or public utility, water or sewer lines situated within an Apartment and forming a part of any system serving one or more other Apartments or the Common Elements shall be deemed to be part of an Apartment. Each such Apartment may also include the range, dishwasher, garbage disposal unit, refrigerator, and/or other household appliances lying within said boundaries and/or appurtenant areas.

E. The airspaces for patios, porches, and/or balconies; heating and air conditioning units, fenced yards, storage lockers, and/or bay windows extending and projecting beyond the boundary of the walls of the pertinent Apartments, if any, are to be considered common elements for the exclusive use of the Apartment and are to be maintained by each respective Apartment Owner. In the event an Apartment Owner fails to maintain the foregoing airspaces, the Association shall have the immediate right to maintain and repair the same with all costs and expenses of such maintenance and repair to be the obligation of the pertinent Apartment Owner.

F. Each Apartment may also include a fireplace which shall be considered a fixture of the Apartment.

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G. Where an Apartment contains more than one story, the appropriate structural portion between the surface of the unfinished floor and the surface of the unfinished ceiling of each story of the Apartment shall be part of the Common Elements.

H. Unless otherwise indicated, all airspace boundary lines intersect at right angles.

Section 1.3. "Articles of Incorporation" or "Articles" shall mean the Articles of Incorporation of the Association, as and if amended.

Section 1.4. "Assessment" shall mean all assessments authorized and provided by Article VII. "Regular Assessments" shall mean the Assessments pursuant to Section 7.3.A., and "Special Assessments" shall mean the Assessments pursuant to Section 7.3.B.

Section 1.5. "Association" and "Council of Co-Owners" shall mean and refer to Discovery at Villa de Paz Homeowners' Association, its successors and assigns.

Section 1.6. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 1.7. "Building" shall mean any one of the principal structures, as shown on the Plat, erected upon the Real Property.

Section 1.8. "Bylaws" shall mean the Bylaws of the Association, as and if amended.

Section 1.9. "Common Elements" shall mean the description of the Condominium Property less the description of all Apartments as defined in Section 1.2 hereof including, but not limited to, all recreational facilities including equipment, stairwells, walks and walkways, parking areas, community and commercial facilities, if any, trees, exterior lighting, pavements, streets, pipes, wires, general heating and cooling system, exterior general garbage area, central patios, storage and laundry areas, boiler room, swimming pool(s), ducts and duct work, conduits and other public utility lines, and all other property controlled and regulated by the Association for the common use and enjoyment of the Members of the Association. In addition, some Apartments may contain bay windows extending and projecting beyond the boundary of the walls of the pertinent Apartments. Such extension(s)/projection(s) shall be part of the Common Elements. In the event Declarant shall subject all or a portion of the Annexable Property and/or Additional Property to the provisions of this Declaration, "Common Elements" shall also be deemed to include any portion of the Annexable Property and/or Additional Property designated by Declarant as being included within or a part of the Common Elements. "Limited Common Elements" shall mean those Common Elements designed for use by the Owners of more than one (1) but less than all of the Apartments included within a Building, including but not limited to certain porches, patios, fireplaces, decks or yard areas.

Section 1.10. "Common Element Interest" shall mean the undivided fractional interest in and to the Common Elements, which shall be appurtenant to each Apartment and included within ownership of each Unit, which fraction shall have as its numerator the number one (1), and as its denominator the total number of Apartments from time to time submitted to this Declaration.

Section 1.11. "Common Expenses" shall have the meaning provided in Section 7.2.

Section 1.12. "Condominium Constituent Documents" shall mean the Declaration, the Articles, Bylaws, and Rules and Regulations of the Association, and all other documents or instruments pertaining to and affecting the Condominium Project. Any discrepancies or conflicts between the provisions of the Arizona Revised Statutes or applicable law and this Declaration, the Articles and Bylaws and the rules and regulations of the Association shall, unless otherwise provided, be resolved by giving priority first to the Arizona Revised Statutes or applicable law, second to this Declaration, third to the Articles, fourth to the Bylaws, and fifth to the Rules and Regulations.

Section 1.13. "Declarant" shall mean and refer to American Continental Corporation, an Ohio corporation dba Continental Homes, Inc., its successors and assigns.

Section 1.14. "Declaration" means this Declaration by which the Condominium Property is submitted to a Horizontal Property Regime pursuant to the Act, as such Declaration may from time to time be amended.

Section 1.15. "First Mortgage" shall mean a first deed of trust, as well as a first mortgage, on a Unit or any portion thereof. "First Mortgagee" shall mean the Mortgagee or holder of a First Mortgage, including a beneficiary or trustee under a first deed of trust, its successors and assigns.

Section 1.16. "Improvements" shall mean all physical structures including, but not limited to, the Buildings, private drives, parking areas, any existing fences, walls, swimming pool and jacuzzi, and all landscaping including, but not limited to, hedges, plantings, trees and shrubs of every type and kind, located upon the Real Property.

Section 1.17. "Member" shall mean any person, corporation, partnership, or other legal entity who is a member of the Association as provided in Article IV. "Membership" shall mean the participating interest of a Member in the Association.

Section 1.18. "Mortgage" shall refer to a mortgage as well as a deed of trust and any reference to rights and/or remedies under a Mortgage shall also mean rights and/or remedies under a deed of trust including, but not limited to, trustee's sale and foreclosure. "Mortgagee" shall mean the mortgagee, holder or beneficiary (or trustee) under a Mortgage or deed of trust, as the case may be, and "Mortgagor" shall mean a mortgagor or trustor, as the case may be, under a Mortgage. "Governmental Mortgagee" shall mean the Federal Housing Administration ("FHA"), Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Government National Mortgage Association ("GNMA") or other governmental agency or entity which is a Mortgagee or purchaser, insurer, guarantor and/or assignee of a Mortgage. "Institutional Holder" shall mean a mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 1.19. "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, of equitable or beneficial title, or legal title if same has merged, of a Unit regardless of whether such holder actually resides in the Unit. "Owner" shall include the purchaser of a Unit under an executory contract for the sale of property. "Owner" shall not include persons or entities who hold an interest in any Unit solely as security for the performance of an obligation.

Section 1.20. "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

Section 1.21. "Phase" shall mean those phases of real property which Declarant reserves the right to subject and submit to this Declaration. "Phasing" shall mean the process of annexing the Phase(s) and subjecting the same to this Declaration.

Section 1.22. "Plat" shall mean the plat of survey of the Condominium Property and all Apartments submitted to this Horizontal Property Regime, and any amendments thereto, as recorded in the Maricopa County Recorder's Office in Book _____ of Maps, page _____, an exact reduced copy of which is attached hereto as Exhibit "B". Such recorded Plat and Exhibit "B" are by this reference incorporated herein. In the event any submission by Declarant of all or any portion of the Annexable Property and/or Additional Property to this Declaration shall involve a plat of survey, "Plat" shall also mean and refer to such plat of survey.

Section 1.23. "Rules and Regulations" shall mean such rules and regulations as shall be adopted and/or amended from time to time by the Association for the Condominium Project.

Section 1.24. "Servicer" shall mean the person or entity servicing a Mortgage, including a Mortgagee, if applicable, its successors and assigns.

Section 1.25. "Structural Alteration" shall mean any changes, additions or improvements to the supporting members of a building (such as bearing walls, partitions, columns, beams or girders); to the foundation; to the roof structure; and to any integral component or attachment of the aforementioned items.

Section 1.26. "Unit" shall mean an Apartment together with its appurtenant Common Element Interest, and the right to exclusive use of those items set forth in paragraph 1.2 E above. In the event Declarant shall subject all or a portion of the Annexable Property and/or Additional Property to the provisions of this Declaration, "Unit" shall also be deemed to include any Apartment included within such Annexable Property and/or Additional Property, as shown on the Plat; or any other plat of record respecting the Annexable Property and/or Additional Property, together with its appurtenant Common Element Interest.

ARTICLE II

Description of Horizontal Property Regime

Section 2.1. Initially, the Horizontal Property Regime shall be composed of the Common Elements and twenty-four (24) Apartments as designated on the Plat. Each Unit shall consist of an Apartment and its appurtenant Common Element Interest. Declarant may, at its sole discretion, without the consent of any other party, from time to time, subject all or portions of the Annexable Property and/or Additional Property to this Declaration pursuant to the conditions set forth in Section 2.5 hereof. In the event the submission of all or a portion of the Annexable Property and/or Additional Property to this Declaration results in an increase in the number of Apartments within the Condominium Project, the respective Common Element Interest appurtenant to each Apartment shall change according to the number of Apartments then submitted and subjected to this Declaration such that the numerator for the fractional Common Element

Interest shall be the number one (1) and the denominator shall be the total number of Apartments then submitted to this Declaration. At such time as all or any portion of the Annexable Property and/or Additional Property is submitted to this Declaration, all provisions of this Declaration shall be deemed to apply to such Annexable Property and/or Additional Property, including but not limited to the definitions contained within Article I, and shall be construed and applied consistent with the inclusion of such Annexable Property and/or Additional Property or portion thereof, within the Condominium Project. The maximum number of Units which may be submitted to this Declaration by Declarant shall be two hundred fourteen (214) as designated on the Plat, each of which shall, if such maximum number of Units are present, include an Apartment and a one two-hundred fourteenth (1/214) interest in and to the Common Elements. The minimum number of Units which may be submitted to this Declaration shall be twenty-four (24) as designated on the Plat, each of which shall include an Apartment and a one-twenty-fourth (1/24) interest in and to the Common Elements.

Section 2.2. The Condominium Project shall be referred to as Discovery at Villa de Paz.

Section 2.3. The following provisions are made in compliance with Section 33-553 of the Act:

A. Description of Land. The land is the Real Property.

B. Description of Cubic Content Space of Buildings. The cubic content space of the Buildings with reference to their location on the Real Property is described on the Plat. The boundaries of each Building shall be the exterior of the outside walls of said Building, except that where there are patios, porches, storage areas, extending bay windows and balconies extending beyond the exterior of the outside walls, the boundaries of each Building shall be the plane of the outer edge of the walls or the plane of the boundary lines shown on the Plat for said patios, porches, storage areas, extending bay windows and balconies which extend outward farthest from the exterior wall of said Building, all as shown on the Plat. The upper boundaries of each Building shall be the plane of the top elevation of said Building, except that where there are patios, porches, storage areas, and balconies, the upper boundaries with respect to the patio, porches, storage areas, and balcony portions of the Buildings shall be the plane of the top elevation of said patios, porches, storage areas, and balconies, respectively, all as shown on the Plat. The lower boundaries of each Building shall be the plane of the floor sub-base elevation of said Building, except that where there are patios, porches, storage areas, and balconies the lower boundaries with respect to the patio, porches, storage areas, and balcony portions of the Building shall be the base elevation of said patios, porches, storage areas, and balconies, all as shown on the Plat.

C. Description of Cubic Content Space of Each Apartment. The cubic content space of each Apartment, as defined in Section 1.2, is as described on the Plat.

D. Description of Common Elements. The description of the Common Elements shall be as provided in Section 1.9.

E. Interest Which Each Apartment Bears to the Entire Condominium Project. Each Apartment shall bear an interest in the entire Condominium Project equal to a fraction which shall be the number one (1) over the total number

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of Apartments from time to time submitted to this Declaration. In no event shall such number exceed two hundred fourteen (214) Apartments.

F. Limitation on Change of Percentage Interests. Notwithstanding anything in this Declaration to the contrary, no change in the percentage interests in the Common Elements may be affected pursuant to Phasing described in Section 2.1 hereof more than seven (7) years from the date of this Declaration.

Section 2.4. In interpreting the Plat, this Declaration, and/or any deeds, maps, plans or similar instruments pertaining to the Property and/or the Project, the existing physical boundaries of an Apartment, or an Apartment reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its actual boundaries rather than the description expressed in the Plat, this Declaration, or on any such deeds, maps, plans or similar instruments regardless of settling, shifting, lateral or other movement of any of the Buildings, and regardless of minor variances between the boundaries as shown on the Plat, this Declaration, or on any such deeds, maps, plans or similar instruments and those of the Apartment.

Section 2.5. All or any portions of the Annexable Property and/or Additional Property may become subject to and submitted to this Declaration in accordance with the following:

A. Annexation of Annexable Property and Additional Property. All or portions of the Annexable Property and/or Additional Property may become Declared Property by the recording of a Declaration of Annexation, as described in Section 2.5.C. hereof, in the Maricopa County Recorder's Office, Arizona.

B. Obligation to Annex. No provision of this Declaration shall be construed to require the Declarant or any other person or entity to subject all or portions of the Annexable Property or Additional Property to this Declaration nor shall any provision of this Declaration be deemed to prohibit all or portions of the Annexable Property or Additional Property from being subjected to another declaration or scheme of development. If portions of the Annexable Property and/or Additional Property are annexed, only adjacent Phases of the Annexable Property and Additional Property shall be submitted and subjected to this Declaration.

C. Declaration of Annexation. All or portions of the Annexable Property and/or Additional Property may become Declared Property by recording of a Declaration of Annexation in the Maricopa County Recorder's Office, Arizona. The Declaration of Annexation shall designate Apartments within such Annexable Property and/or Additional Property and the portion of the Annexable Property and/or Additional Property designated as Common Elements. The Declaration of Annexation shall state that it is being made pursuant to the terms of this Declaration and for the purpose of subjecting the Annexable Property and/or Additional Property described in the Declaration of Annexation to this Declaration. The Declaration of Annexation shall specify the change in the Common Element Interest upon annexation of Annexable Property and/or Additional Property. The Declaration of Annexation may contain such language as may be necessary to reflect the different character, if any, of the Annexable Property and/or Additional Property becoming Declared Property.

D. Type, Quality, and Architectural Style. Although Declarant reserves the right to alter the size and

design of Annexable Property and Additional Property, in the event of submission of all or a portion of Annexable Property and/or Additional Property to this Declaration, such Annexable Property and Additional Property shall be consistent as to type, quality of construction, architectural style and approximate size as those Buildings and Apartments originally constructed on the Real Property.

E. Limitation on Time for Annexation. The Annexable Property and/or the Additional Property may be annexed by the Declarant without the consent of Members within seven (7) years of the date of this Declaration provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved by them.

ARTICLE III

Homeowners' Association

Section 3.1. The operation of the Condominium Project shall be by the Association, a non-profit corporation organized under the laws of the State of Arizona, which shall fulfill its obligations pursuant to the provisions of the Act and the Condominium Constituent Documents. The Association shall constitute the "council of co-owners" as that term is defined in Section 33-551 of the Act. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the benefit of the Owners in accordance with the provisions of the Act and the Condominium Constituent Documents.

Section 3.2. Articles of Incorporation for the Association shall be prepared and executed and the Association incorporated prior to the initial sale of any Unit. Upon being incorporated, the Association shall promptly take all necessary steps to conclude its formation and to commence the discharge of its duties under this Declaration and the Articles including, but not limited to, the adoption of Bylaws and Rules and Regulations.

Section 3.3. Each and every Owner, in accepting a deed, entering into an agreement for sale, or displaying some other evidence of ownership interest in a Unit, agrees to become a Member of the Association and to be bound by the provisions of the Condominium Constituent Documents.

Section 3.4. The Association shall from time to time establish such Rules and Regulations as it deems necessary for the conduct and operation of the Condominium Project including, by way of illustration and not by way of limitation, rules and regulations for the purpose of establishing and maintaining general beautification features within the Condominium Project, providing for the health, safety and welfare of occupants of and visitors to the Condominium Project, and establishing such common community services as the Association shall deem desirable for the general use and benefit of occupants of the Condominium Project.

Section 3.5. The Association shall serve as a governing body for all Owners and occupants of Units and shall provide necessary and appropriate action for the maintenance, repair, replacement and management of the Common Elements, assessment of expenses, payment of losses, disposition of insurance proceeds, and other matters as provided in the Act and the Condominium Constituent Documents; provided, however, that the foregoing shall not operate to relieve the Owners of their responsibilities under the Act and the Condominium Constituent Documents.

Section 3.6. The affairs of the Association shall be conducted by a Board of Directors who shall be selected in the manner stated in this Declaration, the Articles and Bylaws; ~~subject, however, to the provisions of Section 3.7. Except as provided by Section 3.7,~~ each director shall be an Owner or the spouse of an Owner, or, if an Owner is a corporation, partnership, trust or other legal entity, a director may be an officer, director, partner, beneficiary or authorized agent of such Owner. If a director shall cease to meet such directorship qualifications during his term, he shall automatically cease to be a director and his place on the Board shall be deemed vacant. ~~Notwithstanding the foregoing, as long as there is a Class "B" Membership (as hereinafter defined in Section 3.7), directors need not be an Owner of a Unit.~~

Section 3.7. The Association shall have two (2) classes of voting membership:

A. Class "A" Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Unit owned; and

B. Class "B" Members shall be the Declarant, and shall be entitled to three (3) votes for each Unit owned.

Section 3.8. The Class "B" Membership shall cease and be automatically converted to Class "A" Membership (with one (1) vote for each Unit owned) on the first to occur of the following:

A. When the total votes outstanding in the Class "A" Membership equal the total votes outstanding in the Class "B" Membership; or

B. On March 31, 1989.

Section 3.9. The Association shall not have any outstanding or accrued debts or obligations at the time of conveyance of the first Unit to an Owner.

Section 3.10. In the event of any dispute or disagreement between any Owners relating to the Condominium Project or any question of interpretation or application of this Declaration, the Articles, Bylaws or Rules and Regulations, the determination thereof by the Board shall be final and binding on each and all of the Owners. If a decision cannot be reached by the Board in connection with any matter submitted to or considered by the Board, such matter shall be determined by the Members, voting as provided by Article V. If the Members are unable to resolve such matter, it shall be submitted and settled in accordance with the current rules and regulations of the American Arbitration Association in Maricopa County, Arizona, and any decision made or rendered thereof shall be final and binding upon all of the Owners and the Association.

Section 3.11. All funds received by and the titles of all properties acquired by the Association shall be held in trust for the Members of the Association in accordance with this Declaration, the Articles and Bylaws.

Section 3.12. If all or any portion of the Additional Property is submitted to this Declaration, the Association shall, from the date of such submission, become responsible for and have authority for all matters pertaining to all Units so submitted.

Section 3.13. The Association shall make available to all Owners of Units, First Mortgagees, and prospective purchasers of Units, if any, current copies of this

Declaration, the Bylaws, the Articles, the Rules and Regulations, and the most recent annual audited financial statement of the Association, if such is prepared. For purposes of this Section, "available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Section 3.14. The Association shall indemnify every Director and every officer, his heirs, executors, administrators, against all loss, cost and expense, reasonably incurred by him in connection with any action, suit or proceeding to which he be made a party, by reason of his being or having been a Director or officer of the Association, including reasonable matters whersin he shall be finally adjudged in such action, suit or proceeding to be liable for or guilty of negligence, except to the extent such liability, damage or injury is covered by any type of insurance; however, this indemnification shall not cover any acts of gross negligence, willful misconduct or with fraudulent or criminal intent. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE IV

Membership

Section 4.1. Membership in the Association, shall be limited to Owners of Units. An Owner of a Unit shall automatically, upon becoming the Owner of a Unit, become a Member and shall remain a Member until such time as his ownership ceases for any reason, at which time his Membership shall automatically cease.

Section 4.2. A Membership shall not be transferred, pledged or alienated in any way, except upon the sale of a Unit and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of Mortgage of record or deed in lieu of foreclosure of a Mortgage, 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 and will not be reflected upon the books and records of the Association. In the event the Owner of any Unit should fail or refuse to transfer the Membership registered in his name to the transferee of such Unit, the Association shall have the right to record the transfer upon the books of the Association and issue a new Membership to the transferee and thereupon the old Membership outstanding in the name of the transferring Owner shall be null and void as though the same had been surrendered. The new Membership shall become effective as of the date of transfer of record of the ownership of the Unit.

Section 4.3. The Owner of each Unit shall be entitled to one (1) Membership in the Association, which Membership shall be subject to all of the provisions of the Condominium Constituent Documents. If a Unit shall have more than one (1) Owner, all Owners of that Unit shall be Members of the Association; provided, however, that such Members' voting rights shall be limited as provided in Section 5.1.

ARTICLE V

Voting Rights

Section 5.1. The aggregate number of votes for all Members shall be equal to the sum of the following:

A. The number of Units owned by Class "A" Members; and

B. Three (3) times the number of Units owned by Class "B" Members.

Each Class "A" Member shall be entitled to cast one (1) vote for each Unit owned and each Class "B" Member shall be entitled to cast three (3) votes for each Unit owned; provided, however, that if a Unit is owned by more than one individual Class "A" Member, the Members owning such Unit shall collectively be entitled to cast one (1) vote for that Unit; and, if a Unit is owned by more than one individual Class "B" Member, the Members owning such Unit shall collectively be entitled to cast three (3) votes for that Unit. The method by which the vote or votes shall be cast, and the person authorized and designated to cast the vote or votes on behalf of the Members owning such Unit, shall be as provided in the Articles and/or Bylaws of the Association.

Section 5.2. In the event any Owner is in arrears in the payment of any Assessment or other amount due under or otherwise in default in the performance of any of the provisions of this Declaration, the Articles or Bylaws for a period of ten (10) days after written notice thereof from the Association, such Owner's right to vote as a Member shall be suspended until all such payments are brought current and/or all such defaults are remedied. The foregoing shall be in addition to, and not in lieu of, all other remedies provided in this Declaration, the Articles, the Bylaws or by applicable law for such non-payment or default.

Section 5.3. In the event any action to be taken pursuant to the Condominium Constituent Documents requires the consent of the Members (by whatever stated percentage), such consent requirement shall, unless this Declaration expressly provides otherwise, require the stated percentage of the cumulative total of the voting numbers of the Class "A" Membership and the Class "B" Membership.

ARTICLE VI

Property Rights

Section 6.1. Every Member shall have a right and easement of use and enjoyment in and to the Common Elements, and such easement shall be appurtenant to, indivisible from, and shall pass with title to each Unit. Such rights of use and enjoyment to the Common Elements may be exercised by any person legally in possession of a Unit not in violation of the Act, this Declaration, the Articles and/or Bylaws and any Rules and Regulations adopted by the Association; provided, however, that nothing herein shall be deemed to alter or amend the definition of Owner, as set forth in Section 1.19, or to affect the provisions of Articles IV or V.

Section 6.2. The right and easement of use and enjoyment accorded hereby shall be subject to the Rules and Regulations promulgated by the Board, which may include, but shall not be limited to:

A. The right of the Association to limit the number of guests or invitees of Members;

B. The right of the Association to charge reasonable admission or other fees for the use of any recreational facility constituting a part of the Common Elements;

C. The right of the Association, in accordance with the Condominium Constituent Documents, to borrow money for the purpose of improving the Common Elements and to encumber the Common Elements therefor; provided, however,

that such right shall not be exercised or authorized, nor shall any such encumbrance be created, in violation of the Act or other applicable law;

D. The right of the Association to reasonably suspend the voting rights and the right to use of all or any portion of the recreation facilities by an Owner for any period during which an Assessment against such Owner's Unit remains unpaid following ten (10) days written notice thereof to such delinquent Owner in accordance with the Condominium Constituent Documents;

E. The right of the Owners of Units to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument signed by Owners representing one hundred percent (100%) of the Class "A" Membership and one hundred (100%) of the Class "B" Membership, and by such parties including, but not limited to, Owners and First Mortgagees, as shall be required by this Declaration or applicable law, has been recorded in the books of the Association, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Owner not less than thirty (30) days nor more than sixty (60) days in advance of such action.

Section 6.3. Any Owner may delegate, in accordance with the Condominium Constituent Documents, his right of enjoyment to the Common Elements to members of his family, his tenants, or contract purchasers who reside in such Owner's Unit.

ARTICLE VII

Assessments

Section 7.1. The making and collection of Assessments against Owners shall be pursuant to this Article VII, and each Owner, for himself, his heirs, successors and assigns, covenants and agrees by accepting a deed, entering into an agreement for sale, or other conveyance of an interest in a Unit, that he shall pay and his Unit shall be subject to Assessments as follows:

A. Amount of Assessment.

(1) Each Unit's proportionate share of all Common Expenses;

(2) Each Unit's proportionate share of such additional sums as the Board shall determine to be necessary to meet the primary purposes of the Association; and

(3) Each Unit's respective obligations, if any, pursuant to Section 7.1.D.

B. Unit's Proportionate Share. Subject to the limitations set forth in Section 7.1.C. below, each Unit's proportionate share of the total amount determined under Section 7.1.A(1) and 7.1.A.(2) shall be equal to such Unit's Common Element Interest, together with any additional amount owed by the Owners of such Unit pursuant to Section 7.1.D.

C. Maximum Regular Assessments. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner (the "Reference Date"), the maximum annual Regular Assessment shall be \$65.40 per year for each Unit. From and after the Reference Date, the maximum annual Regular Assessment per year may be increased each year, without a vote of the Members, not more than the greater of:

(1) the product determined by multiplying any percentage increase for the previous year in the Consumer Price Index (as hereinafter defined) by the amount of the maximum annual Regular Assessment for the previous year; or (b) five percent (5%) above the maximum annual Regular Assessment for the previous year. From and after the Reference Date, the maximum annual Regular Assessment may be increased more than the greater of (1) and (2) above only upon the approval 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. For purposes of this section, "Consumer Price Index" shall mean that "Revised Consumer Price Index for All Urban Consumers - All Items - U.S. City Average", as first published in 1978 by the Bureau of Labor Statistics, United States Department of Labor. In the event the Bureau of Labor Statistics, United States Department of Labor, shall cease to publish such Index, "Consumer Price Index" shall mean such national or regional index that measures the rate of inflation or the rate of change in consumer disposable income.

D. Unit Costs. Notwithstanding each Unit Owner's obligation for its proportionate share of the Assessments as stated herein, in addition thereto each Owner shall pay and reimburse the Association for any and all costs and expenses in connection with the following:

(1) Obligations of such Owner pursuant to any other provision of this Declaration including, but not limited to, the charges and obligations required pursuant to Articles VII, IX, X, XI, XII, XIII, XIV, XV and/or XVI.

(2) All costs incurred in the enforcement of the provisions of this Declaration against any Owner including, but not limited to, attorneys' fees and court costs.

E. Purpose. The Assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the residents in the Condominium Project and in particular for the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements.

Section 7.2 - Common Expenses. The Board is hereby authorized to obtain and secure the following items and services which shall be deemed Common Expenses:

A. Expenses of administration of the Condominium Project, Common Elements and/or the Association including, but not limited to, legal, accounting and management fees contracted for, at the discretion of the Board, if it deems such necessary for such administration;

B. Utility service for the Common Elements and for all Apartments, provided such utility service is not individually metered and/or charged to the Apartments;

C. Insurance as required by Article XII;

D. Maintenance, operation, repair, replacement and betterment of the Common Elements including, but not limited to, painting, landscaping, repairs, replacements, alterations, additions, reconstruction, services, supplies, labor, materials, equipment and other related items;

E. Any valid charge against the Condominium Project as a whole as determined by the Board including, but not limited to, all costs of enforcing compliance with this Declaration, together with such costs as are deemed necessary to meet the primary purpose of the Association;

F. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis, such reserve to be funded by Regular, and not Special Assessments, and a working capital fund for the ~~initial months of operation of the Condominium Project~~ equal to at least two (2) months' Assessments for all Units within the first Phase. Any amounts paid into this fund shall not be considered as advance payment of Regular Assessments. Such working capital fund will be collected and transferred to the Association at the time of closing of each Unit within the first Phase and will be maintained in a segregated account for the use and benefit of the Association. The contribution to the working capital fund for each unsold Unit shall be paid to the Association within sixty (60) days of the date of the conveyance of the first Unit within the first Phase.

G. Taxes, assessments and similar charges assessed against or payable in connection with the Common Elements; and

H. Removal of rubbish from the Condominium Property.

Section 7.3 - Determination of Assessments

A. Regular Assessments. The amount to be prorated among the Owners pursuant to Section 7.1.A. shall, subject to the provisions of section 7.1.C., be established annually by the Board, and the proportionate share to be paid pursuant to Section 7.1.B. shall be paid monthly or in such other installments as may be determined by the Board; provided, however, that the amount to be paid by any Owners pursuant to Section 7.1.A.(3) shall be established and assessed at such time as the Board shall deem appropriate. Said amounts shall be based upon an estimated annual budget and report which the Board shall cause to be prepared for each fiscal year of the Association. The budget shall take into account the estimated Common Expenses, including amounts for reserves, and any other sums which the Board may deem to be prudent for the protection of the Condominium Project. The amounts for reserves shall include an adequate fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis. The budget and report shall also provide a summary of the Common Expense allocation, Assessments, and other fiscal activity of the Association for the previous fiscal year of the Association. Copies of the proposed budget and report shall be transmitted to each Owner on or before the first day of the fiscal year of the Association for which the budget is made, or as soon thereafter as the Board is able to adopt such budget. If at any time during such fiscal year it appears that the amounts determined by the Board are not sufficient, or are in excess of the amounts required, the Board may, subject to the provisions of section 7.1.C., amend the budget and increase or decrease the Regular Assessments, the amount prorated to each Owner, and the monthly amount to be paid by each Owner. If the budget is amended, a copy of the amended budget shall be furnished to each Owner within fifteen (15) days of the adoption thereof. After approval by the Board of the budget, the Assessments and each installment thereof shall be determined for each Unit and shall be assessed and paid as set forth in Section 7.4.

B. Special Assessments. In the event the Board is required to make any expenditure which was not anticipated as of the first of any fiscal year of the Association, or for which there are not sufficient funds available, including but not limited to the cost of any construction, reconstruction, repair or replacement of capital improvements

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upon the Common Elements, including fixtures and personal property related thereto, the Board is authorized to levy Special Assessments; provided, however, any Special Assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Any such Special Assessment shall be charged to the Units in the same proportion as Regular Assessments, as provided by Section 7.1.B. The Owners shall pay all Special Assessments to the Board, or such depository as may be designated by the Board, within fifteen (15) days after the levy thereof or in such other manner and within such greater time as the Board may direct.

C. Accounting. The Board shall at all times keep true and correct records of account for the Condominium Project and Association in accordance with generally accepted accounting principles applied on a consistent basis, on such other sound and consistent method as the Board shall elect to utilize, and shall furnish for the inspection of all voting Owners upon request, at reasonable times, such records which shall specify in detail all expenses incurred and funds accumulated from Assessments or otherwise. If a management agent contracts with the Association to perform all or a part of the Association's duties, the management agreement therefor shall require such management agent to maintain records in accordance with the foregoing requirements, and to provide the Board with a report of its activities under such management agreement prior to the close of each fiscal year of the Association, and at such additional times as may be requested by the Board. The information set forth in such report shall be included in the annual budget and report from the Board to the Owners required by Section 7.3.A.

D. Notice. Written notice of any meeting of the Members called for the purpose of taking any action authorized by this Article VII and requiring a vote of the Members shall be sent to all Members no less than thirty (30) nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the cumulative total of votes of the Class "A" Membership and the Class "B" 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; provided, however, that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

E. Commencement. The Regular Assessments shall commence as to all Units within a Phase on the first day of the first month following the conveyance by the Declarant, or its successors and assigns, of the first Unit within such Phase to an Owner, and shall be prorated on an annual basis.

F. Certification. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Unit have been paid. A properly executed certificate of the Association as to the status of Assessments in a specified Unit shall be binding upon the Association as of the date of the issuance thereof.

Section 7.4 - Payment of Assessments and Lien Rights.

A. From and after the time of the first conveyance of a Unit, and from time to time thereafter, at least

annually and prior to the first day of each fiscal year of the Association, the Board or its designated representative shall notify the Owners of Units of the total amount of the Assessments for such fiscal year for all Units, the amount to be prorated and assessed to each Unit for such fiscal year, and the monthly amount which each Owner shall pay, which amount shall be due and payable monthly on the first (1st) day of each calendar month, and shall be paid prior to the tenth (10) day of each month, until the monthly amount due is changed by appropriate action of the Board, at which time the amount as changed shall be due and payable as aforesaid. Such monthly amount shall be paid to the Board or to any agent appointed by the Board to collect such payments, which agent may be a Mortgagee of a Unit. The Board, with the consent of Owners owning a majority of the Units, may alter and change the above-designated dates and time periods. Each Owner, for himself, his heirs, successors, grantees and assigns, covenants that, with respect to Assessments so determined during the period that he is an Owner, he will remit these Assessments directly to the party or parties as directed by the Board.

B. Assessments and installments of such Assessments paid on or before ten (10) days after the date when due and payable shall not bear interest, but all sums not paid on or before ten (10) days after the date when due and payable shall bear interest at the rate of twelve percent (12%) per annum, or such other rate of interest as may be determined by the Board, from the due date until paid. All payments on account shall first be applied to non-interest and non-principal obligations payable by the payor thereof, if any, accrued and unpaid interest, interest, and then to the Assessment payment first due, in that order.

C. No Owner may exempt himself from paying Assessments by being a non-user of the Common Elements or by abandoning the Unit of which he is the record Owner, or by otherwise avoiding such obligations.

D. Each Assessment or any other charge made on a Unit pursuant to this Declaration shall constitute a lien on such Unit to secure the payment of such amounts, which lien and the right to foreclose the same shall be in addition to and not in substitution of all the rights and remedies which the Association or the Board may have in accordance with the provisions of this Declaration or otherwise.

E. Each Owner, by his acceptance of a deed to a Unit, or by becoming an Owner in any other fashion, hereby expressly vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of all such Assessments or charges as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in the like manner as a Mortgage of real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. In addition, the Association may make payments on any prior liens, including any Mortgage, tax or other assessment on the Unit, and such payments shall be added to the lien in favor of the Association. The lien provided for in this Section 7.4 shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid in such a foreclosure sale and to acquire and hold, lease, mortgage and convey the property so purchased. Either the Association, or the Board on behalf of the Association, may institute a suit to recover a money judgment for unpaid obligations of the Owner without being required to foreclose on the Unit involved and without waiving the lien which secures such obligations. In

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any such foreclosure proceeding, the Owner shall be required to pay a reasonable rental for the Unit, commencing as of the date foreclosure proceedings are filed, and the plaintiff in such proceedings shall be entitled, subject only to the prior right of any holder of a recorded bona fide First Mortgage on such Unit, to such rent and to the appointment of a receiver to collect same.

ARTICLE VIII

Party Walls

The rights and duties of the Owners of Units in the Condominium Project with respect to party walls shall be governed by the following:

A. Each wall, which is constructed as a part of the original construction of the Building containing any Apartment, any part of which is placed on the dividing line between separate Apartments, shall constitute a party wall and each roof on an Apartment which abuts or is in any way structurally connected with the roof of an adjacent Apartment shall constitute a party roof. With respect to any such wall, each of the adjoining Owners shall assume any burdens and be entitled to the benefits of this Declaration and the general rules of law applicable to party walls shall be applied thereto.

B. In the event a party wall is damaged or destroyed, excluding ordinary wear and tear and deterioration from lapse of time, through the act of any Owner, or any of his guests, pets, tenants, licensees, agents or members of his family, whether or not such act is negligent or otherwise culpable, so as to deprive any other adjoining Owner of the full use and enjoyment of such party wall, then the negligent Owner shall forthwith proceed to rebuild and repair the same to as good condition as formerly, and to bear the cost thereof, without cost to the adjoining Owner, and the general rules of law regarding party walls and liability for property damage shall apply thereto.

C. In the event any such party wall is damaged or destroyed by some cause other than the act of another Owner, or any of his guests, pets, tenants, licensees, agents or members of his family, including ordinary wear and tear and deterioration from lapse of time, then in such event it shall be the obligation of the Association to proceed forthwith to rebuild or repair the same to as good condition as formerly.

D. Notwithstanding any other provision of this Article VIII, any Owner who, by his neglect or willful act, causes any party wall or roof (or components thereof) to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

E. The right of any Owner to contribution from any other Owner under this Article VIII shall be appurtenant to the Unit and shall pass to such Owner's successors in title.

F. In addition to meeting the other requirements of this Declaration and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his Apartment in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the Board.

G. In the event any Owner shall be responsible for the repair or rebuilding of a party wall, such repair and rebuilding shall be in accordance with, and the Owner shall be subject to, the provisions of Section 11.1.

H. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of an Owner addressed to the Association, the matter shall be submitted to arbitration in accordance with the provisions of Section 3.10. The cost of such arbitration shall be borne by the non-prevailing party.

ARTICLE IX

Structural Alterations

Section 9.1 - Common Elements.

A. Except as provided by Section 9.2.A., no Structural Alterations shall be made to the Common Elements without the prior written approval of the Board or the prior approval of the Owners of a majority of the Units given at a regular or special meeting of Members of the Association. Unless otherwise determined at any such meeting by the Members of the Association, the cost of such Structural Alterations to the Common Elements shall be paid by means of a Special Assessment against the Owners in the manner provided by Section 7.3.B. or, if applicable, from the reserve fund provided by Section 7.2.F.

B. Non-Structural Alterations to the Common Elements may be authorized by the Board; provided, however, that any such non-Structural Alteration requiring a Special Assessment to fund shall be subject to the requirements of Section 9.1.A.

Section 9.2 - Apartments.

A. Any Owner may make non-Structural Alterations within his Apartment without the prior written approval of the Board, but such Owner shall be responsible for any damage to any other Apartment, the Common Elements or the Condominium Property, which results from any such non-Structural Alterations. Owners shall not make Structural Alterations within an Apartment unless:

(1) An architect or engineer, licensed in Arizona, certifies that such Structural Alteration will not impair the structural integrity of the Building within which such Structural Alteration is to be made;

(2) Such Structural Alteration is approved in writing in advance thereof by the Board; and

(3) The Owner shall be responsible for any damage to other Apartments, the Common Elements or the Condominium Property which results from any such Structural Alteration.

B. Notwithstanding the foregoing, no Structural Alterations or non-Structural Alterations within an Apartment shall be made without the prior written approval of the Board if said Structural Alteration or non-Structural Alteration is visible from other portions of the Condominium Project or from the surrounding neighborhood. Prior to and as a condition precedent to granting such approval, the Board shall affirmatively find that the proposed Structural Alteration or non-Structural Alteration is aesthetically pleasing and in harmony with the surrounding portion of the Condominium Project.

Section 9.3 - Decorating. Each Owner, at his own expense, shall furnish and be responsible for all of the decorating within his own Apartment from time to time, including painting, wallpapering, washing, cleaning, paneling,

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floor covering, draperies, window shades, curtains, lamps and other furniture and interior decorating; provided, however, no reflective materials shall be placed in the windows or other surfaces which can be seen from the outside of the Buildings without the prior written approval of the Board, which approval shall be in the Board's sole and absolute discretion. Subject to the provisions of this Declaration, each Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings within his Apartment, and such Owner shall maintain such surfaces in good condition at his sole expense as may be required from time to time. Such maintenance and use shall be subject to the Rules and Regulations and each such Owner shall have the right to decorate such surfaces from time to time as he may see fit and at his sole expense. Decorating of the Common Elements, other than interior surfaces within the Apartment as above provided, and any redecorating of Apartments to the extent made necessary by any damage to existing decorating of such Apartment caused by maintenance, repair or replacement work on the Common Elements by the Association shall be furnished by the Association as part of the Common Expenses. The interior and exterior surfaces of all windows and glass doors, if any, forming part of a perimeter wall enclosing an Apartment shall be cleaned and washed at the expense of such Apartment's Owner unless the Board determines otherwise.

ARTICLE X

Maintenance

Section 10.1 - General. Responsibility for the maintenance of the Condominium Property shall be as follows:

A. Apartments.

(1) By the Association. The Association shall maintain, repair and replace, at the Association's expense:

(a) All Common Elements within an Apartment, except interior surfaces, which contribute to the support of the Buildings, which shall include, but shall not be limited to, the outside walls of the Apartment, floor and ceiling slabs, load-bearing columns, load-bearing walls, and all fixtures forming a part of the Common Elements, on the exterior boundary walls of Apartments; provided, however, that the foregoing shall not be deemed to include doors, windows and appurtenant hardware opening into, within or benefitting an Apartment, or heating and air conditioning components not a part of the Common Elements;

(b) All conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portions of an Apartment maintained by the Association, and all facilities contained within an Apartment which service part or parts of the Condominium Property other than the Apartment within which such facilities are contained; and

(c) Notwithstanding the foregoing, the Association shall have the authority to require Apartment Owners: (i) to maintain, repair and replace all damages to windows and doors except to the extent of damage for which insurance proceeds are paid under policies purchased by the Association; and (ii) to undertake any other maintenance, repair and replacement work covered by Rules and Regulations and/or Article IX.

(2) By the Apartment Owner. The responsibility of each Owner shall be as follows:

(a) To maintain, repair and replace at his expense all portions of his Apartment including, but not limited to, property damaged or destroyed by casualty loss except the portions to be maintained, repaired and replaced by the Association. Such work shall be done without disturbing the rights of other Owners.

(b) The portions of an Apartment to be maintained, repaired and replaced by the Owner thereof at his expense shall include, but not be limited to, the following items: air conditioning and heating equipment unless forming a part of the Common Elements, service equipment such as dishwasher, laundry, refrigerator, oven, stove, water heater, and fireplaces, regardless of whether such items are built-in fixtures; interior fixtures such as electrical and plumbing fixtures; floor coverings except the floor slab; and all interior surfaces including, but not limited to, inside paint and other inside wall finishes. Owners shall also maintain all windows, doors and all hardware appurtenant thereto, within or benefitting their respective Apartments. The appearance, type and method of installation of air conditioning and heating units must first be approved by the Board.

B. Common Elements. Maintenance, repairs and replacement of the Common Elements shall be furnished by the Association as part of the Common Expenses, subject to the provisions of the Condominium Constituent Documents.

Section 10.2 - Additional Provisions

A. If, due to the act or neglect of an Owner, member of his family, pet, guest or other authorized occupant, or visitor or invitee of such Owner, damage shall be caused to the Common Elements or to an Apartment owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Owner shall, to the extent not covered by the Association's insurance, and in accordance with the general rules of law regarding liability for property damage, pay, by Assessment or otherwise, for such of the damage and for such of the maintenance, repairs and replacements as may be determined by the Board.

B. No Owner shall paint or otherwise decorate or change the appearance of any portion of the exterior of a Building without the prior written approval of the Board.

C. Each Owner shall promptly report to the Association any defect or need for repairs, the responsibility for remedying of which is that of the Association.

D. An authorized representative of the Board, or of the management agent of the Condominium Project, and all contractors and repairmen employed or engaged by the Board or such management agent, shall be entitled to reasonable access to each of the Apartments as may be required in connection with maintenance, repairs or replacement of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Apartments and the Common Elements.

ARTICLE XI

Damage or Destruction of Condominium Property

Section 11.1. In the event the Common Elements or Apartments, or any portion thereof, is damaged or destroyed by an Owner or any of his guests, authorized occupants, tenants, licensees, pets, agents or members of his family, and to the extent not covered by insurance, and in accordance with the general rules of law regarding liability for

property damage, such Owner shall, within fifteen (15) days from the date of the occurrence of such damage or destruction, repair and rebuild or use best efforts to commence the repair and rebuilding of the damaged or destroyed portion of the Common Elements and/or Apartments. If such damage or destruction is not repaired, rebuilt, or such repair and rebuilding is not commenced by the Owner within such period in a manner and form acceptable to the Board and in conformance with the original plans and specifications of the Condominium Property or such other plans and specifications as shall be approved by the Board, the Association, by and through its Board, is hereby irrevocably authorized by each Owner to perform such repair and rebuilding in a good and workmanlike manner in general conformance with the original plans and specifications of the Condominium Property or such other plans and specifications as shall be approved by the Board. The amount actually expended for such repair and/or rebuilding shall then be collectible as an Assessment against such Owner, as liable under applicable law, subject to all means of collection and enforcement, including lien remedies provided by Article VII.

Section 11.2. In the event of a dispute between an Owner and the Association with respect to the cause of damage or the extent of repair or rebuilding necessitated thereby or with respect to the cost thereof, the matter shall be determined in accordance with Section 3.10.

ARTICLE XII

Insurance

Section 12.1 - Insurance Coverage. Insurance which shall be carried by the Association or each Owner on the Condominium Property and on any portion of the property owned by Unit Owners shall be governed by the following provisions:

A. Authority to Purchase. The Board shall purchase and maintain certain insurance upon the Condominium Property including, without limitation, the insurance described in Section 12.1.B., which insurance is to be purchased by the Association for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear, and provisions shall be made for the issuance of certificates of endorsement to the Mortgagee of any First Mortgage. Such policies and endorsements thereon or copies thereof shall be deposited with the Association. The Board shall deliver a copy of the policies or corresponding certificates of insurance to the Owners, upon request, or by and through their agent advise the Owners of the coverage of said policies to determine which particular items are included within the coverage so that the Owners may insure themselves as they see fit with respect to any items not insured by the Association. Without limiting the generality of the foregoing, it shall be each Owner's responsibility to provide for himself:

- (1) Owner's liability insurance;
- (2) Theft or other insurance covering personal property damage and loss;
- (3) Casualty insurance on the portion of his Apartment which is not considered part of the Common Elements including, but not limited to, carpeting, drapes, wall covering, fixtures, furniture, furnishings, appliances and other personal property; and
- (4) Insurance which is not carried by the Association and which the Owner desires.

B. Coverage. A multi-peril, "master", "blanket" type policy or equivalent coverage to provide the following coverages:

(1) Property - Fire and Extended Coverage ("E.C.") insurance covering the entire Condominium Project in an amount not less than the full replacement value (i.e., one hundred percent [100%] of current "replacement cost" exclusive of land, foundation, excavation and other items normally excluded from coverage) of the Condominium Project (including all building service equipment and the like and any fixtures or equipment within any Apartment which is financed under a Mortgage) with an Agreed Amount Endorsement or its equivalent, if available, and an Inflation Guard Endorsement and, if required by any Governmental or other Mortgagee, Demolition Cost Endorsement, Contingent Liability from Operation of Building Laws Endorsement, an Increased Cost of Construction Endorsement, an Earthquake Damage Endorsement and other endorsements as necessary. Prior to obtaining any policy of Fire and Extended Coverage Insurance, the Board shall obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraisal shall reasonably estimate the full replacement value of the entire Condominium Project, without deduction for depreciation, for the purpose of determining the amount of insurance to be in effect pursuant to the terms of this Section 12.1.B.(1). Determination of full replacement value shall be made no less than bi-annually by one or more written appraisals to be furnished by a person knowledgeable in replacement cost. Such amounts of insurance shall be contemporized bi-annually in accordance with their currently determined full replacement value. Such insurance shall afford protection against at least the following:

(a) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler, garbage, debris removal, cost of demolition, vandalism and malicious mischief, windstorm and water damage; and

(b) Such other risks in such kinds and amounts as are customarily acquired or required for projects similar in construction, location and use.

(2) Public liability - A comprehensive policy of public liability insurance covering all of the Common Elements, commercial spaces and public ways in the Condominium Project in a minimum amount of at least Two Million Dollars (\$2,000,000.00) per occurrence, for personal injury and/or property damage, or such higher amount as shall be required by any Governmental Mortgagee. Such insurance policy shall contain a "severability of interest" endorsement or equivalent coverage which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association and its agents or another Owner or Owners. The scope of such coverage shall include protection against bodily injury and property damage that results from the operation, maintenance or use of the Common Elements, legal liability that results from lawsuits related to employment contracts in which the Association is a party, water damage liability, liability for nonowned and hired automobiles, liability for property of others, subcontract labor liability, contractual liability, and, if applicable, elevator collision, garage-keeper's liability, host liquor liability, employer's liability, and all such other risks and coverages in the kinds and amounts customarily acquired or required by private institutional mortgage investors for projects similar in construction, location and use.

(3) Fidelity - The Association must obtain and maintain fidelity coverage to protect against dishonest

acts on the part of its officers, directors, managers, trustees, employees, volunteers, management agents, and all others who are responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance shall:

(a) Name the Association as the named obligee or named insured;

(b) Be written to provide protection which is in no event less than one and one-half (1½) times the insured's estimated annual operating expenses and reserves or three (3) months' aggregate Assessments for all Units plus reserve funds, whichever is greater;

(c) Contain an appropriate endorsement to the policy covering any persons who serve without compensation if the policy would not otherwise cover volunteers and waiving any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and

(d) Provide that it shall not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the Association and to any First Mortgagee or Servicer servicing a Mortgage on behalf of any Governmental Mortgagee.

(4) Steam Boiler - If there is a steam boiler in operation in connection with the Condominium Project, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing as a minimum, coverage of \$100,000.00 per accident per location.

(5) Flood - If the Condominium Project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards (as defined by the Federal Emergency Management Agency), a "blanket" policy of flood insurance issued by members of the National Flood Insurance Association or a policy which meets the criteria set forth in the Guidelines published by the Flood Insurance Administration in the Federal Register on July 17, 1974 (or superseding authority or guidelines), on the Condominium Project in the name of the Association or designated trustee must be maintained in the amount of the aggregate outstanding principal balances of the Mortgage loans on the Units comprising the Condominium Project, one hundred percent (100%) of the current "replacement cost" of all Buildings and other insurable property within any portion of the Condominium Project, the maximum flood insurance coverage available under the National Flood Insurance Program for all Buildings and other insurable property within any portion of the Condominium Project within a designated flood area, or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less.

(6) Workmen's Compensation - A workmen's compensation policy, if necessary, to meet the requirements of law.

(7) Such other insurance as the Board shall determine from time to time to be desirable; provided, however, the Association must obtain and maintain Errors and Omissions Insurance and Directors and Officers Liability Insurance.

(8) The insurance policies purchased by the Association shall, to the extent possible, contain the following provisions:

(a) That the coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their Mortgagees.

(b) That the conduct of any one or more Owners shall not constitute grounds for avoiding liability on any such policies and, further, that the coverage thereunder shall not be prejudiced by (i) any act or neglect of the Owners when such act or neglect is not within the control of the Association; or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

(c) That there shall be no subrogation by the insurer as to any and all claims against the Association, the Owners and/or their respective agents, employees or tenants, and that there shall be no defenses based on co-insurance or on invalidity arising from the acts of the insured.

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

(e) Statement of the name of the insured in form and substance similar to the following:

"Discovery at Villa de Paz Homeowners' Association, of 2735 East Camelback Road, Suite 150, Phoenix, Arizona 85016, for use and benefit of the individual owners" (designated by name, if required).

(f) Standard Mortgagee clause without contribution which must be endorsed to provide that any proceeds shall be paid to the Association, for the use and benefit of Mortgagees as their interest may appear or which must be otherwise endorsed to fully protect the interest of Mortgagees, including Governmental Mortgagees, their successors and assigns.

(g) All policies including, but not limited to, policies of hazard insurance, shall provide (by standard Mortgagee clause, if applicable) that coverage thereunder shall not be cancelled, reduced, or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice of the effective date of any reduction in or cancellation of the policy by the insurance carrier to any and all insureds, including the Association and Servicers on behalf of any Governmental Mortgagee.

(h) That any "no other insurance" clause shall exclude insurance purchased by Owners or their Mortgagees.

(i) That, where property insurance is concerned, such policies shall provide that, despite any provisions giving the insurance carrier the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or its authorized insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

(9) Each hazard insurance policy shall be a multi-peril type policy, where possible, or equivalent

coverages and written by an insurance carrier acceptable to any Governmental Mortgagee(s) holding First Mortgages on Units and which has a current financial rating by Best's Insurance Reports of B/VI or better.

(10) Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Arizona.

(11) Policies shall not be utilized where:

(a) Under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, the Owner or Mortgagor or any Governmental Mortgagee or Governmental Mortgagee's designee; or

(b) By the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or

(c) The policy includes any limiting clauses, other than insurance condition, which could prevent any Governmental Mortgagee or the Mortgagor from collecting insurance proceeds.

(12) The Mortgagee clause of each insurance policy shall be properly endorsed, and there must have been given necessary notices of transfer, and any other action required to be taken must be taken in order to fully protect, under the terms of the policies and applicable law, the interest of all First Mortgagees, their successors and assigns, including any Governmental Mortgagee. Where permissible, the insurance carrier shall be required to name the Servicer of a First Mortgage, or "(name of Servicer) or its successors and assigns", as First Mortgagee under the Mortgagee clause instead of the Governmental Mortgagee. If permissible, where a deed of trust is utilized, the insurance carrier shall be required to use "(name of Servicer), beneficiary" or "(name of trustee) for the benefit of (name of Servicer)" instead of only the name of trustee under the deed of trust.

(13) All insurance drafts, notices, policies, invoices and all other similar documents, or their equivalent, shall be delivered directly to each Servicer of the Mortgage involved, regardless of the manner in which the Mortgagee clause is endorsed. If a Governmental Mortgagee is named as First Mortgagee on any policy or endorsement, the Servicer's address shall be used in the endorsements in lieu of the address of such Governmental Mortgagee.

(14) Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board member shall be liable to any Owner or any other party if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as such Owner may desire.

(15) First Mortgagees may pay overdue premiums and may secure new insurance coverage on the lapse of a policy, with respect to any insurance required to be maintained by the Association, as provided in this Section 12.1.B. and First Mortgagees making expenditures therefor shall be immediately reimbursed by the Association.

(16) No policy shall contain a deductible clause applicable to fire and/or extended coverage in an amount greater than Two Hundred Fifty and NO/100 Dollars (\$250.00) unless a higher amount is required by applicable law.

C. Governmental Mortgagee Requirements. Notwithstanding any other provision of this Article XII, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond, meeting the insurance and fidelity bond requirements for condominium projects established by Governmental Mortgagees, so long as any such Governmental Mortgagee is a mortgagee or owner of a Unit within the Condominium Project, except to the extent such coverage is not available or has been named, in writing, by such Governmental Mortgagees.

Section 12.2 - Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense, except that the amount of increase over any annual or other premium occasioned by the use, misuse, occupancy or abandonment of a Unit, or its appurtenances, or of the Common Elements, by an Owner shall be assessed against that particular Owner.

Section 12.3 - Insurance Claims. The Association, acting by and through its Board, is hereby irrevocably authorized and appointed agent for each Owner and for each holder of a Mortgage or other lien upon a Unit, and for each Owner of any other interest in the Condominium Project, subject to the provisions contained herein, to negotiate all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and the Board has full and complete power to act for the Association in this regard.

Section 12.4 - Insurance Trustee; Proceeds.

A. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and Mortgagees as their interests may appear, shall name the Association (as trustee for the Owners, or the Association's authorized representatives, including any trustee with which the Association may enter into any Insurance Trust Agreement, or any successor trustee), as named insured thereunder, and shall provide that proceeds covering property losses shall be paid to any bank in Arizona which is selected as a Trustee by the Board, which bank is herein referred to as the "Insurance Trustee". The Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds.

B. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold them in trust for the benefit of the Owners and their Mortgagees as follows:

(1) An undivided share of such proceeds on account of damage to Common Elements shall be allocated to Owners according to their respective Common Element Interests.

(2) Proceeds, if any, on account of Apartments shall be held for the Owners of damaged Apartments in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.

(3) In the event a Mortgagee endorsement has been issued as to a Unit, the share of the Owner shall be

held in trust for the Mortgagee and the Owner as their interests may appear.

C. Proceeds of insurance policies received by the Insurance Trustee shall be distributed as follows:

(1) All expenses of the Insurance Trustee shall be first paid.

(2) If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds, after payment of Section 12.4.C.(1) above, shall be expended as provided in Section 12.6.

(3) If it is determined as provided in Section 12.5 that the damage for which the proceeds are paid shall not be reconstructed or repaired, or if there are excess proceeds remaining after a reconstruction and repair, the remaining proceeds shall be distributed to the beneficial owners, remittances to Owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

D. In making a distribution to Owners and their Mortgagees, the Insurance Trustee may rely upon a certificate of the Association as to the names of the Owners and their respective shares of the distribution, and as to whether or not the Building or Buildings are to be reconstructed or repaired.

Section 12.5 - Damage and Repair. If any part of the Condominium Project or any property in which the Association owns an interest shall suffer loss or damage by casualty, whether it shall be repaired and/or reconstructed, shall be determined in the following manner:

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

B. Subject to compliance with applicable provisions of Article XV, if the damaged property is a Building or Buildings containing Apartments, the damage shall be repaired and reconstructed if the Board finds that more than twenty percent (20%) of all of the Apartments are tenantable, unless within sixty (60) days after the loss or damage, the Owners and Mortgagees of all of the Units decide to terminate the Condominium Project. If the damaged property is a Building or Buildings containing Apartments, the damage shall not be repaired or reconstructed if the Board finds that twenty percent (20%) or less of all of the Apartments are tenantable, and the Owners and Mortgagees of all of the Units decide to terminate the Condominium Project, and in such case the Condominium Project will be terminated as hereinafter provided.

C. Any repair or reconstruction must be substantially in accordance with the plans and specifications for the original Condominium Property, or if not, then according to plans and specifications approved by the Board.

D. If the loss or damage is only to those parts of an Apartment or Apartments for which the responsibility of maintenance and repair is that of the Owner thereof, then such Owner shall be responsible for repair and reconstruction; provided, however, that to the extent any insurance proceeds collected are attributable to the Apartments and

not the Common Elements, the share of the proceeds attributable to the Apartments shall be used for repairs and reconstruction of the Apartments.

E. Immediately after a determination is made to repair or reconstruct damage to property for which the Association has the responsibility for repair or reconstruction, the Association shall obtain reliable and detailed estimates of the cost of the repair or reconstruction.

F. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, Assessments shall be made against all Owners in the case of damage to Common Elements, in sufficient amounts to provide funds to pay the estimated costs. Additional Assessments may be made at any time during or following the completion of construction. Such Assessments against Owners for damage to Apartments shall be in proportion to the cost of reconstruction and repair of their respective Apartments. Such Assessments on account of damage to Common Elements shall be in proportion to the Owner's respective Common Element Interests.

Section 12.6 - Manner of Disbursement. The proceeds from Assessments and insurance received by the Insurance Trustee shall be disbursed in the following manner:

A. That portion of the insurance proceeds, if any, representing damage, the reconstruction and repair of which is the responsibility of the Owner, shall be paid by the Insurance Trustee to the Owner or, if there is a Mortgagee endorsement, then to the Owner and the Mortgagee jointly, who may use such proceeds as they may determine; provided, however, to the extent that any damage to an Apartment affects in any way the Common Elements or any other Owner's Apartment, the proceeds must be used for reconstruction and repair of such damage.

B. The portion of insurance proceeds representing damage, the reconstruction and repair of which is the responsibility of the Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board and upon approval of an architect qualified to practice in Arizona and employed by the Association to supervise the work.

C. The Insurance Trustee shall not be required to determine whether a disbursement is to be made, the identity of the payee, or the amount to be paid, but may rely upon a certificate of the Board acting for and on behalf of the Association stating such information.

Section 12.7 - Termination. If it is determined, in the manner provided in this Declaration, that the Building or Buildings containing Apartments shall not be repaired or reconstructed because of damage or destruction as set forth in Section 12.5 above, then and in such event, this Condominium Project shall be terminated and all of the Owners and all of the Mortgagees and lienholders of record of all of the Units hereby constitute and appoint the Board, and each of the members of the Board, as their attorney-in-fact for the purpose of executing, acknowledging and recording a declaration withdrawing the Condominium Property from this Horizontal Property Regime, which power is irrevocable and coupled with an interest.

ARTICLE XIII

Use Restrictions

Section 13.1. Each Unit in the Condominium Project shall be known as, and limited to, a single family

residential use. The use and occupancy of the Condominium Property shall be in conformity with all applicable zoning ordinances, and other laws.

Section 13.2. No noxious or offensive activity may be carried on or permitted in any part of the Condominium Property, nor shall any part of the Condominium Property be used for business, professional, commercial, religious, institutional or other non-residential purposes; provided, however, the foregoing restrictions shall not apply to the Association in furtherance of its powers and purposes as set forth herein.

Section 13.3. No nuisance shall be permitted to exist or operate upon the Condominium Property or in connection with any Apartment so as to be offensive or detrimental to any other property or Apartment in the vicinity thereof or to its occupants. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Condominium Property or adjacent to any Apartment and no odors shall be permitted to arise therefrom, so as to render the Common Elements, Apartments or portions thereof unsanitary, unsightly, offensive or detrimental to any other Apartment or property in the vicinity thereof, or to its occupants. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes, shall be located, used or placed on the Condominium Property, nor shall any offensive activity be carried on in any Apartment, nor shall anything be done thereon which may be or may become an annoyance or a detriment to other Apartments or their occupants or Owners. The Board, in its sole discretion, shall have the right to determine the existence of any nuisance.

Section 13.4. No animals, fish, fowl, poultry, livestock, or birds or any kind shall be raised, bred or kept on the Condominium Property, except that commonly accepted household pets including domestic dogs, cats, fish, and birds in cages may be kept, provided that such pets are kept solely for domestic purposes and are not kept, bred or maintained for any commercial purposes. No animal or bird 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 or bird shall be maintained so as to be visible from another Apartment or street. All pets, at all times, must be carried or on a leash while in any part of the Common Elements. Pets are not permitted on the landscaped areas of the Common Elements. The Owner of each pet is responsible for cleaning any dirt or soilage occasioned by the pet on the Common Elements as well as damage to the Property. When such conditions are created, the Owner of such Apartment shall be assessed an amount determined by the Board, for clean-up expenses by the Association and may seek other satisfaction as permitted by law and this Declaration.

Section 13.5. All clotheslines, equipment, service yards, woodpiles or storage piles, if any are allowed, shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring Apartments and streets. All Owners shall comply with Rules and Regulations regarding trash pickup. All trash retained prior to disposal shall be kept in covered containers screened from view of neighboring Apartments and not allowed to accumulate on the Condominium Property.

Section 13.6. Gas, electric, power, telephone, water, sewer, cable television and other utility service lines used for the general benefit of the Owners and other utility or service lines of every kind or character, whether now or hereafter invented or used, shall be placed and kept

underground up to the walls of the buildings on the Property, except to the extent, if any, such underground placement may be prohibited by law, or by the nature of the service to be rendered, such underground placement prevents the lines from being functional; provided, however, that the foregoing shall not apply to such utility or service lines as are on the Condominium Property as of the effective date of this Declaration. This restriction shall apply to the service and utility lines for each and every Apartment and the Common Elements, as well as to the distribution lines located in the Condominium Property. However, the foregoing shall not prohibit service pedestals and above-ground switch cabinets and transformers, where required. No provision hereof shall be deemed to forbid the erection of temporary power, telephone or similar structures incident to the construction of buildings or structures approved by the Board.

Section 13.7. Except on the patios and balconies for the exclusive use of each Unit, no planting or gardening shall be done, and no fences, hedges or walls, improvements, exterior painting, landscaping or decorative alterations, repairs, excavation, or other work which in any way alters the exterior appearance of the Condominium Property, or the improvements located thereon shall be commenced, erected, maintained, made or done except as provided by Article IX. Notwithstanding anything in the foregoing, all patios and landscaping used exclusively by one (1) Apartment must be maintained by the respective Apartment Owner in good condition.

Section 13.8. Placement, location and installation of all radio, television and other antennas of every kind or nature upon the Condominium Property shall be subject to the prior written approval of the Board, which approval shall be in the sole and absolute discretion of the Board.

Section 13.9. No sign, other than a name and address sign not exceeding 9" by 30" in size, of any nature whatsoever shall be permitted on the Condominium Property in connection with any Unit without prior written approval of the Board.

Section 13.10. No mobile home, motor home, boat, trailer of any kind, recreational vehicles, commercial-use truck, truck camper, tent or similar vehicle or structure shall be kept, parked, placed, maintained, constructed or repaired, nor shall any motor vehicle be constructed, reconstructed or repaired upon the Condominium Property. Notwithstanding the foregoing, no provision of this Section 13.10 shall preclude the parking, in approved spaces, of pickup trucks of less than 3/4 ton capacity with or without camper shells installed, provided, the total height of such pickup truck and camper shall not exceed seven (7) feet and such pickup trucks are used on a regular and recurring basis for basic transportation. In addition, no provision of this Section 13.10 shall preclude the parking, in approved spaces, of mini-motor homes or other recreational vehicles which do not exceed seven (7) feet in height or eighteen (18) feet in length, provided such pickup trucks and/or mini-motor homes or other recreational vehicles are used on a regular and recurring basis for basic transportation. No motor vehicle of any kind shall be constructed or repaired, except for emergency repairs, upon any portion of the Condominium Property. No automobiles, trucks, motorcycles, motorbikes, scooters or other similar motor vehicles which are abandoned or inoperable shall be kept, placed or maintained on the Condominium Property.

Section 13.11. No portion less than all of a Unit shall be conveyed or encumbered. Nothing herein shall

prevent the dedication or conveyance of or granting of easements over portions of the Condominium Property for public utilities or other public purposes, in which event the remaining portion of any Unit affected shall, for the purpose of these restrictions, be considered as a whole Unit.

Section 13.12. Appurtenant to each Unit shall be the right to the use of at least one (1) assigned parking space. Parking for each Unit shall be in the parking space as designated by the Board. Parking rights shall not be severed from the Project.

Section 13.13. The Common Elements shall at all times be controlled and regulated by the Association or its successors in order to preserve the rights of the Owners with respect to the operation and management of the Common Elements.

Section 13.14. Subject to the provisions of the Condominium Constituent Documents, only entire Units may be rented, provided the occupancy thereof is only by the lessee and his family and guests. With the exception of a lender in possession of a Unit following a default in a First Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner shall be permitted to lease his Unit for transient or hotel purposes, no lease shall have an initial term of less than six (6) months, and no Unit shall be subsequently leased or rented for a period less than thirty (30) days. No Owner may lease less than the entire Unit. All lease agreements shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, Articles, Bylaws and Rules and Regulations and any failure by lessee to comply with the terms of such documents shall be a default under the lease. For purposes of this Declaration, "lease" shall mean any agreement for the leasing or rental of all or any portion of a Unit on the Property including, but not limited to, "month-to-month" rentals.

Section 13.15. Notwithstanding any provision in this Article XIII to the contrary, until Declarant has completed and sold all of the Units of the Condominium Project, or relinquished control of the Association, neither the Owners nor the Association, nor the use of the Condominium Property, shall interfere with the completion of any contemplated Improvements and the sale of the Units; and Declarant may make such use of the unsold Units and Common Elements as may facilitate such completion and sale including, but not limited to, maintenance of a sales office, the showing of Units and the Condominium Property, and the display of signs.

ARTICLE XIV

Easements

Section 14.1. There is hereby created a blanket easement upon, across, over and under the Common Elements for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems including, but not limited to, water, sewers, gas, telephones, electricity, air conditioning, heating, television cable or communication lines and systems. By virtue of this easement, it shall be expressly permissible for the providing utility or service company, or the Association or their agent, to install and maintain facilities and equipment on the Common Elements and, subject to the provisions of Article XIII, to affix and maintain wires, pipes, lines, mains, circuits, conduits, ducts, vents, and cables, and other appurtenant items, on, in and under the roofs and exterior walls of the Buildings and the Common Elements.

Notwithstanding anything to the contrary contained herein, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on the Common Elements except as initially programmed and approved by the Declarant and/or the Board. This easement shall in no way affect other recorded easements on the Common Elements. There shall be an access easement in all Buildings for the delivery and collection of the United States mail. The Association and its authorized agents, and utility or service companies shall have a reasonable right of entry upon the Unit to effect emergency or other necessary repairs which the Owner has failed to perform.

Section 14.2. Each Apartment and the Common Elements shall be subject to an easement for encroachments including, but not limited to, encroachments of walls, ceilings, ledges, floors and roofs created by construction, reconstruction, repair, shifting, settling, movement and overhangs. If any portion of the Common Elements shall actually encroach upon any Apartment, or if any Apartment shall actually encroach upon any portion of the Common Elements, or if any Apartment shall actually encroach upon another Apartment, as the Common Elements and Apartments are shown by the Plat, a valid easement for any of said encroachments and for the maintenance thereof, so long as they stand, shall and does exist. In the event that any Apartment, Building or other Improvement is repaired, altered or reconstructed, similar encroachments shall be permitted and a valid easement for said encroachments and for the maintenance thereof shall exist. Owners and any other parties acquiring any interest in the Condominium Property shall acquiesce and agree to the existence of such easements by accepting a deed or other ownership interest from any seller of a Unit or by acquiring any interest whatsoever in the Condominium Property.

Section 14.3. Each Unit Owner shall have the right of ingress and egress to his Unit, and no provisions of the Condominium Constituent Documents shall restrict such right. This right shall be perpetual and shall pass with the Unit as transfer of ownership of the Unit occurs.

ARTICLE XV

Rights and Duties of First Mortgagee and Declarant

Section 15.1. Notwithstanding and prevailing over any other provisions of this Declaration and of the Association's Articles, Bylaws, Rules and Regulations and management agreements, the following provisions shall apply to and benefit each holder of a First Mortgage upon a Unit and Declarant:

A. Any First Mortgagee or any purchaser at a foreclosure sale, who obtains title to a Unit pursuant to the remedies provided in the Mortgage for foreclosure of the Mortgage will not be liable for such Unit's unpaid dues, charges or Assessments which may accrue prior to the acquisition, including the expiration of any period of redemption, of title to such Unit by the Mortgagee.

B. Unless all Institutional First Mortgagees and all First Mortgagees (based upon one vote for each First Mortgage owned) or Owners (other than Declarant) of all of the Units, have given their prior written approval, neither the Association nor any Owners shall be entitled to:

(1) By act or omission, seek to abandon or terminate this Declaration or the Condominium Project hereby established, except for abandonment or termination provided by statute in case of condemnation or eminent domain or substantial loss to the Units and/or the Common Elements of the Condominium Project;

(2) Change the pro rata interest or obligations of any individual Unit for the purpose of: (a) levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (b) determining the pro rata share of ownership of each Unit in the Common Elements;

(3) Partition or subdivide any Unit;

(4) 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 by the Condominium Project shall not be deemed a transfer within the meaning of this clause);

(5) To use hazard insurance proceeds for losses to any Condominium Property or portion thereof, whether to Units or to Common Elements, for other than the repair, replacement or reconstruction of such Condominium Property, except as provided by statute in case of substantial loss to the Units and/or Common Elements of the Condominium Project;

(6) Materially amend this Declaration or the Bylaws of the Association including, but not limited to, any amendment which would change the percentage interests of the Owners in the Condominium Property, other than submitting the Annexable Property and/or Additional Property as previously covered;

(7) Abandon or terminate the Project; or

(8) Effectuate any decision by the Association to terminate professional management and assume self-management of the Condominium Project.

C. 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 Project as a whole.

D. If any Unit or portion thereof or the Common Elements or portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then all Institutional First Mortgagees affected thereby shall be entitled to timely written notice of any such proceeding or proposed acquisition. No provision of the Condominium Constituent Documents shall give an Owner, or any other party, priority over any rights of the First Mortgagee of the Units pursuant to its Mortgage in the case of a distribution to such Owner of insurance proceeds, eminent domain or condemnation awards for losses to or a taking of Units and/or Common Elements.

E. All amenities pertaining to the Condominium Project and located on the Property, such as parking, recreation and service areas, are a part of the Condominium Project and shall be covered by and subject to a Mortgage on a Unit to the same extent as are the Common Elements. At the time of the sale of the first Unit in each Phase, all such Common Elements and amenities shall be fully installed, completed and in operation for use by the Unit Owners.

F. The Association shall give a First Mortgagee, upon request, written notification of any default in the performance by the Unit Mortgagor, on such First Mortgagee's Mortgage, of any obligation under the Condominium Constituent Documents which is not cured within sixty (60) days of default.

G. First Mortgagees shall have the right upon request (1) to examine the books and records of the Association or the Condominium Project at reasonable times during normal business hours; (2) receive an annual audited financial statement of the Condominium Project within ninety (90) days following the end of any fiscal year of the Project if such is prepared or required to be prepared; and (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all meetings.

H. A First Mortgagee shall not in any case or manner be personally liable for the payment of any Assessment or charge, nor the observance or performance of any covenant, restriction, regulation, rule, Association Articles of Incorporation, Bylaws, Rules and Regulations, or management agreement, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as provided in this Article XV.

I. An action to abate the breach of any of the Condominium Constituent Documents may be brought against the purchasers who have acquired title through foreclosure of a First Mortgage and the subsequent Sheriff's sale (or through any equivalent proceedings), and the successors in interest to said purchasers, even though the breach existed prior to the time said purchaser acquired an interest in such Unit.

J. During the pendency of any foreclosure proceedings to foreclose any First Mortgage (including any period of redemption) or from the time a trustee under a first deed of trust has given notice of sale pursuant to power of sale conferred under a deed of trust and pursuant to law, the First Mortgagee or the beneficiary (or trustee) under a deed of trust, or a receiver appointed in any such action, may but need not exercise any or all of the rights and privileges of the Owner of the Unit in default including, but not limited to, the right to vote as a Member of the Association in the place and stead of the defaulting Owner.

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

L. The First Mortgagee, or any other party acquiring title or coming into possession of a mortgaged Unit through foreclosure of the First Mortgage, purchase at a foreclosure sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, or the beneficiary or any other party, acquiring title through enforcement of a first deed of trust or through any equivalent proceedings, shall acquire title free and clear of any lien or claim authorized by or arising out of any of the provisions of this Declaration which secures the payment of any Assessment for charges accrued prior to the final conclusion of any such foreclosure or equivalent proceedings, or the time such First Mortgagee or other party comes into possession of the Unit, including the expiration

day of any period of redemption. Notwithstanding the foregoing, however, in the event the Owner against whom the original Assessment was made is the purchaser or redemptionor, the lien shall continue in effect and the said lien may be enforced by the Association, or by the Board for the Association, for the respective Unit's Assessment that was due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid Assessment shall nevertheless continue to exist as the personal obligation of the defaulting Owner of the respective Unit to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a Member of the Association.

M. Any lien which the Association may have on any Unit for the payment of Assessments provided for herein and attributable to such Unit shall be subordinate to the lien or equivalent security interest of any First Mortgage on the Unit recorded prior to the date such Assessment becomes due, provided that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure. Notwithstanding the foregoing, any Assessment lien must be subordinate to any VA guaranteed mortgage.

N. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, all Institutional First Mortgagees affected thereby shall be entitled to timely written notice of any such damage or destruction, and no provision of the Condominium Constituent Documents shall entitle any Owner or other party to priority over such First Mortgagees with respect to the distribution of any insurance proceeds.

Section 15.2. Notwithstanding any provision in the Condominium Constituent Documents to the contrary, no provision of this Declaration or the Condominium Constituent Documents related to costs, use, set-back, minimum-size, building materials, architectural, aesthetic or similar matters, shall provide for reversion or foreclosure of title to a Unit in the event of violation thereof. No breach or violation of any provision of any of the Condominium Constituent Documents shall affect, impair, defeat or invalidate the interest or lien of any First Mortgagee as a Mortgagee.

Section 15.3. No Unit shall be subject to any unreasonable restraints on alienation which would adversely affect the title or marketability of the Unit, the ability of the Unit Owner to mortgage the Unit, or the ability of the First Mortgagee on any Unit to foreclose its First Mortgage Lien or accept a deed (or assignment) in lieu of foreclosure, and thereafter to sell or to lease such Unit.

ARTICLE XVI

General Provisions

Section 16.1 - Binding Effect and Enforcement.

The provisions, covenants, conditions, charges, liens, reservations, easements and restrictions contained herein shall run with the land and shall be binding upon all persons purchasing, owning, leasing, subleasing or occupying or otherwise having any interest in the Condominium Property or any Unit in the Condominium Project, their heirs, executors, administrators, successors, lessees, grantees and assigns. After the date on which this Declaration has been recorded, the provisions hereof may be enforced by any one or more of the following: (a) the Association or its Board which shall have the right and duty to enforce the same and

expend Association monies in pursuance thereof; (b) the Declarant, its successors and assigns so long as such entity has an interest in any part of the Condominium Property; and (c) the Owner or Owners of any Unit. Such enforcement may be in any court now or hereafter having jurisdiction of any nature whatsoever over or with respect to all or part of the Condominium Property. Any person who acquires title to a Unit, except through foreclosure or other remedy provided by a Mortgage, shall take title to such Unit subject to the lien hereof for all charges and Assessments that have accrued prior to such acquisition of title, and subject to the lien hereof for all charges and Assessments that shall accrue subsequent to the date such person takes title; and, provided also, that the breach of any provision of the Declaration, Articles, Bylaws or Rules and Regulations or of the Act may be enjoined, abated or reviewed by appropriate proceedings, notwithstanding the lien or existence of any Mortgage. The personal obligation to pay previously accrued Regular and Special Assessments shall not pass to a successor in title unless the obligation is expressly assumed by the successor in title or unless, prior to such transfer of title as evidenced by the records of the Maricopa County Recorder, State of Arizona, or other appropriate governmental agency, a lien for such Assessments has been recorded in writing with the Maricopa County Recorder, State of Arizona or such other appropriate governmental agency. All instruments of conveyance of any interest in all or any part of a Unit may contain reference to this Declaration; provided, however, that the terms and conditions of this Declaration shall be binding upon all persons affected by its terms, regardless of whether any reference is made to this Declaration in the deed or other instrument of conveyance. Enforcement of the provisions of this Declaration may be by proceedings at law or in equity, against any person or persons violating or attempting to violate all or any of such provisions, either to restrain such violation or attempted violation, and/or to recover damages. In the event the Declarant or the Association employs an attorney or attorneys to enforce a lien or the collection of any amounts, including Assessments, due pursuant to this Declaration, or to enforce compliance with or specific performance of the provisions of this Declaration, the Owners and parties against whom the action is brought shall pay all attorneys' fees and costs incurred by such enforcing parties. Nothing herein shall be deemed to indicate or provide that damages at law shall constitute an adequate remedy for violation of any provision of this Declaration.

Section 16.2 - Waiver or Abandonment. The waiver of, or failure to enforce any breach or violation of any provision contained in this Declaration shall not be deemed to be a waiver or abandonment of such provisions, or a waiver of the right to enforce any subsequent breach or violation of such provisions. The foregoing shall apply regardless of whether any person affected hereby, or having the right to enforce these provisions, had knowledge of the breach or violation. No provision contained herein shall be deemed to have been waived or abandoned unless this Declaration is amended to delete such provision pursuant to Section 16.7.

Section 16.3 - Equal Treatment of Owners. This Declaration shall be applied to all Owners without discrimination.

Section 16.4 - Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs, or sections hereof shall not affect the remaining portions of this Declaration or any part thereof, all of which are inserted conditionally upon their being held valid in law. In the event that one or more of the phrases, sentences,

(a) To maintain, repair and replace at his expense all portions of his Apartment including, but not limited to, property damaged or destroyed by casualty loss except the portions to be maintained, repaired and replaced by the Association. Such work shall be done without disturbing the rights of other Owners.

(b) The portions of an Apartment to be maintained, repaired and replaced by the Owner thereof at his expense shall include, but not be limited to, the following items: air conditioning and heating equipment unless forming a part of the Common Elements, service equipment such as dishwasher, laundry, refrigerator, oven, stove, water heater, and fireplaces, regardless of whether such items are built-in fixtures; interior fixtures such as electrical and plumbing fixtures; floor coverings except the floor slab; and all interior surfaces including, but not limited to, inside paint and other inside wall finishes. Owners shall also maintain all windows, doors and all hardware appurtenant thereto, within or benefitting their respective Apartments. The appearance, type and method of installation of air conditioning and heating units must first be approved by the Board.

B. Common Elements. Maintenance, repairs and replacement of the Common Elements shall be furnished by the Association as part of the Common Expenses, subject to the provisions of the Condominium Constituent Documents.

Section 10.2 - Additional Provisions.

A. If, due to the act or neglect of an Owner, member of his family, pet, guest or other authorized occupant, or visitor or invitee of such Owner, damage shall be caused to the Common Elements or to an Apartment owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Owner shall, to the extent not covered by the Association's insurance, and in accordance with the general rules of law regarding liability for property damage, pay, by Assessment or otherwise, for such of the damage and for such of the maintenance, repairs and replacements as may be determined by the Board.

B. No Owner shall paint or otherwise decorate or change the appearance of any portion of the exterior of a Building without the prior written approval of the Board.

C. Each Owner shall promptly report to the Association any defect or need for repairs, the responsibility for remedying of which is that of the Association.

D. An authorized representative of the Board, or of the management agent of the Condominium Project, and all contractors and repairmen employed or engaged by the Board or such management agent, shall be entitled to reasonable access to each of the Apartments as may be required in connection with maintenance, repairs or replacement of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Apartments and the Common Elements.

STATE OF ARIZONA)
County of Maricopa) SS.

84-625233

On this 13 day of Jan. 1984, before me, the undersigned officer, personally appeared TIM WESTFALL who acknowledged himself to be the CORPORATE COUNSEL of AMERICAN CONTINENTAL CORPORATION, an Ohio corporation dba Continental Homes, Inc., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

Kathy Williams
Notary Public

My commission expires:
My Commission Expires Nov. 14, 1987

NOW, THEREFORE, the Declarant hereby declares that Phase 1A and Phase 1B be held, sold and conveyed subject to this Declaration of Annexation, the Declaration, the First Amendment, and the Second Amendment, which Declarations, First Amendment and Second Amendment are for the purpose of protecting the value and desirability of, and which shall run with the real property, and be binding upon the parties having any right, title or interest in the described property or any part thereof, and such parties' heirs, successors and assigns, and which shall inure to the benefit of each Owner thereof.

The undivided interest in the Common Elements of each Apartment within Phase 1A shall be one-eighteenth (1/18), and the undivided interest in the Common Elements for each Apartment within Phase 1B shall be one twenty-fourth (1/24).

Dated this 27th day of April, 1984.

AMERICAN CONTINENTAL CORPORATION, an Ohio corporation
dba CONTINENTAL HOMES, INC.

By Debra J. Flannery
Its Asst. Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 27th day of April, 1984, before me, the undersigned Notary Public, personally appeared DEBRA J. FLANNERY, who acknowledged herself to be the Assistant Secretary of AMERICAN CONTINENTAL CORPORATION, an Ohio corporation, dba CONTINENTAL HOMES, INC., and that she, as such officer, being so authorized, executed the foregoing instrument for the purposes therein contained by signed the name of the said corporation by herself as such officer.

WITNESS my hand and seal.

Eleanor Kaye Cook
Notary Public

My Commission Expires:
My Commission Expires May 2, 1987

When recorded mail to:

Kathy Williams
Continental Homes, Inc.
2735 East Camelback Road
Phoenix, AZ 85016

OF MARICOPA COUNTY, ARIZONA	
MAR 5 - 1984 - 9 45	
BILL HENRY, COUNTY RECORDER	
FEE 6.50	PGS 3

MOD RSTR

84 091836

FIRST AMENDMENT TO DECLARATION OF
HORIZONTAL PROPERTY REGIME AND COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
DISCOVERY AT VILLA DE PAZ

THIS FIRST AMENDMENT TO DECLARATION OF HORIZONTAL PROPERTY REGIME AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR DISCOVERY AT VILLA DE PAZ, is made as of the date herein-after set forth by DISCOVERY AT VILLA DE PAZ HOMEOWNERS' ASSOCIATION, an Arizona corporation (the "Association").

I. Recitals

1.1 On January 30, 1984, American Continental Corporation, an Ohio corporation dba Continental Homes, Inc., caused to be recorded in the office of the County Recorder of Maricopa County, Arizona, as Document No. 84 038490, a Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa de Paz, dated January 13, 1984 (the "Declaration").

1.2 The Declaration, pursuant to Section 16.7 thereof, provides that the Declaration may be amended by written document, executed and acknowledged by the then Owners (as defined therein) representing not less than ninety percent (90%) of the Units in the Condominium Project, or such higher percentage as required by law, and recorded in the Maricopa County Recorder's Office, Arizona. Further, insofar as the Class "B" Membership exists presently, any such amendment requires the prior approval of the FHA or VA.

1.3 The Association desires to amend the Declaration to clarify the manner in which Annexable Property (as defined therein) may be annexed into that horizontal property regime known as "Discovery at Villa de Paz."

II. Terms and Conditions

NOW, THEREFORE, for and in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Association hereby declares as follows:

2.1 Section 2.5 A. of the Declaration is amended hereby in its entirety to read as follows:

"A. Annexation of Annexable Property and Additional Property. All or portions of the Annexable Property and/or Additional Property may become Declared Property by the means as provided in Section 2.5.C. hereof."

2.2 Section 2.5.C. of the Declaration is amended in its entirety hereby to read as follows:

"C. Annexation.

(1) All or portions of the Annexable Property and/or Additional Property may become Declared Property by recordation of a Declaration of Annexation in the Maricopa County Recorder's Office, Arizona. The Declaration of Annexation shall designate Apartments within such

DISCOVERY AT VILLA DE PAZ

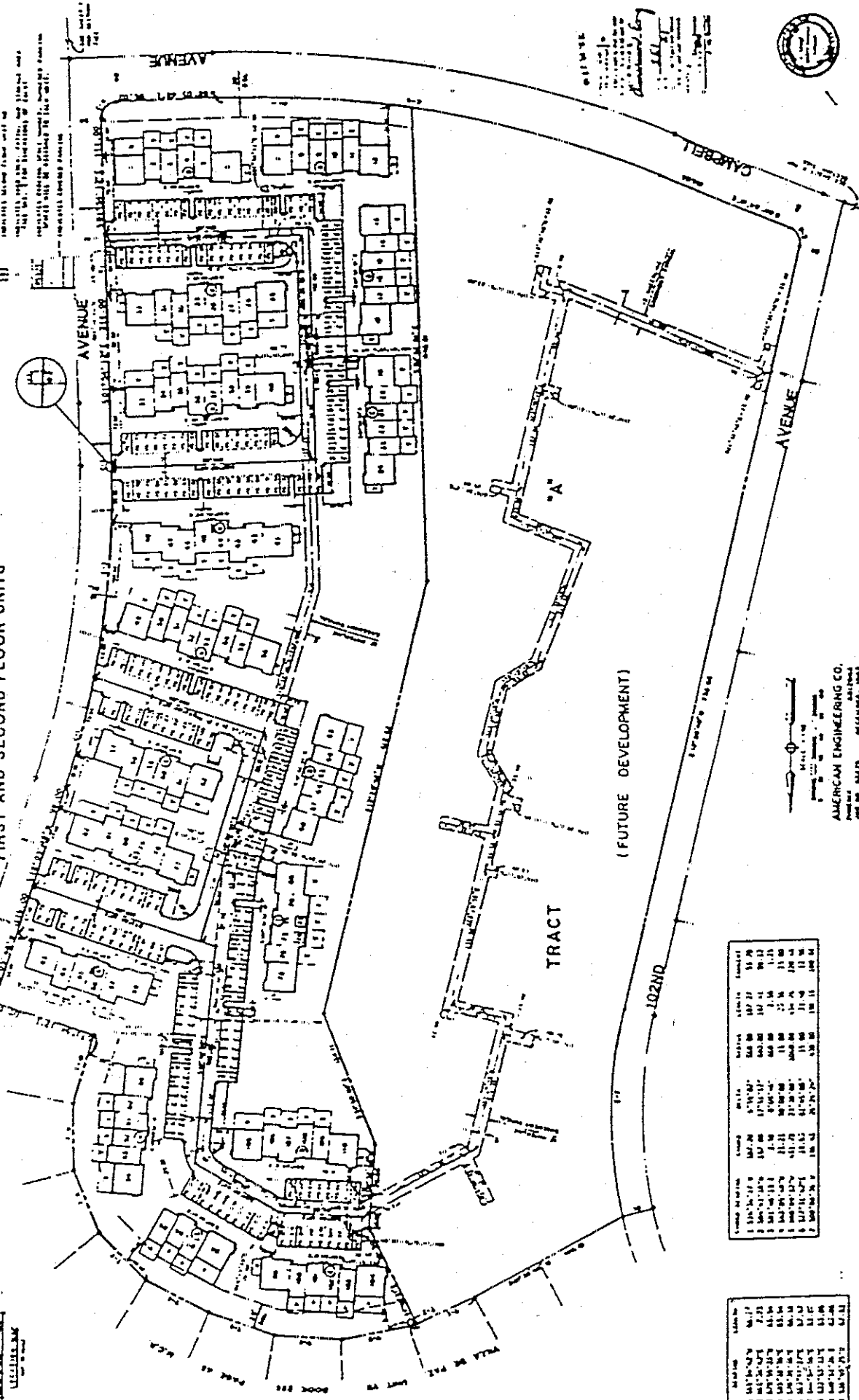
EXHIBIT "B" SHEET TWO

FIRST AND SECOND FLOOR UNITS



NOTE

- INDICATES BUILDING OTHER THAN
- INDICATES BUILDING THIS INFORMATION WAS NOT
- INDICATES BUILDING UNDER CONSTRUCTION
- INDICATES FIRST FLOOR UNIT NO
- INDICATES SECOND FLOOR UNIT NO
- INDICATES THE TYPE OF UNIT (SINGLE OR DOUBLE)
- INDICATES THE TYPE OF UNIT (SINGLE OR DOUBLE)
- INDICATES THE TYPE OF UNIT (SINGLE OR DOUBLE)
- INDICATES THE TYPE OF UNIT (SINGLE OR DOUBLE)



UNIT NO.	FLOOR	AREA (SQ. FT.)	VOLUME (CU. FT.)	PERMITS
1	1ST	1,000	10,000	100
2	2ND	1,000	10,000	100
3	1ST	1,000	10,000	100
4	2ND	1,000	10,000	100
5	1ST	1,000	10,000	100
6	2ND	1,000	10,000	100
7	1ST	1,000	10,000	100
8	2ND	1,000	10,000	100
9	1ST	1,000	10,000	100
10	2ND	1,000	10,000	100

UNIT NO.	FLOOR	AREA (SQ. FT.)	VOLUME (CU. FT.)	PERMITS
11	1ST	1,000	10,000	100
12	2ND	1,000	10,000	100
13	1ST	1,000	10,000	100
14	2ND	1,000	10,000	100
15	1ST	1,000	10,000	100
16	2ND	1,000	10,000	100
17	1ST	1,000	10,000	100
18	2ND	1,000	10,000	100
19	1ST	1,000	10,000	100
20	2ND	1,000	10,000	100

SCALE 1/4" = 1'-0"

AMERICAN ENGINEERING CO.
 1415 PINE STREET
 PHOENIX, ARIZONA
 1942

SHEET NO. 2 OF 4
 DISCOVERY AT VILLA DE PAZ

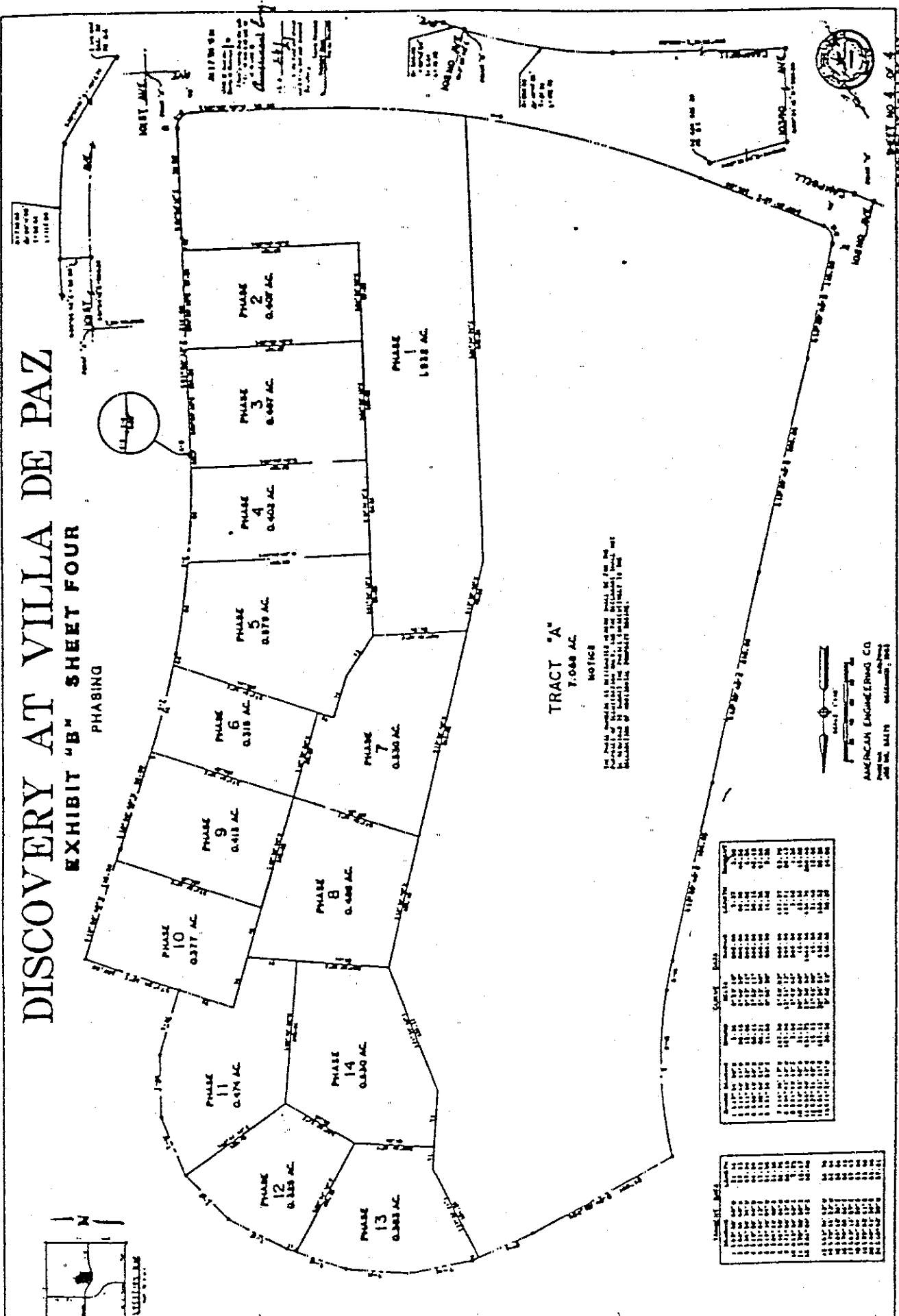
OWNER
 ARCHITECT
 ENGINEER

84 03945 D

DISCOVERY AT VILLA DE PAZ

EXHIBIT "B" SHEET FOUR

PHASING



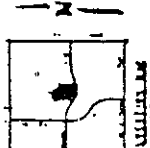
TRACT "A"
7.033 AC

NOTICE
THE PHASES SHOWN AS UNIMPROVED ON THIS PLAN ARE FOR THE
PURPOSE OF PHASING ONLY AND THE ATTACHED TRACT MAP
SHOULD BE REFERRED TO FOR THE PHASING PLAN.

PHASE	ACRES	PERCENT	TOTAL
1	1.033	14.63	7.033
2	0.407	5.79	7.033
3	0.407	5.79	7.033
4	0.403	5.73	7.033
5	0.379	5.39	7.033
6	0.318	4.53	7.033
7	0.330	4.69	7.033
8	0.408	5.81	7.033
9	0.413	5.87	7.033
10	0.377	5.36	7.033
11	0.374	5.32	7.033
12	0.353	5.02	7.033
13	0.383	5.44	7.033
14	0.330	4.69	7.033
TOTAL	7.033	100.00	7.033

PHASE	ACRES	PERCENT	TOTAL
1	1.033	14.63	7.033
2	0.407	5.79	7.033
3	0.407	5.79	7.033
4	0.403	5.73	7.033
5	0.379	5.39	7.033
6	0.318	4.53	7.033
7	0.330	4.69	7.033
8	0.408	5.81	7.033
9	0.413	5.87	7.033
10	0.377	5.36	7.033
11	0.374	5.32	7.033
12	0.353	5.02	7.033
13	0.383	5.44	7.033
14	0.330	4.69	7.033
TOTAL	7.033	100.00	7.033

AMERICAN ENGINEERING CO.
PHASING PLAN
MAY 1978

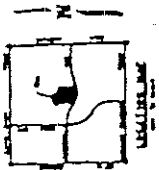


DISCOVERY AT VILLA DE PAZ

A FINAL PLAN OF A MONUMENTAL PROPERTY RESERVE OF TRACT 'M' OF VILLA DE PAZ UNIT VII AS RECORDED IN BOOK 278 PAGE 45, MARICOPA COUNTY RECORDER, BEING A PORTION OF SECTION 35 14N 07E, GERMEN, MARICOPA COUNTY, ARIZONA

EXHIBIT "B" SHEET ONE

DEDICATION, ELEVATIONS, NOTES, AND DETAILS



STATION	ELEVATION			STATION	ELEVATION		
	1	2	3		4	5	6
1	1000.00	1000.00	1000.00	1	1000.00	1000.00	1000.00
2	1000.00	1000.00	1000.00	2	1000.00	1000.00	1000.00
3	1000.00	1000.00	1000.00	3	1000.00	1000.00	1000.00
4	1000.00	1000.00	1000.00	4	1000.00	1000.00	1000.00
5	1000.00	1000.00	1000.00	5	1000.00	1000.00	1000.00
6	1000.00	1000.00	1000.00	6	1000.00	1000.00	1000.00
7	1000.00	1000.00	1000.00	7	1000.00	1000.00	1000.00
8	1000.00	1000.00	1000.00	8	1000.00	1000.00	1000.00
9	1000.00	1000.00	1000.00	9	1000.00	1000.00	1000.00
10	1000.00	1000.00	1000.00	10	1000.00	1000.00	1000.00

STATION	ELEVATION			STATION	ELEVATION		
	1	2	3		4	5	6
11	1000.00	1000.00	1000.00	11	1000.00	1000.00	1000.00
12	1000.00	1000.00	1000.00	12	1000.00	1000.00	1000.00
13	1000.00	1000.00	1000.00	13	1000.00	1000.00	1000.00
14	1000.00	1000.00	1000.00	14	1000.00	1000.00	1000.00
15	1000.00	1000.00	1000.00	15	1000.00	1000.00	1000.00
16	1000.00	1000.00	1000.00	16	1000.00	1000.00	1000.00
17	1000.00	1000.00	1000.00	17	1000.00	1000.00	1000.00
18	1000.00	1000.00	1000.00	18	1000.00	1000.00	1000.00
19	1000.00	1000.00	1000.00	19	1000.00	1000.00	1000.00
20	1000.00	1000.00	1000.00	20	1000.00	1000.00	1000.00

- NOTES:
- The monument is to be constructed in accordance with the plan and elevations shown on this sheet.
 - The monument is to be constructed in accordance with the plan and elevations shown on this sheet.
 - The monument is to be constructed in accordance with the plan and elevations shown on this sheet.
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AMERICAN ENGINEERING CO
PHOENIX, ARIZONA

DISCOVERY AT VILLA DE PAZ
EXHIBIT "B" SHEET ONE

REVISIONS

1. *John A. Keck*
2. *John A. Keck*
3. *John A. Keck*
4. *John A. Keck*

APPROVED BY THE BOARD OF SUPERVISORS
John A. Keck
MARICOPA COUNTY RECORDER

APPROVED BY THE BOARD OF SUPERVISORS
John A. Keck
MARICOPA COUNTY RECORDER

APPROVED BY THE BOARD OF SUPERVISORS
John A. Keck
MARICOPA COUNTY RECORDER

APPROVED BY THE BOARD OF SUPERVISORS
John A. Keck
MARICOPA COUNTY RECORDER

DISCOVERY AT VILLA DE PAZ
EXHIBIT "B" SHEET ONE

Annexable Property and/or Additional Property and the portion of the Annexable Property and/or Additional Property designated as Common Elements. The Declaration of Annexation shall state that it is being made pursuant to the terms of this Declaration and for the purpose of subjecting the Annexable Property and/or Additional Property described in the Declaration of Annexation to this Declaration. The Declaration of Annexation may contain such language as may be necessary to reflect the different character, if any, of the Annexable Property and/or Additional Property becoming Declared Property.

(ii) Notwithstanding subparagraph (1), above, all or portions of the Annexable Property and/or Additional Property shall become Declared Property as to a particular Phase upon the first event to occur of the following: (a) The recordation of a deed of fee title to a unit in such Phase to an Owner by Declarant, or (b) the recordation by the Declarant of a Notice of Substantial Completion for the Condominium Units in such Phase.

Upon annexation of the Phase, however achieved, all obligations of the Owners, including but not limited to the obligations to pay Assessments, and the Owners' right to vote shall commence and be governed in accordance with the terms of the Declaration. Notwithstanding the foregoing, any conveyance by Declarant to a grantee which includes an assignment of Declarant's rights under the Declaration shall not cause that phase in which the Unit is located to be irrevocably submitted to the Declaration."

2.3 Section 7.1.C. of the Declaration is amended as provided hereby. The first sentence of Section 7.1.C. is changed to read as follows:

"Until January 1 of the year immediately following the conveyance of the first Unit to an Owner (the "Reference Date"), the maximum annual Regular Assessment shall be \$784.80 per year for each Unit."

The remaining portions of Section 7.1.C. shall remain unchanged hereby.

2.4 To the extent this ^{First} Second Amendment conflicts with or is inconsistent with the Declaration, this Second Amendment shall be deemed to control. Except to the extent that the Declaration has been modified hereby, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Second Amendment this 24th day of February, 1984.

DISCOVERY AT VILLA DE PAZ HOMEOWNERS' ASSOCIATION, an Arizona corporation

By Mark A. [Signature]
Its President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 24th day of February, 1984, before me, the undersigned Notary Public, personally appeared MARK A. VOIT, who acknowledged himself to be the PRESIDENT of the Board of Directors of DISCOVERY AT VILLA DE PAZ HOMEOWNERS' ASSOCIATION, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

Kathy Williams
Notary Public

My Commission Expires:
My Commission Expires Nov. 14, 1987

APPROVED:

VETERANS ADMINISTRATION

By: Bill A. Martin
ICs CFI

37/1d/8147

When recorded mail to:
Cathy Williams
Continental Homes, Inc.
2747 East Camelback Road
Phoenix, Arizona 85016

RECORDED IN OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
APR 23 1984 -215
BILL HENRY, COUNTY RECORDER
FEE 11.20 PGS 10

PROP RSTR (PR)

84 470924 JO

3
**SECOND AMENDMENT TO DECLARATION OF HORIZONTAL PROPERTY
REGIME AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR
DISCOVERY AT VILLA DE PAZ**

This Second Amendment to Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa De Paz is made as of the date herein set forth by American Continental Corporation, an Ohio corporation, dba Continental Homes, Inc. (the "Declarant").

I. RECITALS

1.1 On January 30, 1984 Declarant caused to be recorded in the Office of the County Recorder of Maricopa County, Arizona ("Recorders Office") Document No. 84-038490, a Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa De Paz, dated January 13, 1984 (the "Declaration"). On March 5, 1984, as Document No. 84 091836, the First Amendment to Declaration was recorded in the Recorders Office ("First Amendment").

1.2 Declarant is the owner of the following described real property (the "Declared Property") located in Maricopa County, Arizona,

"Phase One of Discovery at Villa De Paz, Book 261,
Page 21, Sheet 4, Records of Maricopa County, Arizona

which Declared Property was submitted and subjected to the Declaration as part of Document No. 84-038490. Declarant desires to alter the legal description of the Declared Property by reducing the total square footage contained therein.

1.3 The Declaration provides in Section 16.7 thereof that the Declaration may be amended by a written document, executed, acknowledged and recorded in the Recorder's Office by the then Owners representing not less than ninety percent (90%), of the Units within the Condominium Project, or such higher percentage as required by law. Further, for so long as the Class "B" Membership exists, any such amendment requires the prior approval of the FHA or VA.

1.4 Insofar as Declarant has not conveyed any Units in the Condominium Project to any other party, Declarant's approval, as indicated below, necessarily represents approval by the Owners of 100% of the Units in the Condominium Project. Further, approval hereof has been obtained by appropriate officials of the VA.

NOW, THEREFORE, for and in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Declarant hereby declares as follows.

II. TERMS AND CONDITIONS

2.1 Exhibit "A" which is referred to in the first recital clause of the Declaration is hereby deleted and in place thereof is added the attached Exhibit "A" which by this reference is incorporated herein. All references in the

Declaration and First Amendment to Exhibit "A" or the Real Property shall be references to the Exhibit "A" which is attached to this Second Amendment to Declaration.

2.2 The fourth recital clause of the Declaration is hereby deleted in its entirety and in place thereof is added the following:

"Whereas Declarant is the holder of legal title to certain real property located within Maricopa County, Arizona, designated as Phases 1A and 1B, on Exhibit "B-1" which is attached hereto and by this reference incorporated herein, and the property designated as Phases 2 through 14 on Sheet Four of Exhibit "B", which is attached hereto and by this reference incorporated herein (collectively, Phases 1A, 1B and 2-14, are hereinafter defined as the "Annexable Property"), and may pursuant to the conditions set forth in section 2.5 hereof, from time to time and at its sole discretion, subject all or a portion of the Annexable Property to the provisions of this Declaration."

2.3 In Section 2.1 the first sentence is hereby amended to change the word twenty-four (24) to twelve (12). Also, the last sentence is hereby deleted in its entirety and in place thereof is inserted the following:

The minimum number of Units which may be submitted to this Declaration shall be twelve (12), each of which shall include an Apartment and a one-twelfth (1/12) interest in and to the Common Elements.

2.4 In Section 12.1B(1) the word Condominium Project is deleted each time it appears and in place thereof is inserted the words "Common Elements." Also, in the first sentence of such section the parenthetical clause "including all building service equipment and the like and any fixtures or equipment within any Apartment which is financed under a Mortgage" is deleted in its entirety.

2.5 Section 12.1B(3)(b) is hereby deleted in its entirety and in place thereof is inserted the following:

B. Written to provide protection which is in no event less than one half (1/2) times the insureds estimated annual operating expenses and reserves or three (3) months' aggregate Assessments Units plus reserve funds, whichever is greater.

2.6 Except as expressly provided herein, all other terms and conditions of the Declaration and First Amendment are and shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Second Amendment to Declaration this 29th day of April, 1984.

AMERICAN CONTINENTAL CORPORATION,
an Ohio corporation, dba CONTINENTAL
HOMES, INC.

By Debra J. Flannery
Its Asst. Secretary

STATE OF ARIZONA)
)ss.
County of Maricopa)

The foregoing instrument was subscribed and sworn to before me this 23rd day of April, 1984, by DEBRA J. FLANNERY.

84 170224

the ASSIST SECRETARY of American Continental Homes,
an Ohio corporation, dba Continental Homes, Inc., on behalf
of the corporation.

Kathy Williams
Notary Public

My Commission Expires Nov 14, 1987

19/1d/8171



AMERICAN ENGINEERING COMPANY

3864 NORTH 27TH AVENUE

PHOENIX, ARIZONA 85017
TELEPHONE 277-1384

MARVIN E. LARSON, P.E.
DANIEL R. BRYCE, P.E.
E. CLARE GARDNER, P.E.

SCOTT M. LARSON, P.E. L.S.
MICHAEL R. BRYCE, P.E.
KAM SUN SHIN, P.E.
LARRY R. GATES, L.S.
RICHARD A. COCKER, L.S.
MICHAEL R. SULLIVAN, L.S.
DOUGLAS C. BAKER, L.S.

April 9, 1984

LEGAL DESCRIPTION
DISCOVERY AT VILLA DE PAZ
PHASE I

A portion of PHASE I of DISCOVERY AT VILLA DE PAZ as shown on Sheet 4 of 4 of the plat recorded in Book 261 of Maps, Page 21, records of Maricopa County, Arizona, described more particularly as follows:

Beginning at the southernmost SE corner of said DISCOVERY AT VILLA DE PAZ; thence S88°05'48"W, along the south line of said plat also being the north right-of-way line of Campbell Avenue, a distance of 95.02 feet to a point of curvature of a circular curve concave northerly with a radius of 1060.00 feet; thence Westerly along said curve through a central angle of 10°08'08" a distance of 187.51 feet; thence N01°54'01"W a distance of 59.42 feet, thence N62°09'47"E a distance of 100.70 feet; thence N01°53'28"W a distance of 266.00 feet; thence S88°05'59"W a distance of 90.60 feet; thence N01°54'01"W a distance of 76.35 feet, thence N13°20'48"E a distance of 70.61 feet; thence N88°05'48"E a distance of 95.99 feet; thence S01°54'01"E a distance of 392.48 feet; thence N88°05'48"E a distance of 181.99 feet to a point on the east line of said plat; thence S01°54'12"E a distance of 123.00 feet to the beginning of a circular curve concave northwesterly, with a radius of 15.00 feet; thence Southwesterly along said curve through a central angle of 90°00'00" a distance of 23.56 feet to the Point of Beginning.

Area = 58,092 SF
1.334 Acres



AMERICAN ENGINEERING COMPANY

3864 NORTH 27TH AVENUE

PHOENIX, ARIZONA 85017
TELEPHONE 277-2344

MARVIN E. LARSON, P.E.
DANIEL A. MYCE, P.E.
E. CLAUDE GARDNER, P.E.

SCOTT M. LARSON, P.E., L.S.
MICHAEL R. BRUCE, P.E.
SAM AIN SM, P.E.
LARRY R. JAMES, L.S.
NICHOLAS ALZOCER, L.S.
MICHAEL R. SULLIVAN, L.S.
DOUGLAS L. BAKER, L.S.

April 9, 1984

**LEGAL DESCRIPTION
DISCOVERY AT VILLA DE PAZ
PHASE 1A**

A portion of PHASE 1 of DISCOVERY AT VILLA DE PAZ as shown on Sheet 4 of 4 of the plat recorded in Book 261 of Maps, Page 21, records of Maricopa County, Arizona, described more particularly as follows:

Commencing at the southernmost SE corner of said DISCOVERY AT VILLA DE PAZ; thence $S88^{\circ}05'48''W$ along the south line of said plat also being the north right-of-way line of Campbell Avenue, a distance of 95.02 feet to a point of curvature of a circular curve concave northerly with a radius of 1060.00 feet; thence westerly along said curve through a central angle of $10^{\circ}08'08''$ a distance of 187.51 feet; thence $N01^{\circ}54'01''W$ a distance of 59.42 feet to the TRUE POINT OF BEGINNING; thence continuing $N01^{\circ}54'01''W$ a distance of 166.04 feet; thence $N88^{\circ}05'48''E$ a distance of 90.58 feet; thence $S01^{\circ}53'28''E$ a distance of 122.00 feet; thence $S62^{\circ}09'47''W$ a distance of 100.70 feet to the TRUE POINT OF BEGINNING.

Area = 13,045 SF
0.299 Acres

EXHIBIT "B-1" 84 170924



AMERICAN ENGINEERING COMPANY

3864 NORTH 27TH AVENUE

PHOENIX, ARIZONA 85017
TELEPHONE 277-3286

MARVIN E. LARSON, P.E.
DANIEL R. BRYCE, P.E.
E. CLAUDE CARONER, P.E.

SCOTT M. LARSON, P.E. & L.S.
MICHAEL R. BRYCE, P.E.
HAM KIM SIM, P.E.
LARRY R. GATES, L.S.
RICHARD ALDOCEA, L.S.
MICHAEL K. SULLIVAN, L.S.
DOUGLAS L. BAKER, L.S.

April 9, 1984

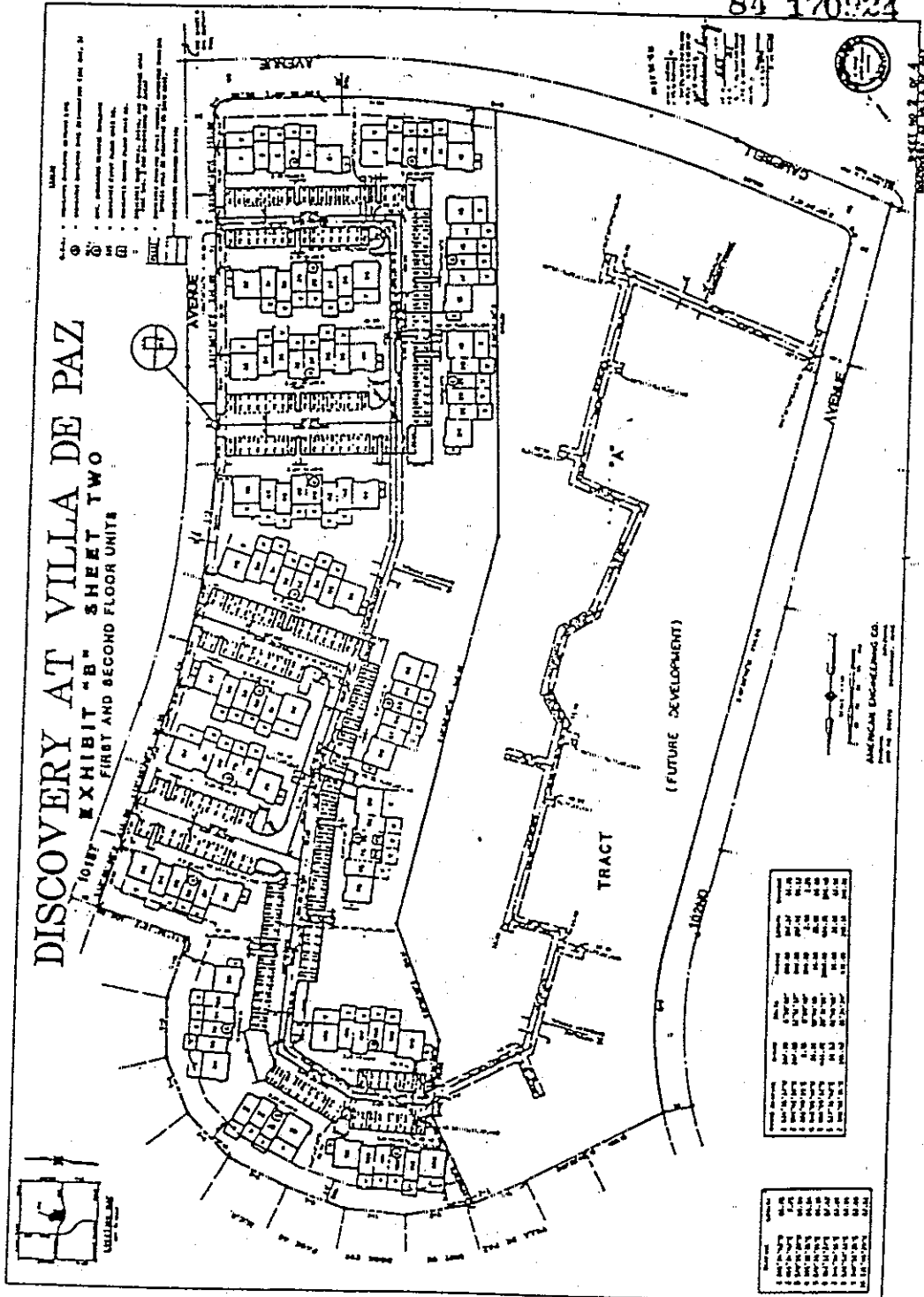
**LEGAL DESCRIPTION
DISCOVERY AT VILLA DE PAZ
PHASE 1 B**

A portion of PHASE 1 of DISCOVERY AT VILLA DE PAZ as shown on Sheet 4 of 4 of the plat recorded in Book 261 of Maps, Page 21, records of Maricopa County, Arizona, described more particularly as follows:

Commencing at the southernmost SE corner of said DISCOVERY AT VILLA DE PAZ; thence S88°05'48"W, along the south line of said plat also being the north right-of-way line of Campbell Avenue, a distance of 95.02 feet to a point of curvature of a circular curve concave northerly with a radius of 1060.00 feet; thence Westerly along said curve through a central angle of 10°08'08" a distance of 187.51 feet; thence N01°54'01"W a distance of 225.46 feet to the TRUE POINT OF BEGINNING; thence continuing N01°54'01"W a distance of 144.00 feet; thence N88°05'59"E a distance of 90.60 feet; thence S01°53'28"E a distance of 144.00 feet; thence S88°05'48"W a distance of 90.58 feet to the TRUE POINT OF BEGINNING.

Area = 13,045 SF
0.299 Acres

84 170324





AMERICAN ENGINEERING COMPANY

3864 NORTH 27TH AVENUE

PHOENIX, ARIZONA 85017
TELEPHONE 377-3344

MARVIN E. LARSON, P.E.
DANIEL N. BRYCE, P.E.
E. CLARE GARDNER, P.E.

SCOTT M. LARSON, P.E. & L.E.
MICHAEL N. BRYCE, P.E.
SAM R. SMITH, P.E.
LARRY R. BATES, L.E.
RICHARD ALCOCKER, L.E.
MICHAEL X. SULLIVAN, L.E.
DOUGLAS L. BAKER, L.E.

April 9, 1984

LEGAL DESCRIPTION
DISCOVERY AT VILLA DE PAZ
PHASE 1 B

A portion of PHASE 1 of DISCOVERY AT VILLA DE PAZ as shown on Sheet 4 of 4 of the plat recorded in Book 261 of Maps, Page 21, records of Maricopa County, Arizona, described more particularly as follows:

Commencing at the southernmost SE corner of said DISCOVERY AT VILLA DE PAZ; thence S88°05'48"W, along the south line of said plat also being the north right-of-way line of Campbell Avenue, a distance of 95.02 feet to a point-of-curvature of a circular curve concave northerly with a radius of 1060.00 feet; thence Westerly along said curve through a central angle of 10°08'08" a distance of 187.51 feet; thence N01°54'01"W a distance of 225.46 feet to the TRUE POINT OF BEGINNING; thence continuing N01°54'01"W a distance of 144.00 feet; thence N88°05'59"E a distance of 90.60 feet; thence S01°53'28"E a distance of 144.00 feet; thence S88°05'48"W a distance of 90.58 feet to the TRUE POINT OF BEGINNING.

Area = 13,045 SF
0.299 Acres



EXHIBIT "B"

AMERICAN ENGINEERING COMPANY

3864 NORTH 27TH AVENUE

PHOENIX, ARIZONA 85017
TELEPHONE 277-3344

MARVIN E. LARSON, P.E.
DANIEL R. BAYCE, P.E.
E. CLAUDE GARDNER, P.E.

SCOTT M. LARSON, P.E. & L.S.
MICHAEL R. BAYCE, P.E.
KYLE JON SMITH, P.E.
LARRY A. GATES, L.S.
RICHARD ALCOCKER, L.S.
MICHAEL R. SULLIVAN, L.S.
DOUGLAS L. BAKER, L.S.

April 9, 1984

LEGAL DESCRIPTION
DISCOVERY AT VILLA DE PAZ
PHASE 1A

A portion of PHASE 1 of DISCOVERY AT VILLA DE PAZ as shown on Sheet 4 of 4 of the plat recorded in Book 261 of Maps, Page 21, records of Maricopa County, Arizona, described more particularly as follows:

Commencing at the southernmost SE corner of said DISCOVERY AT VILLA DE PAZ; thence S88°05'48"W along the south line of said plat also being the north right-of-way line of Campbell Avenue, a distance of 95.02 feet to a point of curvature of a circular curve concave northerly with a radius of 1060.00 feet; thence westerly along said curve through a central angle of 10°08'08" a distance of 187.51 feet; thence N01°54'01"W a distance of 59.42 feet to the TRUE POINT OF BEGINNING; thence continuing N01°54'01"W a distance of 166.04 feet; thence N88°05'48"E a distance of 90.58 feet; thence S01°53'28"E a distance of 122.00 feet; thence S62°09'47"W a distance of 100.70 feet to the TRUE POINT OF BEGINNING.

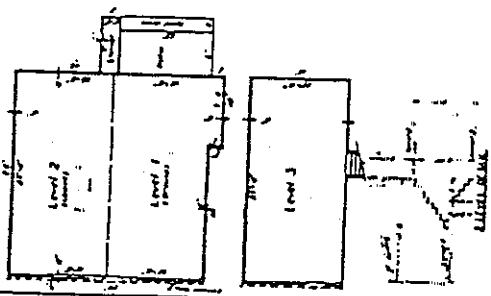
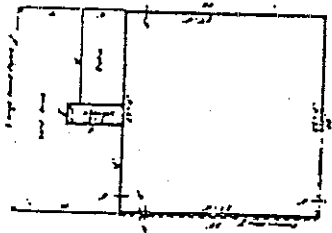
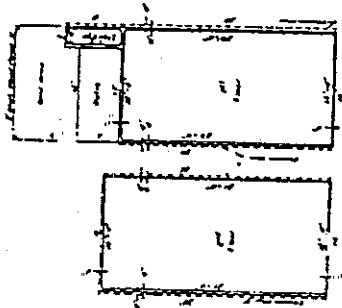
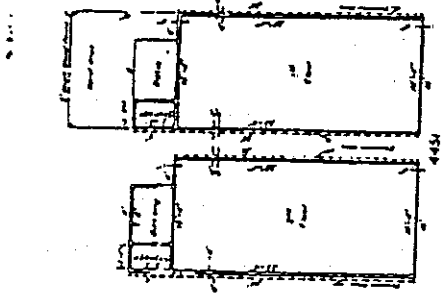
Area = 13,045 SF
0.299 Acres

84 170924

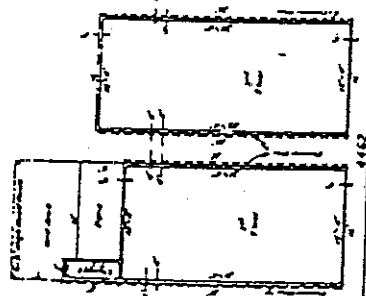
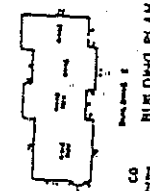
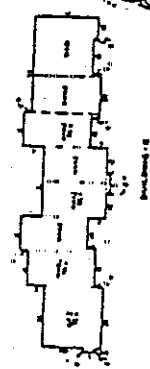
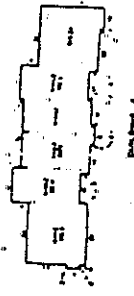
DISCOVERY AT VILLA DE PAZ

EXHIBIT "B" SHEET THREE FLOOR AND BUILDING PLANS

1. All dimensions are in feet and inches.
 2. All walls are 12" thick unless otherwise noted.
 3. All doors are 36" wide unless otherwise noted.
 4. All windows are 48" wide unless otherwise noted.
 5. All rooms are finished unless otherwise noted.
 6. All rooms are to be finished with the same material unless otherwise noted.
 7. All rooms are to be finished with the same material unless otherwise noted.
 8. All rooms are to be finished with the same material unless otherwise noted.
 9. All rooms are to be finished with the same material unless otherwise noted.
 10. All rooms are to be finished with the same material unless otherwise noted.



FLOOR PLAN



AMERICAN ENGINEERING CO.
 1000 15th St. N.W.
 WASHINGTON, D.C.

BUILDING PLAN



6

Good surfaces of the perimeter walls, floors and ceilings within his Apartment, and such Owner shall maintain such surfaces in good condition at his sole expense as may be required from time to time. Such maintenance and use shall be subject to the Rules and Regulations and each such Owner shall have the right to decorate such surfaces from time to time as he may see fit and at his sole expense. Decorating of the Common Elements, other than interior surfaces within the Apartment as above provided, and any redecorating of Apartments to the extent made necessary by any damage to existing decorating of such Apartment caused by maintenance, repair or replacement work on the Common Elements by the Association shall be furnished by the Association as part of the Common Expenses. The interior and exterior surfaces of all windows and glass doors, if any, forming part of a perimeter wall enclosing an Apartment shall be cleaned and washed at the expense of such Apartment's Owner unless the Board determines otherwise.

ARTICLE X

Maintenance

Section 10.1 - General. Responsibility for the maintenance of the Condominium Property shall be as follows:

A. Apartments.

(1) By the Association. The Association shall maintain, repair and replace, at the Association's expense:

(a) All Common Elements within an Apartment, except interior surfaces, which contribute to the support of the Buildings, which shall include, but shall not be limited to, the outside walls of the Apartment, floor and ceiling slabs, load-bearing columns, load-bearing walls, and all fixtures forming a part of the Common Elements, on the exterior boundary walls of Apartments; provided, however, that the foregoing shall not be deemed to include doors, windows and appurtenant hardware opening into, within or benefitting an Apartment, or heating and air conditioning components not a part of the Common Elements;

(b) All conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portions of an Apartment maintained by the Association, and all facilities contained within an Apartment which service part or parts of the Condominium Property other than the Apartment within which such facilities are contained; and

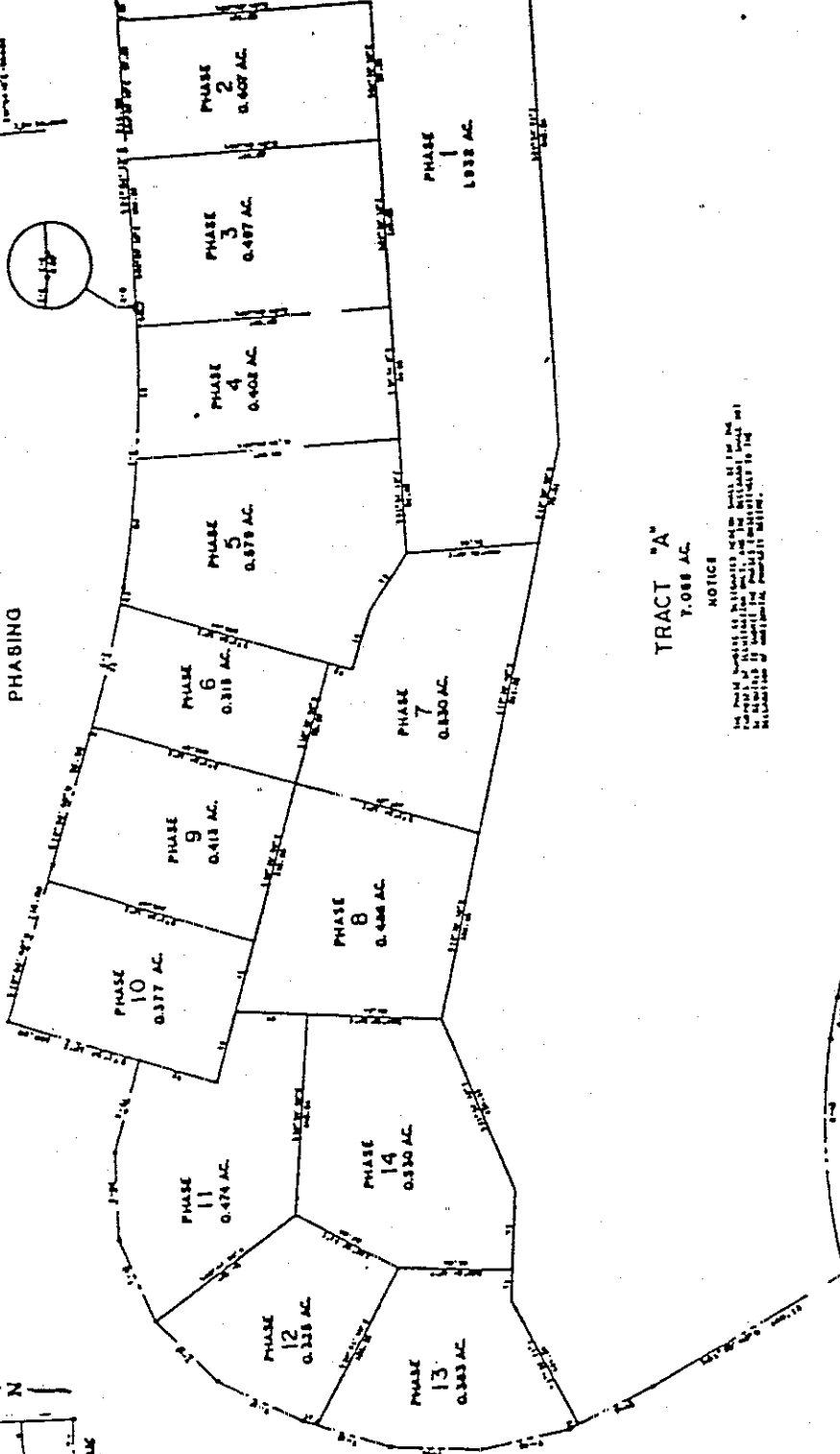
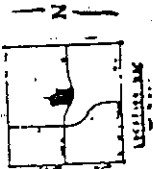
(c) Notwithstanding the foregoing, the Association shall have the authority to require Apartment Owners: (i) to maintain, repair and replace all damages to windows and doors except to the extent of damage for which insurance proceeds are paid under policies purchased by the Association; and (ii) to undertake any other maintenance, repair and replacement work covered by Rules and Regulations and/or Article IX.

(2) By the Apartment Owner. The responsibility of each Owner shall be as follows:

DISCOVERY AT VILLA DE PAZ

EXHIBIT "B" SHEET FOUR

PHASING



TRACT "A"
7.088 AC.

NOTICE
THIS PLAN IS SUBJECT TO THE TERMS AND CONDITIONS OF THE OFFICIAL RECORD OF THE DISCOVERY AT VILLA DE PAZ, PHASE I, WHICH IS FILED IN THE PUBLIC RECORDS OF THE COUNTY OF LOS ANGELES, CALIFORNIA.

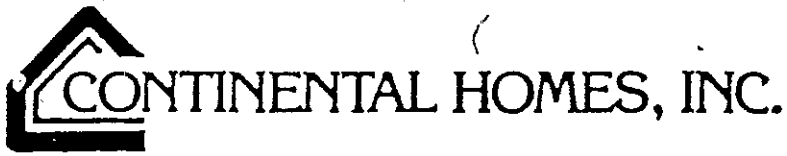
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2	0.607	12/15/78
3	0.487	12/15/78
4	0.402	12/15/78
5	0.579	12/15/78
6	0.318	12/15/78
7	0.530	12/15/78
8	0.406	12/15/78
9	0.413	12/15/78
10	0.377	12/15/78
11	0.474	12/15/78
12	0.323	12/15/78
13	0.363	12/15/78
14	0.330	12/15/78

PHASE	ACREAGE	DATE
1	1.032	12/15/78
2	0.607	12/15/78
3	0.487	12/15/78
4	0.402	12/15/78
5	0.579	12/15/78
6	0.318	12/15/78
7	0.530	12/15/78
8	0.406	12/15/78
9	0.413	12/15/78
10	0.377	12/15/78
11	0.474	12/15/78
12	0.323	12/15/78
13	0.363	12/15/78
14	0.330	12/15/78

AMERICAN ENGINEERING CO.
1000 W. 10TH ST.
LOS ANGELES, CALIF. 90015



DISCOVERY AT VILLA DE PAZ
SHEET NO. 4 OF 4



11000 NORTH SCOTTSDALE ROAD/SUITE 234
SCOTTSDALE, ARIZONA 85254

POST OFFICE BOX 60010
PHOENIX, ARIZONA 85082-0010

(602) 483-0006

AUG 06 1986

June 30, 1986

Mr. William G. Marler
Veterans Administration
3225 North Central Avenue
4th Floor
Phoenix, Arizona 85012

Re: Discovery at Villa De Paz - Tract "A"

Dear Bill:

Enclosed is an Engineer's Affidavit of Correction for the above-referenced subdivision. The following is a new breakdown of the units in each phase based on the information in the Affidavit of Correction:

<u>Phase</u>	<u>Units</u>	<u>Units Deleted</u>
1	189-196	None
2	197-200	None
3	201-206	None
4	207-214	None
5	177-184	None
6	185-188	None
7	173-176	None
8	165-172	168 & 169
9	157-164	None
10	145-148	None
11	149-156	152 & 153
12	131-136	None
13	137-144	None
14	111-118	114 & 115
15	123-130	None
16	119-122	None

If there is anything else you will require for your files as a consequence of this change, please call me.

Sincerely,

Ann Hussey
Ann Hussey
Subdivision Analyst

/ahh
enclosure

Welcome Home.

clauses, paragraphs, or sections contained herein should be invalid or should operate to render this Declaration invalid, this Declaration shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section or sections had not been inserted.

Section 16.5 - Gender. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities, or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 16.6 - Topic Headings. The marginal or topical headings contained in this Declaration are for convenience only and do not define, limit or construe the contents of this Declaration.

Section 16.7 - Amendment.

A. This Declaration shall remain in full force and effect for a period of twenty (20) years from the date hereof. Subject to the provisions of Article XV, amendment of this Declaration during such twenty (20) year period or at any time thereafter shall require an amendment in writing, executed and acknowledged by the then Owners representing not less than ninety percent (90%) of the Units in the Condominium Project, or such higher percentage as required by law, and recorded in the Maricopa County Recorder's Office, Arizona. After such twenty (20) year period, this Declaration shall be deemed to have been renewed for successive terms of ten (10) years, unless revoked by an amendment in writing, executed and acknowledged by the then Owners representing not less than seventy-five percent (75%) of the Units in the Condominium Project, or such higher percentage as required by applicable law, and recorded in the Maricopa County Recorder's Office, Arizona, within ninety (90) days prior to the expiration of the initial period hereof or any ten (10) year extension. Notwithstanding anything to the contrary in this Section 16.7, the provisions of this Declaration shall not be revoked or amended, and any such attempted amendment or revocation shall not be valid or effective, without compliance with applicable provisions of the Act and/or Article XV, if any.

B. As long as there is a Class "B" Membership, the following actions will require the prior approval of FHA or VA:

(1) Annexation of additional real property into the Project; and

(2) Amendment of this Declaration.

C. The provisions of this Declaration shall not be revoked or amended, and any such attempted amendment or revocation shall not be valid or effective, without compliance with applicable provisions of Article XV, if any.

D. Notwithstanding anything to the contrary contained in this Section 16.7, this Declaration may be amended by a majority vote of the Board of Directors if such amendment is necessary to conform this Declaration to the requirements of a Governmental Mortgagee or Mortgagee; provided, however, this Declaration may not be amended by a majority vote of the Board or Directors to conform this Declaration to the requirements of a Mortgagee where such amendment(s) would conflict with an applicable requirement of a Governmental Mortgagee.

Section 16.8 - Termination. This Condominium Project may be terminated pursuant to this Declaration provided the Owners and Mortgagees of all of the Units decide to terminate the Condominium Project.

Section 16.9 - Violations. Any violation of any federal, state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within the Condominium Property is hereby declared to be in violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 16.10 - Guests. Each Owner shall be responsible for compliance by such Owner's agent, tenant, guest, invitee, licensee, and their respective servants and employees with the provisions of this Declaration, the Articles, Bylaws, and Rules and Regulations, as such may be amended from time to time. The Owner's failure to so ensure compliance by such persons shall be grounds for the same action available to the Board by reason of such Owner's own noncompliance.

Section 16.11 - Management Agreements. Each Owner hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Board, provided such agreements are not in violation of this Declaration, the Articles, the Bylaws and the Act or other applicable law. A copy of all management agreements shall be made available to each Owner by the Board upon request. Any and all management agreements entered into by the Association shall provide that such management agreements may be cancelled and terminated by an affirmative vote of Owners of two-thirds (2/3) of the Units. Any agreement for professional management of the Condominium Project, or any other contract providing for services of the developer, sponsor, or builder of all or any portion of the Condominium Project, shall not exceed three (3) years and be renewable by agreement of the parties for successive one-year periods. Any such agreement shall provide for termination by each party with or without cause and without payment of a termination fee on thirty (30) days' or less prior written notice thereof. In the event that professional management is terminated by the Association and the Board elects to return to self-management, the prior consent of the Mortgagees must be obtained.

Section 16.12 - Notices. All notices, requests, demands or other communications to or upon the Association or the persons referred to herein shall be deemed to have been given or made upon personal service thereof forty-eight (48) hours after being deposited in the United States mail, postage prepaid, or in the case of telegraphic notice, when delivered to the telegraphic company addressed: (i) 2735 East Camelback Road, Suite 150, Phoenix, Maricopa County, Arizona 85016, or (ii) to the Owners at their respective Units as designated by the street address thereof. No other method of giving notice is hereby precluded.

Section 16.13 - Governing Law. This instrument and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Arizona.

Section 16.14 - Right of First Refusal. The right of an Owner to sell, transfer or otherwise convey the Owner's Unit shall not be subject to any right of first refusal or any similar restriction in favor of the Association or any similar restriction in favor of the Association or any other party, and no provision of the Declaration, the Articles, Bylaws or Rules and Regulations shall be enacted, construed or applied to create or effect such a right.

Section 16.15 - Condemnation.

A. Total. In the event all of the Condominium Property is taken by condemnation, eminent domain, or equivalent proceeding, the proceeds, if any, deriving from such proceedings shall be apportioned equally among the Owners in accordance with their respective Common Element Interest.

B. Partial - Common Elements Other Than Building. In the event all or any portion of the Common Elements, excluding a Building or any portion of the Common Elements contained within an Apartment, is taken by condemnation, eminent domain, or equivalent proceeding, the award, if any, derived from such proceedings shall be used by the Association for needed restoration and/or repair to the remaining Common Elements, and any portion of the award not so used shall be apportioned equally and distributed among the Owners in accordance with their respective Common Element Interests.

C. Partial - Including Building or Apartment. In the event of any condemnation, eminent domain or equivalent proceeding, taking or including the taking of a Building or any portion thereof, or Apartments or any portion thereof, any award therefor shall compensate the Owner of the affected Apartment (the "Affected Apartment") for the reasonable reduction in value of the Affected Apartment. If such taking shall render an Affected Apartment uninhabitable or not practically or lawfully usable for the purposes permitted by this Declaration, any award for such taking shall be utilized by the Association to acquire and compensate the Owner of the Affected Apartment for the Affected Apartment and appurtenant Common Element Interest (based on fair market value as determined by qualified appraisal or, if the Owner thereof shall not concur in such appraisal, by arbitration as provided by Section 3.10). Upon acquisition of an Affected Apartment and appurtenant Common Element Interest, the Common Elements shall be reapportioned equally among the remaining Units and the Association will cause an amendment to be made to this Declaration reflecting such reapportionment and the new Common Element Interests. Any remnant of an Apartment remaining after part of an Apartment is taken pursuant to this Section 16.15.C. shall become a part of the Common Elements. If any taking covered by this Section 16.15.C. also includes a taking of a portion of the Common Elements, any award therefor shall, after compensation to Owners of Affected Apartments and repair and restoration of the Common Elements, be distributed in accordance with Section 16.15.B.

D. Mortgagee's Rights. The provisions of this Section 16.15 shall not be deemed to affect the rights of any Mortgagee to any award of portion thereof accruing to the benefit of a Unit covered by such Mortgagee's Mortgage.

Section 16.16 - Attorneys' Fees. In the event it becomes necessary for the Declarant, the Association or the Owner(s) to employ legal counsel or to bring an action at law or other proceeding to enforce any of the terms, covenants or conditions of this Declaration, the prevailing party should be entitled to recover its costs, and reasonable attorneys' fees incurred in such action or proceeding from the non-prevailing party.

IN WITNESS WHEREOF, the undersigned has executed this Declaration this 13th day of January 1984.

AMERICAN CONTINENTAL CORPORATION, an Ohio corporation dba Continental Homes, Inc.
By [Signature]
Its [Signature]

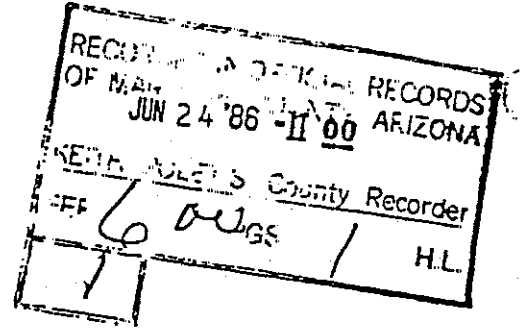
Return to:

American Engineering Co.
3864 N. 27th Avenue
Phoenix, AZ 85017

282

Q PLAT DK JOKI

AFFIDAVIT OF CORRECTION

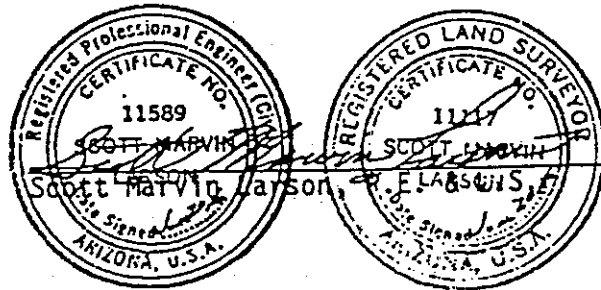


State of Arizona)
County of Maricopa)^{ss}

86 317444

Scott Marvin Larson of full age, being duly sworn according to law upon his oath deposes and says:

- 1) I am the engineer for the owner, Continental Homes, Inc. and under my direction Discovery at Villa De Paz Tract 'A', a horizontal property regime, was recorded in Book 291 of Maps, Page 26, Maricopa County Recorders Office.
- 2) Due to inadvertance the following three buildings (the building with units 111 to 118, the building with units 149 to 156, and the building with units 165 to 172) were mislabeled I. The correct designation for all three buildings is A. The following unit numbers will also be dropped 114, 115, 152, 153, 168, 169 respectively.
- 3) Therefore, the horizontal property regime of Discovery at Villa De Paz Tract 'A' is hereby amended to conform to the above stated conditions.



Sworn and subscribed to by Scott Marvin Larson before me this 20th day of June, 1986.

E. J. Labson
Notary Public

My commission expires: 7-5-88

When recorded 1 to:
Kathy Williams
Continental Homes, Inc.
2735 E. Camelback Road
Phoenix, AZ 85012

84-18005

RECORDED IN OFFICIAL RECORDS
OF MARICOPA COUNTY, ARIZONA
APR 27 1984 - 2 00
BILL HENRY, COUNTY RECORDER
FEE PGS D.L.

DECLARATION OF ANNEXATION AND
SUBJECTION TO DECLARATION OF
HORIZONTAL PROPERTY REGIME AND
CONVENANTS, CONDITIONS AND RESTRICTIONS
FOR
DISCOVERY AT VILLA DE PAZ
PHASE 1A and PHASE 1B

THIS DECLARATION, made on the date hereinafter set forth by AMERICAN CONTINENTAL CORPORATION, an Ohio corporation dba CONTINENTAL HOMES, INC.,

W I T N E S S E T H:

WHEREAS, AMERICAN CONTINENTAL CORPORATION ("Declarant") is the owner of certain property in the City of Phoenix, County of Maricopa, State of Arizona, which is more particularly described as follows:

Units 1 through 12 inclusive, DISCOVERY AT VILLA DE PAZ, together with the Common Elements included within the legal description shown on Exhibit "A" attached hereto and incorporated herein by this reference.

WHEREAS, on January 30, 1984, Declarant caused to be recorded in the office of the County Recorder of Maricopa County, Arizona (the "Recorder's Office"), as Document No. 84-038490, Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa de Paz (the "Declaration"). On March 5, 1984, pursuant to Section 16.7 of the Declaration, caused to be recorded in the Recorder's Office, as Document No. 84-091836 a First Amendment to Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa de Paz, and on April 23, 1984, as Document No. 84-170924 a Second Amendment to Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa de Paz (as used herein the Declaration and all Amendments thereto shall be referred to collectively as the "Declaration").

WHEREAS, Section 2.5E of Declaration grants the Declarant the right to annex, within seven (7) years from the date of the Declaration, additional property and Common Elements without the consent of any other Owners; and

WHEREAS, AMERICAN CONTINENTAL CORPORATION, is the Declarant and less than seven (7) years have elapsed the date of said Declaration; and

WHEREAS, it is the desire of the Declarant that the real property referred to in Exhibit "B", consisting of one (1) building and six (6) Apartments designated as 13 through 18 and Common Elements (collectively "Phase 1A"), and the real property referred to in Exhibit "C", consisting of one (1) building and six (6) Apartments designated as 19 through 24 and Common Elements (collectively "Phase 1B") be annexed so that Phases 1A and 1B be subject to the Declaration.

NOW, THEREFORE, the Declarant hereby declares that Phase 1A and Phase 1B be held, sold and conveyed subject to this Declaration of Annexation, the Declaration, the First Amendment, and the Second Amendment, which Declarations, First Amendment and Second Amendment are for the purpose of protecting the value and desirability of, and which shall run with the real property, and be binding upon the parties having any right, title or interest in the described property or any part thereof, and such parties' heirs, successors and assigns, and which shall inure to the benefit of each Owner thereof.

The undivided interest in the Common Elements of each Apartment within Phase 1A shall be one-eighteenth (1/18), and the undivided interest in the Common Elements for each Apartment within Phase 1B shall be one twenty-fourth (1/24).

Dated this 27th day of April, 1984.

AMERICAN CONTINENTAL CORPORATION, an Ohio corporation
dba CONTINENTAL HOMES, INC.

By Debra J. Flannery
Its Asst. Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 27th day of April, 1984, before me, the undersigned Notary Public, personally appeared DEBRA J. FLANNERY, who acknowledged herself to be the Assistant Secretary of AMERICAN CONTINENTAL CORPORATION, an Ohio corporation, dba CONTINENTAL HOMES, INC., and that she, as such officer, being so authorized, executed the foregoing instrument for the purposes therein contained by signed the name of the said corporation by herself as such officer.

WITNESS my hand and seal.

Eleanor Kaye Kock
Notary Public

My Commission Expires:
My Commission Expires May 2, 1987



AMERICAN ENGINEERING COMPANY

3884 NORTH 27TH AVENUE

EXHIBIT "A"
PHOENIX, ARIZONA 85017
TELEPHONE 377-3344

MARVIN E. LARSON, P.E.
THOMAS D. BRUCE, P.E.
E. CLARE GARONER, P.E.

SCOTT M. LARSON, P.E. & S.
MICHAEL R. BRUCE, P.E.
KAM HUN SON, P.E.
LARRY A. GATES, L.E.
RICHARD ALDREDGE, L.E.
MICHAEL R. SULLIVAN, L.E.
DOUGLAS L. BAKER, L.E.

April 9, 1984

LEGAL DESCRIPTION
DISCOVERY AT VILLA DE PAZ
PHASE I

A portion of PHASE I of DISCOVERY AT VILLA DE PAZ as shown on Sheet 4 of 4 of the plat recorded in Book 261 of Maps, Page 21, records of Maricopa County, Arizona, described more particularly as follows:

Beginning at the southernmost SE corner of said DISCOVERY AT VILLA DE PAZ; thence S88°05'48"W, along the south line of said plat also being the north right-of-way line of Campbell Avenue, a distance of 95.02 feet to a point of curvature of a circular curve concave northerly with a radius of 1060.00 feet; thence Westerly along said curve through a central angle of 10°08'08" a distance of 187.51 feet; thence N01°54'01"W a distance of 59.42 feet, thence N62°09'47"E a distance of 100.70 feet; thence N01°53'28"W a distance of 266.00 feet; thence S88°05'59"W a distance of 90.60 feet; thence N01°54'01"W a distance of 76.35 feet, thence N13°20'48"E a distance of 70.61 feet; thence N88°05'48"E a distance of 95.99 feet; thence S01°54'01"E a distance of 192.48 feet; thence N88°05'48"E a distance of 181.99 feet to a point on the east line of said plat; thence S01°54'12"E a distance of 123.00 feet to the beginning of a circular curve concave northwesterly, with a radius of 15.00 feet; thence Southwesterly along said curve through a central angle of 90°00'00" a distance of 23.56 feet to the Point of Beginning.

Area = 58,092 SF
1.334 Acres

Annexable Property and/or Additional Property and the portion of the Annexable Property and/or Additional Property designated as Common Elements. The Declaration of Annexation shall state that it is being made pursuant to the terms of this Declaration and for the purpose of subjecting the Annexable Property and/or Additional Property described in the Declaration of Annexation to this Declaration. The Declaration of Annexation may contain such language as may be necessary to reflect the different character, if any, of the Annexable Property and/or Additional Property becoming Declared Property.

(ii) Notwithstanding subparagraph (i), above, all or portions of the Annexable Property and/or Additional Property shall become Declared Property as to a particular Phase upon the first event to occur of the following: (a) The recordation of a deed of fee title to a unit in such Phase to an Owner by Declarant, or (b) the recordation by the Declarant of a Notice of Substantial Completion for the Condominium Units in such Phase.

Upon annexation of the Phase, however achieved, all obligations of the Owners, including but not limited to the obligations to pay Assessments, and the Owners' right to vote shall commence and be governed in accordance with the terms of the Declaration. Notwithstanding the foregoing, any conveyance by Declarant to a grantee which includes an assignment of Declarant's rights under the Declaration shall not cause that phase in which the Unit is located to be irrevocably submitted to the Declaration."

2.3 Section 7.1.C. of the Declaration is amended as provided hereby. The first sentence of Section 7.1.C. is changed to read as follows:

"Until January 1 of the year immediately following the conveyance of the first Unit to an Owner (the "Reference Date"), the maximum annual Regular Assessment shall be \$784.80 per year for each Unit."

The remaining portions of Section 7.1.C. shall remain unchanged hereby.

2.4 To the extent this ^{First} Second Amendment conflicts with or is inconsistent with the Declaration, this Second Amendment shall be deemed to control. Except to the extent that the Declaration has been modified hereby, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Second Amendment this 24th day of February, 1984.

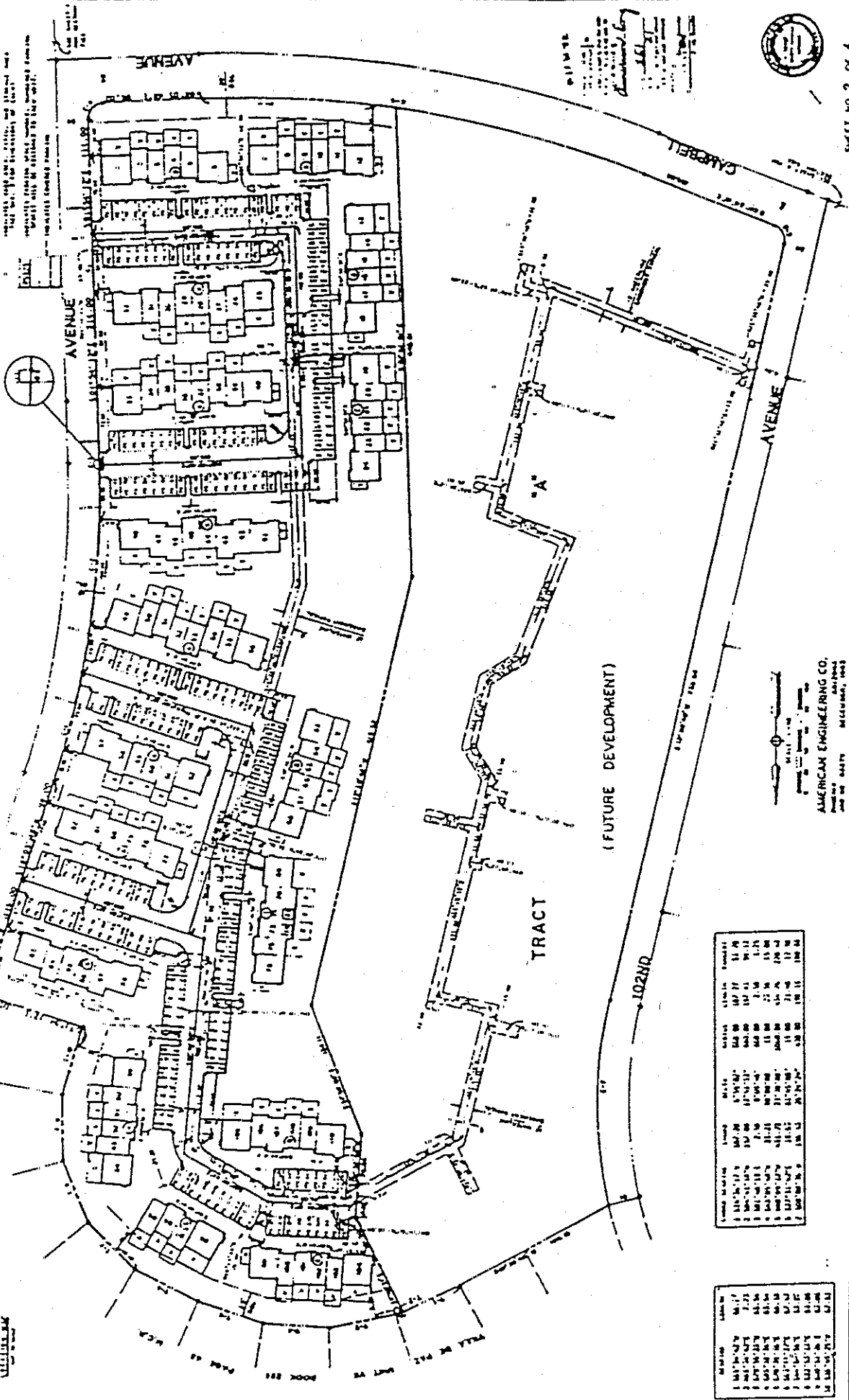
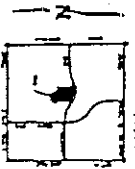
DISCOVERY AT VILLA DE PAZ HOMEOWNERS' ASSOCIATION, an Arizona corporation

By Mark A. Voss
Its President

DISCOVERY AT VILLA DE PAZ

EXHIBIT "B" SHEET TWO

FIRST AND SECOND FLOOR UNITS



1. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 2. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 3. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 4. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 5. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 6. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 7. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 8. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 9. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.
 10. ALL UNITS SHALL BE BUILT TO THE SAME STANDARD AS THE UNITS SHOWN ON THIS PLAN.

(FUTURE DEVELOPMENT)

UNIT NO.	AREA	VOLUME	PERMITS
1	1000	1000	1000
2	1000	1000	1000
3	1000	1000	1000
4	1000	1000	1000
5	1000	1000	1000
6	1000	1000	1000
7	1000	1000	1000
8	1000	1000	1000
9	1000	1000	1000
10	1000	1000	1000

UNIT NO.	AREA	VOLUME	PERMITS
1	1000	1000	1000
2	1000	1000	1000
3	1000	1000	1000
4	1000	1000	1000
5	1000	1000	1000
6	1000	1000	1000
7	1000	1000	1000
8	1000	1000	1000
9	1000	1000	1000
10	1000	1000	1000

AMERICAN ENGINEERING CO.
 1000 10th Street
 Los Angeles, California
 1955

SHEET NO. 2 OF 4
 DISCOVERY AT VILLA DE PAZ

