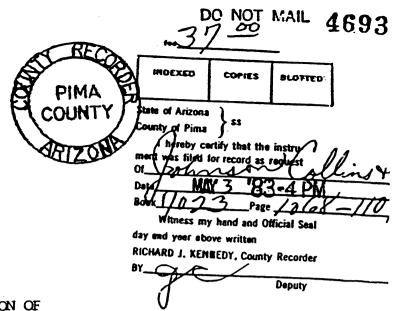
EDGEBROOKE VILLAGE II

Professional Property Managers, Incorporated 3900 E. Timrod, Tucson AZ 85711 (520) 323-1666 Fax (520) 325-4437

Section 1..... CC & R's

Section 2 . . Articles of Incorporation

Section 3 Bylaws



DECLARATION OF

COVENANTS, CONDITIONS & RESTRICTIONS

OF

EDGEBROOKE VILLAGE II

When Recorded, Mail to:

Patricia M. Wilder Cienega, Ltd. 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

DECLARATION OF

COVENANTS, CONDITIONS & RESTRICTIONS

OF

EDGEBROOKE VILLAGE II

TABLE OF CONTENTS

		Page
	ARTICLE I	
	DEFINITIONS	
Various defini	itions, Section 1.01	
thru	Section 1.17	2-3
	ARTICLE II	
	USES AND RESTRICTIONS	
Section 2.01	Private Residential Purposes	4
Section 2.02	Renting	4
Section 2.03	Antennas & Exterior Additions	• 4
Section 2.04	Insurance Rates	4
Section 2.05	Signs	4
Section 2.06	Animals	5
Section 2.07		5
Section 2.08		5
	Violation of Rules	6
Section 2.10	• • • • • • • • • • • • • • • • • • •	6
Section 2.11		6
Section 2.12		6
Section 2.13	_	7
Section 2.14		7
Section 2.15		7
Section 2.16		7
	Clothes Lines	7
Section 2.18	Diseases & Insects	8
	ARTICLE III	
	EASEMENTS AND ARCHITECTURAL CONTROL	
Section 3.01	Easement Encroachments	8
Section 3.02	Private Drainage Easements	8
Section 3.02	Utility Easements	8
Section 3.04		8
Section 3.05	3 m 3 7	9

	Architectural Control	9
Section 3.07	Common Walls	9
	ARTICLE IV	
	THE ASSOCIATION, MEMBERSHIP,	
	MAINTENANCE, INSURANCE	
	Organization	11
	Membership	11
	Voting Rights	12
Section 4.04	Exterior Maintenance, Repair,	
_	Up-Keep and Repainting	12
	Insurance Requirements	14
	Destruction	18
	Conveyance of Common Area	18
Section 4.08	By-Laws	18
	ARTICLE V	
	OWNERSHIP, USE AND MANAGEMENT	
	OF THE COMMON AREA	
Section 5.01	Owner's Easements of Enjoyment	19
Section 5.02	Conditional Use of Common Area	19
Section 5.03	J	19
Section 5.04		19
Section 5.05		20
Section 5.06		
	Common Area and Facilities	20
	ARTICLE VI	
	COVENANTS FOR MAINTENANCE ASSESSMENTS	
Section 6.01	Creation of the Lien and Personal	
	Obligation to Pay Assessments	21
Section 6.02	Purpose of Assessments	21
Section 6.03	Maximum Annual Assessment	21
Section 6.04	Special Assessment for Capital	
	Improvements	22
Section 6.05	Notice and Quorum for Action Authorized	
	Under Section 6.03(c) and Section 6.04	22
Section 6.06	Uniform Rate of Assessment	23
Section 6.07	Date of Commencement of Annual	
	Assessments; Due Dates	23
Section 6.08		
	Remedies of the Association	23
Section 6.09		25
Section 6.10		25
Section 6.11		
	Assessment as Common Expense	26

ARTICLE VII

GENERAL PROVISIONS

Section 7	7.01	Term	28
Section 7	7.02	Amendments	29
Section 7	7.03	Enforcement and Non-Waiver	29
Section 7	7.04	Mortgage Protection	29
Section 7	7.05	Construction	30
Section 7	7.06	Savings Clause and Obligation of	
		Developer to Pay Assessments.	31
Section 7	7.07	Delivery of Notices and Documents	31
Section 7			32
Section 7		Annexation	32
		FHA/VA Approval	32

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OF

EDGEBROOKE VILLAGE II

THIS DECLARATION, made this 3rd day of May, 1983, by STEWART TITLE AND TRUST OF TUCSON, an Arizona corporation, as Trustee under Trust Number 1887, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the Owner of certain real property in the County of Pima, State of Arizona, as more particularly described in a certain subdivision plat thereof under the name EDGEBROOKE VILLAGE II, ("The Plat"), recorded in Book 36 of Maps and Plats at page // in the office of the County Recorder of Pima County, State of Arizona, which shall hereinafter be referred to as the "Property"; and

WHEREAS, said Plat designates the Common Area of the Property and the areas and dimensions for each Lot on the Property, boundary lines and easements.

WHEREAS, Declarant proposes to construct individual Dwelling Units upon the subdivided portion of the Property and other improvements upon the designated Common Area, and to sell and convey the Lots and Dwelling Units, subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter set forth, each of which is for the benefit of the Property and subsequent owners thereof.

NOW, THEREFORE, Declarant hereby declares that those portions of the Property designated as Lots 170 through 340 and the Common Area, as shown on the Plat, are and shall be held, conveyed, encumbered, leased and used subject to the following covenants, conditions, restrictions, uses, limitations, obligations, easement equitable servitudes, charges and liens, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. The covenants, conditions, restrictions, uses, limitations, obligations, easements and equitable servitudes, charges and liens, set forth herein shall run with the Property; shall be binding upon all persons having or acquiring any interests in the Property or any part thereof; shall inure to the benefit of and be binding upon Declarant, its successors in interest, each Owner and his/her respective successor in interest, and may be enforced by Declarant or its successors in interest, by any Owner or his/her successors in interest or by any entity having an interest in their enforcement.

No provision contained herein shall be construed to prevent or limit Developer's right to complete development of the Property and construction of improvements thereon, nor Developer's right to maintain model homes, construction, sales or leasing offices or similar facilities on the Property, nor Developer's right to post signs incidental to construction, sales or leasing, nor Developer's right to do anything that is reasonably necessary and proper for the full development of the Property.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the meanings hereinafter assigned.

Section 1.01 "Articles" shall mean the Articles of Incorporation of the Association and amendments thereto which are or shall be filed in the Office of the Arizona Corporation Commission.

Section 1.02 "Association" shall mean and refer to the Edgebrooke Village II Homeowners Association, Inc., an Arizona non-profit corporation, which shall be formed prior to the conveyance of the first Lot, its successors and assigns.

Section 1.03 "Board" shall mean the Board of Directors of the Association.

Seciton 1.04 "By-Laws" shall mean the By-Laws of the Association, together with any amendments thereto.

Section 1.05 "Common Area" or "Common Property" shall mean all real property designated as Common Areas "A", "B" and "C" on the Plat as defined in Section 1.15 hereof, whether improved or unimproved, owned by the Association for the common use and enjoyment of the Owners. The Common Area includes, but is not limited to, all recreational facilities, including swimming pool. Common Property shall also include any real or personal property now or hereinafter owned by or leased by the Association.

Section 1.06 "Declarant" means STEWART TITLE AND TRUST OF TUCSON, an Arizona corporation, as Trustee under Trust Number 1887, its nominees, successors or assigns while title holder of any Lot either as the original Owner or Owner by reacquisition.

Section 1.07 "Declaration" or "Restrictions" shall mean this instrument and any amendments thereto.

Section 1.08 "Developer" shall mean Cienega, Ltd., an Arizona corporation, its successors or assigns.

Section 1.09 "Dwelling Unit" or "Unit" shall mean the real property outlined on the Plat and encompassed within the boundary lines surrounding the numbered designation for that Dwelling Unit as shown on the Plat, together with any improvements placed within the confines of said boundary, including a garage or carport.

Section 1.10 "Lot" shall mean and refer to any numbered parcel of real property shown on the Plat, together with the Dwelling Unit, if any, thereon.

Section 1.11 "Member" shall mean and refer to every person and/or entity who holds membership in the Association.

Section 1.12 "Mortgage" shall mean any mortgage, deed of trust or other security instrument by which a Dwelling Unit or any part thereof is encumbered and the term "first mortgagee" shall mean the holder of any mortgage under which the interest of any Owner of a Dwelling Unit is encumbered and which mortgage has first and paramount priority, subject only to the lien of general or ad valorem taxes and assessments.

Section 1.13 "Owner(s)" shall mean and refer to (1) the record Owner, whether one or more persons or entities, of equitable or beneficial title in fee simple (or legal title if same has merged) of any Dwelling Unit or as the case may be (2) the purchaser of a Dwelling Unit under a recorded executory contract for the sale of real property. The foregoing does not include persons or entities who hold an interest in any Dwelling Unit merely as security for the performance of an obligation, or a lessee or tenant of an Owner as defined above, or a purchaser or vendee under any executory contract of sale which has not "closed" and/or been recorded in the office of the County Recorder of Pima County, Arizona.

Section 1.14 "Person" shall mean a natural individual or any other entity with the legal right to hold title to real property.

Section 1.15 "Plat" shall mean the subdivision plat covering the Property.

Section 1.16 "Rules" shall mean the rules adopted by the Board pursuant to the By-Laws.

Section 1.17 "Property" or "Subdivision" shall mean all that real property identified in the Plat.

ARTICLE II

USES AND RESTRICTIONS

All property within the subdivision shall be held, used and enjoyed, subject to the following limitations and restrictions:

Section 2.01 Private Residential Purposes. Lots and Dwelling Units shall be occupied and used by the respective Owners solely for private residential use for the Owner, his/her family, tenants and social guests and for no other purpose. No gainful occupation, professional, trade or other non-residential use shall be conducted on any such property except that Developer may maintain sales or construction office and sales models on the Property.

Section 2.02 Renting. Owner shall have the right to lease or rent his/her Dwelling Unit; provided, however, that any lease agreement, including any agreement to lease the Unit on a month to month basis, most be in writing and must provide that the failure of any lessee or tenant to comply with the Rules, By-Laws, Articles and provisions of this Declaration shall be a default under the lease.

No exterior antennas or other devices for the transmission or reception of radio and television signals shall be erected or maintained without prior written authorization of the Board. The Developer shall determine standards for exterior television antennas. No exterior additions, structures or accessory buildings other than initially installed by Developer shall be constructed on the exterior of a Dwelling Unit (including the roof) without the written authorization of the Board. Further, garages and carports shall be for the use of parking vehicles, and may not be enclosed and/or used for any other purpose without the prior written consent of the Board.

Section 2.04 <u>Insurance Rates.</u> Nothing shall be done or kept on any Lot or Common Area which will increase the rate of insurance on such property without the written approval of the Board, nor shall anything be done or kept on any Lot or Common Area which will result in the cancellation of insurance on any such property or which would be in violation of any law.

Section 2.05 Signs. No signs of any kind shall be displayed which are visible from neighboring property without the approval of the Board except:

A. Such signs as may be required by legal proceedings; and,

- B. Such signs as may be used by Developer in connection with the development of the subdivision and sale of Lots and,
- C. Such signs as may be approved by the Board indicating a Lot or Dwelling Unit is for sale or lease.

Where the Board's approval is required, it shall approve the nature, composition, number, size and location of all signs, unless excepted hereunder.

Section 2.06 Animals. No animals of any kind shall be raised, bred, or kept, except that a reasonable number of generally recognized house or yard pets may be kept provided that they are not kept, bred or maintained for any commercial purpose. No animals shall be allowed to become a nuisance. A "reasonable number" as used in this Section shall ordinarily mean no more than two pets per Dwelling Unit; provided, however, the Board may determine that a reasonable number in any instance may be more or less. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal is a generally recognized house or yard pet or a nuisance, or whether the number of animals is reasonable.

Section 2.07 Nuisances. After completion of construction of all Dwelling Units and landscaping of Lots by Developer, no rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within the subdivision, and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property without the prior written approval of the Board. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

Section 2.08 Native Growth and Planting. The growth and planting in the Common Area shall not be removed or destroyed unless written permission is first obtained from the Board. Owners must obtain the Board's written approval before planting in the Common

Area.

Section 2.09 Violation of Rules. If any Owner, his/her family or any licensee, tenant or lessee or invitee violates the Board's rules or regulations, the Board may, in addition to any other enforcement provisions contained herein, suspend the right of such person to use the Common Area, under such conditions as the Board may specify, for a period not to exceed sixty (60) days for each violation. Before invoking any such suspension, the Board shall give such person notice of hearing before the Board.

Section 2.10 Exemption of Developer. As long as the Developer follows the development plan approved by the Federal Housing Administration and the Veterans Administration, nothing in these Restrictions shall limit the right of Developer to complete excavation, grading and construction of improvements to any property within the subdivision, or to alter foregoing or to construct such additional improvements as Developer deems advisable in the course of development of the subdivision so long as any Dwelling Unit therein remains unsold, or to use any structure in the subdivision as a model home or real estate sales or leasing office. Developer need not seek or obtain the Board's approval of any improvement including landscaping constructed or placed by Developer on any property in the subdivision. The rights of Declarant hereunder or elsewhere in these Restrictions may be assigned by Declarant.

Section 2.11 Drainage. There shall be no interference with the established drainage pattern over any property, including any private drainageway or easement, within the subdivision, unless adequate provision is made for proper drainage conforming to Pima County rules, regulations, ordinances and drainage criteria and is approved by the Pima County Flood Plain Board or its duly appointed representative. purposes hereof, "established drainage" is defined as the drainage which exists at the time the overall grading of the Property is completed, or which is shown on the Plat or on any plans conforming to Pima County rules, regulations, ordinances and drainage criteria aproved by the Pima County Flood Plain Board or its duly appointed representative.

Section 2.12 Unsightly Articles and Storage. No unsightly articles or storage shall be permitted to remain so as to be visible from adjoining Dwelling Units or from the street or public way. At no time shall there be any outside storage of motor vehicles in stages of construction, reconstruction, modification or

rebuilding of parts of motor vehicles such as frames, bodies, engines or other parts or accessories. Any and all items stored in a carport area shall be stored so as to conceal the same from view from adjoining property or from the streets or public way. Grass, shrub or tree clippings and all machinery, storage piles, wood piles, garbage or trash containers shall be kept within an enclosed structure or appropriately screened from view of adjoining property or from streets or public way except when necessary to effect such collection. The Board shall have sole discretion in determining if any activity by an Owner is in violation of this Section.

Section 2.13 Trash Containers. No garbage or trash shall be placed or kept on any property within the subdivision except in covered containers of a type, size and style which have been installed by Developer or have been approved by the Board. All rubbish, trash or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be allowed. Trash/garbage containers shall be placed at curb side only on days of scheduled collection and shall be removed from view on the same day of collection.

Section 2.14 Right of Inspection. During reasonable hours, any member of the Board, or any authorized representative of any of them shall have the right upon reasonable notice to the Owner of a Dwelling Unit to enter upon and inspect any property within the subdivision (except the interior of Dwelling Units), for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed quilty of trespass by reason of such entry.

Section 2.15 Mail Boxes. Developer or Board shall determine the location, color, size, design, lettering, and all other particulars of all mail and paper delivery boxes, and standards and brackets and name signs for same in order that the area be strictly uniform in appearance with respect thereto.

Section 2.16 Vehicles. The use of all vehicles, including but not limited to trucks, automobiles, bicycles and motorcycles shall be subject to the Rules, which may prohibit or limit the use thereof, provide parking regulations, or generally regulate the same. Provided, however, the storage or parking of any recreational vehicle, commercial vehicle or boat, other than completely within Owner's garage or carport, is prohibited within EDGRBROOKE VILLAGE II.

Section 2.17 <u>Clothes Lines</u>. No exterior clothes lines shall be erected or maintained, and there shall be no outside laundering or drying of clothes.

Section 2.18 <u>Diseases and Insects.</u> No Owner shall permit anything or any condition to exist upon any property within the subdivision which shall induce, breed or harbor infectious plant diseases or noxious insects.

ARTICLE III

EASEMENTS, ARCHITECTURAL CONTROL, COMMON WALLS

Section 3.01 <u>Easement Encroachments</u>. Each Dwelling Unit and the Common Areas shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the Developer, including footings and walls thereon. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event Dwelling Units are partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments on parts of the adjacent Dwelling Units or Common Area due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist.

Section 3.02 Private Drainage Easements. Private drainage easements may have been established as shown on the Plat or by separate instrument duly recorded over and across certain Lots for the exclusive use and benefit of other Lot Owners. Each Owner of a Lot on which a private drainage easement is located shall be responsible for maintaining that easement and keeping it free and clear from all debris, refuse and any other foreign matter which shall in any way interfere with or hinder the free flow of water in the easement as originally constructed. In the event of the failure of any Lot Owner to so maintain an easement, other Lot Owners benefitted by such easements shall have no cause of action against the Association, but shall proceed solely against that Lot Owner.

Section 3.03 Utility Easements. In addition to those specific easements shown on the Plat, there is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewers, gas, telephones, electricity, television cable or communications lines and systems, etc. There shall be an access easement for the delivery and collection of the U.S. Mail.

Section 3.04 Pedestrian/Utility Easement. Shown on the Plat is an 8-foot wide Pedestrian, Utility and Right of Way easement which encumbers portions of each

Lot. For purposes of clarification of the multiple use of this 8-foot area, the 4 feet adjacent to the curb line shall be utilized for sidewalks and utility installations, and the remaining 4 feet shall be utilized for utility purposes only.

Lines. Unless other wise constructed as part of the initial subdivision construction by the Developer or the applicable utility company, all electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead, except existing overhead lines; provided that no provisions hereof shall prohibit the erection of temporary power or telephone structures incident to construction in that Declarant shall waive this requirement; provided, however, that one such waiver shall not constitute a waiver as to other Dwelling Units or lines.

Section 3.06 Architectural Control. Subsequent to the closing of the sale of a Dwelling Unit by Declarant to an Owner, no building, fence, wall, or other structure or planting shall be commenced, created, erected or maintained upon said Owner's Lot, nor shall any exterior addition to or change in or alteration of said Owner's Dwelling Unit or the exterior color scheme thereof be made until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board, or by an Architectural Committee composed of three (3) or more representatives appointed by the In the event the Board or its designated Board. Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Section will be deemed to have been fully complied with. Notwithstanding anything contained to the contrary in this Section, no additions or modifications to any improvement or structure shall be made by an Owner subsequent to the closing of a sale of a Dwelling Unit to an Owner unless such addition or modification has been first reviewed and approved, if such review and approval is required, by the Pima County Zoning Inspector.

Section 3.07 <u>Common Walls</u>. The rights and duties of Owners with respect to common walls or fences shall be as follows:

A. Each wall, including patio walls and fences,

which is constructed as a part of the original construction of the Dwelling Unit, any part of which is placed on the dividing line between separate Dwelling Units, shall constitute a common wall. With respect to any such wall, each of the adjoining Unit Owners shall assume the burden and be entitled to the benefits recited in this Section 3.06 and to the extent not inconsistent herewith, the general rules of law regarding common walls shall be applied thereto.

- B. The Owners of contiguous Dwelling Units who have a common wall shall have reciprocal easements for support and an equal right to use such wall provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.
- c. Unless other provisions of this Section 3.06 are applicable, the costs of reasonable repair and maintenance of a common wall shall be shared equally by the Owners who make use of the common wall.
- D. In the event any common wall is damaged or destroyed through the act of one adjoining Owner, or any of his guests or agents or members of his family so as to deprive the other Owner of the full use and enjoyment of such wall, then the first of such Owners, if required under local law, shall forthwith proceed to rebuild and repair or cause to be rebuilt or repaired the same to as good condition as formerly without cost to the other Owner.
- E. In the event any common wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, guests or family (including ordinary wear and tear and deterioration from lapse of time), then in such event, both such adjoining Owners shall, if required under local law, proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.
- F. Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any common wall without prior consent of the Board. In addition to meeting the other requirements of these Restrictions and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his Dwelling Unit in any manner which requires the extension or other alteration of any common wall shall first obtain the written consent of the Board which shall determine the adjoining Owner's preference concerning the proposed modification, extension or alteration of the common wall prior to giving any

written consent thereto.

G. In the event of a dispute between Owners with respect to the repair or rebuilding of a common wall or with respect to the sharing of cost thereof, then upon written request of one of such Owners delivered to the Association, the matter shall be heard and determined by the Board.

ARTICLE IV

THE ASSOCIATION, MEMBERSHIP, MAINTENANCE, INSURANCE

Section 4.01 Organization.

- A. Association. The Association is or shall be an Arizona non-profit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, By-Laws, and this Declaration. The Association shall be legally constituted and in existence prior to the conveyance of the first Dwelling Unit by Declarant.
- B. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Board may elect or appoint, in accordance with the Articles and By-Laws, as the same may be amended from time to time. The composition of the Board shall be defined in the By-Laws.
- C. Personal Liability. No member of the Board or any Committee of the Association or any officer or employee of the Association, the Declarant or Developer shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, or any representative or employee of the Association, the Board, or any representative or employee of the Association or any Committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him/her, acted in good faith, without willful or intentional misconduct.

Section 4.02 Membership.

A. Qualifications. Each Owner (including Declarant) of a Dwelling Unit, by virtue of being such an Owner and for so long as he/she is such an Owner, shall be deemed a Member of the Association. No Owner shall have more than one membership for each Dwelling Unit owned.

B. Transfer of Membership. Membership of each Owner (including Declarant) in the Association shall be appurtenant to the Dwelling Unit owned and shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership to said Dwelling Unit, and then only to the transferee thereof. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Dwelling Unit shall operate automatically to transfer said membership to the new Owner thereof.

Section 4.03 <u>Voting Rights.</u> The Association shall have two classes of voting membership.

Class A: Class A Members shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Dwelling Unit owned. When more than one person holds an interest in any Dwelling Unit, all such persons shall be Members. The vote for such Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Dwelling Unit.

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

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

(b) On January 1, 1987

Section 4.04 Exterior Maintenance, Repair, Up-Keep and Repainting.

A. Maintenance, repair, upkeep and repainting of Dwelling Units, including all improvements on a Lot, shall be the sole responsibility of each Owner. Except to the extent of the Association's obligations under Section 4.04(B), each Owner shall also maintain, repair and repaint both sides of the perimeter' yard walls or fences appurtenant to his or her Dwelling Unit, except that if such a wall or fence is a common wall or fence, an Owner shall be required to repair and repaint only that portion of the wall or fence exclusively used by that Owner. Further, each owner shall be responsible for sewer blockage, repair, etc. of all dwelling unit plumbing as well as

the house connection line from the dwelling unit to its connection point in the main collection sewer line in the street. Such maintenance, repair and repainting of a Dwelling Unit and other improvements on a Lot, including but not limited to the front and side yard areas, shall be undertaken in a manner and with such frequency as shall keep each Owner's Dwelling Unit in an attractive, well-kept and maintained condition in conformity with all other Dwelling Units in the Subdivision. Additionally, pursuant to Pima County Ordinance, a 15-gallon size tree has been placed on each lot and it shall be each owner's responsibility to maintain said tree, and if necessary. to replace same. In the event any Owner fails to fulfill his or her obligations under this Section, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right through its agents and employees, to enter upon the subject property, and to repair, maintain, and restore the Dwelling Unit, including the perimeter yard walls or fences, and any other improvements. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Dwelling Unit is subject. The Board shall have the right to determine whether or not a Dwelling Unit is in need of maintenance. repair and upkeep, in order to conform to the standards of the general neighborhood of EDGEBROOKE VILLAGE II. and the Board shall use a reasonably high standard to determine whether such maintenance, repair and upkeep is required so that the Dwelling Units as a whole will reflect a high pride of ownership. Each Owner or his/her authorized agent or the Association, as the case may be, in order to conduct such maintenance, repair or repainting, shall have the right of entry at reasonable times upon Dwelling Units adjacent to such Owner's Dwelling Unit, provided reasonable notice of such entry is first given by such Owner to the Owner of the involved adjacent Dwelling Unit.

B. The Association shall be responsible for maintenance, repair and upkeep of any improvements including, but not limited to, non-public streets, curb line sidewalks and common area sidewalks, recreation facilities, including the pool and parking area constructed on the Common Area, private sewers (except as provided in Section 4.04 A), and any landscaping or other improvements, placed by Developer or the Association in the Common Area or public right of ways. In addition, the Association shall be responsible for maintaining and repainting the exterior surface (i.e., the surface which does not face individual Dwelling Units) of those perimeter yard walls or fences constructed along the boundaries of the Property.

C. Each Owner shall be responsible for the maintenance and repair, including replacement of light bulbs, of all exterior lighting fixtures located within the Owner's Dwelling Unit.

Section 4.05 Insurance Requirements.

Each Owner shall be responsible and obligated to purchase fire and other hazard insurance covering his/her dwelling unit and to maintain such insurance in full force and effect at all times. policy or policies shall consist, at a minimum, of a multi-peril type policy covering the Owner's dwelling unit, providing, as a minimum, fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage lenders in Tucson, Arizona on a replacement cost basis, in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost.) Each such policy must contain or have attached thereto a standard mortgagee beneficiary clause which provides that all proceeds paid thereunder shall be paid to the Owner for the use and benefit of all mortgagees under mortgages or beneficiaries under deeds of trust, encumbering any dwelling units, as their interest may appear, and such policy or policies must further provide that the insurance carrier shall notify each first mortgagee or beneficiary named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy. Such policy or policies shall further provide that the interest of each mortgagee holding a mortgage or beneficiary under a deed of trust on any dwelling unit in insurance proceeds shall not be invalidated by any action, neglect or inaction of the Board of Directors of the Association, owners of dwelling units or their tenants or agents. Such policy or policies shall further provide for waiver by the insurer of any policy provisions which would render the mortgagee or beneficiary clause invalid by reason of the failure of such mortgagee or beneficiary to notify the insurer of any hazardous use of any dwelling unit and any policy requirement that the mortgagee or beneficiary pay the premium thereon. Each hazard insurance policy obtained by an Owner pursuant to the foregoing shall comply with those same requirements applicable to the Association as set forth in Section 4.05(F) hereof.

The Board shall have the authority to and shall obtain the following insurance as set forth in this Section 4.05(B) through (H).

B. Comprehensive General Liability and

Property Insurance. Comprehensive general liability and property damage insurance covering all Common Areas and all other areas under the jurisdiction or control of the Association shall be purchased by the Association and shall be maintained in full force and effect at all times. Such insurance policy or policies shall contain, if available, a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a dwelling unit Owner because of negligent acts of the Association or of any other dwelling unit owners. The scope of coverage of such policy or policies must include all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use as Edgebrooke Village. Coverage shall be for at least one million dollars (\$1,000,000.00) per occurrence for personal injury and/or property damage.

Fire Hazard Insurance. Fire and other hazard insurance covering improvements constructed on the Common Areas, including but not limited to ramadas or recreation buildings, shall be purchased by the Association and shall thereafter be maintained in full force and effect at all times. (The Association shall not be responsible or obligated to provide fire and other hazard insurance covering dwelling units, which shall be the sole responsibility and obligation of owners of dwelling units.). Such policy or policies shall consist, at a minimum, of a multi-peril type policy covering the subject imrpovements, providing, as a minimum, fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage lenders in Tucson, Arizona, on a replacement cost basis, in an amount of not less than one hundred percent (100%) of the insurable value (based upon the replacement cost).

In the event any improvement constructed on the common area is the subject of a mortgage or deed of trust, then each policy must contain or have attached thereto a standard mortgagee or beneficiary clause which provides that all proceeds paid thereunder shall be paid to the Association for the use and benefit of all mortgagees under mortgages or beneficiaries under deeds of trust, encumbering any such improvements, as their interest may appear, and such policy or policies must further provide that the insurance carrier shall notify each first mortgagee or beneficiary named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy. Such policy or policies shall further provide that the interest of each mortgagee holding a mortgage or beneficiary under a deed of trust on any such

improvements in insurance proceeds shall not be invalidated by any action, neglect or inaction of the Board of Directors of the Association, owners of dwelling units or their tenants or agents. Such policy or policies shall further provide for waiver by the insurer of any policy provisions which would render the mortgagee or beneficiary clause invalid by reason of the failure of such mortgagee or beneficiary to notify the insurer of any hazardous use of such improvements and any policy requirement that the mortgagee or beneficiary pay the premium thereon.

- D. <u>Workmen's Compensation Insurance.</u>
 Workmen's Compensation insurance to the extent necessary to comply with any applicable laws.
- E. Other Insurance. The Association shall purchase and maintain in force, if available, fidelity coverage against dishonest acts on the part of directors, officers, managers, trustees, employees, or volunteers responsible for handling funds belonging to or administered by the Association. Such fidelity bonds or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is, in no event, less than 1-1/2 times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added, if the policy would not otherwise cover volunteers.
- F. Minimum Financial Rating Carrier. Each hazard insurance policy obtained by the Association pursuant to the foregoing shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class VI or better. Hazard insurance policies shall also be acceptable from an insurance carrier which has a financial rating by Best's Insurance Reports of Class V, provided that such insurance carrier has a general policyholder's rating of at least A. Each such carrier shall be specifically licensed or authorized by law to transact insurance business in the State of Arizona.

Policies shall be unacceptable where:

(1) Under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against a dwelling unit Owner or the designee of the Federal Home Loan Mortgage Corporation, or the Federal Housing Authority or the Veterans Administration; or

- (2) By the terms of the carrier's charter, by-laws, or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members; or
- (3) The Policy includes any limiting clauses (other than insurance conditions) which could prevent the Federal Home Loan Mortgage Corporation or the Federal Housing Authority or the Veterans Administration or any dwelling unit Owner from collecting insurance proceeds.
- In General. Every policy of insurance G. obtained by the Association shall contain an express waiver, if available, of any and all rights of subrogation against Declarant, Developer, the Board, and such other persons or entities affiliated with the Association such as a manager and representatives, members and employees and a provision, if available, preventing any cancellation or modification thereof except upon at least ten (10) days' written notice to the insureds and their mortgagees. In addition, every policy of insurance obtained by the Association shall provide, if available, for the payment of assessments which the insured property is obligated for under this Declaration until the insured property is repaired and made habitable. The liability insurance hereinabove specified shall name as separately protected insureds Declarant, Developer, the Association, the Board, and such other persons or entities affiliated with the Association such as a manager and representatives, members and employees as their interest may appear with respect to any liability arising out of the maintenance or use of any insured property. As to each such policy, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Declarant, the Board, the Developer and such other persons or entities named in said insurance, and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a mortgagee or Owner of a lot within the project, except to the extent such coverage is not

available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

Insurance Premiums. Premiums H. insurance purchased or obtained by the Association shall be a common expense payable through assessments of dwelling units and all such insurance coverage obtained by the Board shall be written in the name of the Association as trustee for each of the owners. addition to the aforesaid insurance required to be carried by the Association, any Owner may, if he/she wishes, at his/her own expense, carry any and all other insurance he/she deems advisable; however, available, said policy or policies shall provide that there shall be no contribution or offset between policies of the Association and policies an individual Owner may have in effect. It shall be the individual responsibility of each Owner at his/her own expense, to provide as he/she sees fit, Owner's liability insurance, theft and other insurance covering personal property damage and loss.

Section 4.06. Destruction. In the event of substantial damage or destruction of any dwelling unit or any part of the Common Area, any first mortgagee on a dwelling unit will be entitled to timely written notice of any such damage or destruction and no Owner of a dwelling unit or other party shall have priority over such first mortgagee with respect to the distribution to such unit Owner of any insurance proceeds.

Section 4.07. Conveyance of Common Area. Declarant shall grant and convey to the Association and the Association shall receive owwnership of the Common Area prior to the closing of sale of a dwelling unit by Declarant to an Owner. Upon such conveyance and grant, the Association shall succeed to all rights, duties and powers with respect to the Common Area as prescribed by law, and set forth in the Articles, By-Laws and this Declaration.

Section 4.08. <u>By-Laws</u>. The By-Laws shall among other things, establish the procedure for electing members of the Board and officers of the Association, the duties of the Association, the procedure for regular and special meetings, the disposition of hazard insurance proceeds and amendments to the By-Laws.

ARTICLE V

OWNERSHIP, USE AND MANAGEMENT OF THE COMMON AREA

Section 5.01 Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with title to every Dwelling Unit subject to Section 5.02.

Section 5.02 <u>Conditional Use of Common Area.</u> Each Owner, his/her family, licensees, invitees and tenants or lessess, or contract purchasers of a Dwelling Unit shall be entitled to use the Common Area subject to:

- A. The provisions of the Articles, By-Laws, these Restrictions, and the Rules. Each Owner agrees that in using the Common Area he/she will comply with the provisions of such Articles, By-Laws, these Restrictions, and the Rules.
- B. The right of the Association to charge a reasonable security deposit and clean-up fee for the use of any recreational facility situated upon the Common Area.
- C. The right of the Association to suspend the right of an Owner to use recreational facilities of the Common Area for a period not to exceed sixty (60) days for any infraction of its published Rules.

Section. 5.03 <u>Delegation of Use.</u> Any Owner may delegate his/her right of enjoyment in the Common Area and facilities to the members of his/her family, his/her tenants or lessees or contract purchasers who reside in the Dwelling Unit, subject to such rules, regulations and limitations as the Association may, from time to time, establish. Such delegation shall not relieve said Owner of his/her obligations and responsibilities as a Member under the By-Laws, Rules and this Declaration.

Section 5.04 Management. The Board shall control, maintain, manage and improve the Common Area as provided in this Declaration, the Articles and By-Laws. Such right and power of control and management shall be exclusive. In managing the Common Area, the Association hereby accepts all responsibility for the control, maintenance, safety and liability of such Common Area including but not limited to collecting and paying taxes on the Common Area, which shall be approved by the County Assessor. Any agreement for professional management of the subdivision, or any other contract providing for services of the Developer, shall not exceed one (1)

year, but may be renewable for successive one (1) year periods upon agreement of the parties. Any such agreement shall provide for termination by either party without cause and without payment of termination fee on ninety (90) days (or less, if agreed to) written notice and for termination with cause and without payment of termination fee upon thirty (30) days written notice.

Section 5.05 Damage or Destruction of Property.

In the event any Common Property is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, or members of his family, such Owner shall be liable therefor to the extent of liability imposed by Arizona law and such Owner does hereby irrevocably authorize the Association to repair the damaged property, and the Association shall so repair the damaged property in good workmanlike manner in substantial conformance with the original plans and specifications. The Owner shall then repay the Association in the amount actually expended for such repairs. Each Owner further agrees that these charges for repairs, if not paid within ten (10) days after completion of the work, shall be delinquent and shall become a lien upon Owner's Dwelling Unit and shall continue to be such lien until fully paid. Tthe lien shall be subordinate to any first mortgage or encumbrance on the subject property. Said charges shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum. The amount of principal and interest owed by the Owner to the Association shall be a debt, and shall be collectable by any lawful procedure allowed by the laws of the State of Arizona.

Section 5.06 Restriction on Conveyance of Common Areas and Facilities. The Common Areas and facilities owned by the Association, may not, by act or omission, be abandoned, partitioned subdivided, encumbered, sold or transferred without the prior written approval of seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgage owned) or at least seventy-five percent (75%) of the Owners (other than Developer or Declarant) except that the Association shall at all times have the right to grant and convey to any person or entity easements, or rights of way, in, on, over, or under any Common Areas for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder (1) roads, streets, walks, pathways, and driveways; (2) temporary overhead or permanent underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone, cable T.V., and other purposes; (3) sewers, storm drains and pipes, drainage easements, water systems, water, heating and gas lines or pipes; (4) any similar or quasi public improvements or facilities.

ARTICLE VI

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 6.01 Creation of the Lien and Personal Obligation to Pay Assessments. Each Owner, acceptance of a deed to any Dwelling Unit, whether or not it shall be so expressed in such deed is deemed to covenant and agree to pay to the Association: annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees. shall be a charge on the Dwelling Unit and shall be a continuing lien upon the property against which each assessment is made. Delinquent assessments, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Dwelling Unit at the time when the assessment was levied. The personal obligation for delinquent assessments shall not pass to his/her successors in title unless expressly assumed by them.

Purpose of Assessments. Section 6.02 assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Members and their guests, for the improvement and maintenance of the Common Area and for all purposes set forth in the Articles, By-Laws and The Board of Directors of the this Declaration. Association shall provide that Association dues, charges or assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Common Area owned by the Association that must be replaced on a periodic basis. All such dues, charges and assessments imposed by the Association shall be paid on a periodic basis in installments rather than by special regular assessments, unless so determined by the Board as provided herein.

Section 6.03 Maximum Annual Assessment.

(a) Until January 1 of the year immediately following the conveyance of the first Dwelling Unit to an Owner, the maximum annual assessment shall be \$300.00. Within thirty (30) days prior to the end of each calendar year (January 1 through December 31) and subject to the provisions of Section 6.03(b) hereof,

the Board of Directors shall estimate the total charges to be paid during the forthcoming year to determine the annual assessment (including a reasonable reserve for contingencies and less any expected surplus from the prior year).

- (b) Subject to Section 6.03(c) hereof, the Board of Directors shall not increase the annual assessment by an amount greater than either (i) five percent (5%) of the amount of the preceding annual assessment; or (ii) the percentage increase in the cost of living as reflected by the column entitled "all items" in the Consumer Price Index on a national basis published by the Bureau of Labor Statistics of the United States Department of Labor (hereinafter called the "Cost of Living Index Number"). In the event that the Bureau of Labor Statistics shall fail to publish a comparable Cost of Living Index Number during any such years, but a comparable Cost of Living Index Number shall be published by any governmental agency of the United States in place thereof, then such comparable index number shall be used for the purpose of adjusting the annual assessment under the provisions of this Section 6.03 with the same force and effect as the Cost of Living Index Number of the Bureau of Labor Statistics.
- (c) Any increase by the Board of Directors in the Annual Assessment which is greater than the amount permitted under Section 6.03(b) hereof must be first approved by two-thirds (2/3) vote of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose before such increase may be placed in effect and bind the members of the Association.

Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Area, including fixtures and personal property related thereto, provided that any such 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.

Section 6.05 Notice and Quorum for an Action Authorized Under Section 6.03(c) and Section 6.04. Written notice of any meeting called for the purpose of taking action authorized under Section 6.03(c) and

Section 6.04 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6.06 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Dwelling Units and may be collected on a monthly basis. However, and subject to the limitations set forth in Section 6.03(b) hereof, said uniform rate may be revised periodically to reflect revisions in the annual assessments based on actual operating cost of the Association.

Section 6.07 Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Dwelling Units on the first day of the month following the conveyance of a Dwelling Unit to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. Board of Directors shall fix the amount of the annual assessment against each Dwelling Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto in the event of its increase or decrease from the last annual assessment. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Dwelling Unit have been paid. A properly executed certificate of the Association as to the status of the assessments on a Dwelling Unit is binding upon the Association as of the date of its issuance.

Section 6.08 Effect of Non-Payment of Assessments; Remedies of the Association. Each Owner shall be deemed to covenant and agree to pay to the Association the assessment provided for herein, and agrees to the enforcement of the assessment in the manner herein specified. All delinquent assessments shall bear interest at an interest rate not to exceed twelve percent (12%) per annum, and late payments shall first be credited toward interest due, then towards

assessments first due. In the event the Association employs an attorney for collection of any assessments, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner agrees to pay reasonable attorney's fees and costs thereby incurred, in addition to any other amounts due or any other relief or remedy obtained against said Owner. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, and in addition to any other remedies herein or by law provided, the Association may enforce each such obligation in the manner provided by law or in equity, or without any limitation to the foregoing, by either or both of the following procedures.

- A. Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon from the date of delinquency until paid, court costs, and reasonable attorney's fees in such amount as the Court may adjudge against the delinquent Owner or Member.
- B. Enforcement by Lien. There is hereby created a right of claim of lien, with power of sale, on each and every Dwelling Unit to secure payment to the Association of any and all asessments levied against any and all Owners together with interest thereon from the date of delinquency until paid, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorney's fees. At any time within one hundred twenty (120) days after occurrence of any default in the payment of any such assessment, the Association, or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner, on behalf of the Association. Said demand shall state the date and Each default shall amount of the delinquency. constitute a separate basis for demand or claim of lien but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, or, even without such a written demand being made, the Association may elect to file such claim of lien on behalf of the Association against the Dwelling Unit of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any officer of the Association, and shall contain substantially the

following information:

- (1) The name of the delinquent Owner;
- (2) The legal description of the Dwelling Unit against which claim of lien is made;
- (3) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and reasonable attorney's fees (with any proper offset allowed);
- (4) That the claim of lien is made by the Association pursuant to this Declaration; and
- (5) That a lien is claimed against said Dwelling Unit in an amount equal to the amount stated.

Upon recordation of a duly executed original or copy of such a claim of lien, and the mailing of a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Dwelling Unit. Such a lien shall have priority over all claims of lien created subsequent to the recordation of the claim of lien thereof, except only tax liens for real property taxes on any Dwelling Unit, assessments on any Dwelling Unit in favor of any municipal or other governmental assessing unit, and the lien of any first mortgage. Any such lien may be foreclosed by appropriate action in Court or in the manner provided by law for the foreclosure of a realty mortgage or trust deed as set forth by the laws of the State of Arizona, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners. Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage, and convey any Dwelling Unit. In the event such foreclosure is by action in court, reasonable attorney's fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner hereby expressly waives any objection to the enforcemnt and foreclosure of this lien in this manner.

Section 6.09 No Exemption of Owner. No Owner is exempt from liability for payment of assessments by waiver of the use of enjoyment of the Common Area, or by abandonment of his/her Dwelling Unit except as specifically provided in Section 7.06.

Section 6.10 <u>Subordination of the Lien to</u> Mortgages. The lien of the assessments provided for

herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Dwelling Unit shall not affect the assessment lien. However, the sale or transfer of any Dwelling Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Dwelling Unit from liability for any assessments thereafter becoming due or from the lien thereof.

- Section 6.11 Mortgage Protection and Additional Assessment as Common Expense. Notwithstanding and prevailing over any other provisions of this Declaration, or the Association's Articles or By-Laws, or the Rules, the following provisions shall apply to and benefit each holder of a first mortgage upon a Dwelling Unit (called the first mortgagee):
- A. The first mortgagee shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, regulation, Rule, Article or By-Law, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as hereinafter provided.
- B. During the pendency of any proceeding to foreclose the first mortgage, including any period of redemption, the first mortgagee (or receiver appointed in such action) may, but need not, exercise any or all of the rights and privileges of the Owner of the mortgaged Dwelling Unit, including but not limited to, the right to vote as a member of the Association to the exclusion of the Owner's exercise of such rights and privileges.
- C. At such time as the first mortgagee shall become record Owner of a Dwelling Unit, said first mortgagee shall be subject to all of the terms and conditions of these Restrictions, including but not limited to the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner.
- D. The first mortgagee, or any other party acquiring title to a mortgaged Dwelling Unit through foreclosure suit or through any equivalent proceeding arising from said first mortgage, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title to the mortgaged Dwelling Unit free and clear of any lien authorized by or arising out of any of the provisions of this

Declaration or By-Laws which secured the payment of any assessment for charges accrued prior to the final conclusion of any such foreclosure suit or equivalent proceeding, including the expiration date of any period of redemption.

Any such unpaid assessment shall nevertheless continue to exist as the personal obligation of the defaulting Owner of the respective Dwelling Unit to the Association, and the Board shall use reasonable efforts to collect the same from the Owner even after he/she is no longer a member of the Association. There shall be a lien upon the interest of the first mortgagee or other party which acquired title to a mortgaged Dwelling Unit by foreclosure suit or by equivalent procedures for all assessments authorized by this Declaration or the By-Laws which accrue and are assessed after the date the acquirer has acquired title to the Dwelling Unit free and clear of any right of redemption.

- Any provisions contained in this E. Declaration to the contrary notwithstanding, unless at least seventy-five percent (75%) of the Dwelling Unit Owners (other than the Declarant or Developer) or seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgage held) have given their prior written approval, the Association shall not be empowered or entitled to: (a) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Dwelling Unit Owner; (b) by act or omission, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Dwelling Units, the exterior maintenance of Dwelling Units, the maintenance of Common Property, walkways or perimeter walls and driveways, or the upkeep of lawns and planting areas in the Subdivision; (c) fail to maintain fire and extended coverage insurance on the Common Areas and Common Property on a current replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value (based on current replacement costs); and (d) use hazard insurance proceeds for losses to any Common Areas or Common Property for other than the repair, replacement or reconstruction of such Common Property.
- F. First mortgagees are hereby granted the right to jointly, or singly pay taxes or other charges which are in default and which may or have become a charge against any Common Areas or other Common Property owned by the Association, and such first mortgagees may, jointly or singly, pay overdue premiums on hazard insurance policies, or secure new hazard

insurance coverage on the lapse of a policy, for such Common Areas or Common Property and any first mortgagees making such payments may be owed immediate reimbursement therefor from the Association.

- G. Nothing in this Declaration shall in any manner be deemed to give a Dwelling Unit Owner, or any other party, priority over any rights of a first mortgagee of a Dwelling Unit pursuant to the terms of such first mortgagee's mortgage in the case of a distribution to a Dwelling Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of any Dwelling Unit or any part of the Common Area owned by the Association. Each first mortgagee shall be entitled to timely written notice of such loss or taking.
- H. Each first mortgagee shall, upon notice to the Association, be entitled to a written notification from the Association of any default in the performance by the Owner of a Dwelling Unit encumbered by the mortgage in favor of such mortgagee of any obligation under this Declaration or under the Articles of Incorporation, By-Laws, or Rules of the Association which is not cured within sixty (60) days.
- I. Each first mortgagee shall, upon written notice to the Association, be entitled to (i) inspect the books and records of the Association during normal business hours; (ii) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; and, (iii) receive written notice of all meetings of the Association, and designate a representative to attend such meetings.
- J. Each first mortgagee shall, upon written notice to the Association, be entitled to written notice from the Association at least thirty (30) days prior to (i) abandonment or termination of the Association; (ii) any material amendment to the Declaration, Articles or By-Laws; and, (iii) the effectuation of any decision by the Association to terminate professional management and assume self-management of the Association.

ARTICLE VII

GENERAL PROVISIONS

Section 7.01 Term. The covenants, conditions and restrictions of this Declaration shall remain in full force and effect for a period of twenty (20) years from the date this Declaration is recorded. Thereafter,

they shall be deemed to have been renewed and automatically extended for successive periods of ten (10) years each.

Section 7.02 Amendments. This Declaration may be amended by an instrument in writing, signed and ackowledged by the President and Secretary of the Association, certifying that such Amendment has been approved by the vote or written consent (with or without an Association meeting; subject, however, to the voting rights set forth in Section 4.03) of the then Owners of not less than seventy-five percent (75%) of the Dwelling Units, and such amendment shall be effective upon its recordation with the Pima County Recorder.

Section 7.03 Enforcement and Non-Waiver.

- A. <u>Enforcement.</u> Except as otherwise provided herein, the Association, or any Owner shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by provision of this Declaration.
- B. <u>Violation of Law</u>. Each and every provision of this Declaration and any amendment hereto shall be subject to all applicable governmental ordinances and subdivision regulations and any future amendments thereto. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the subdivision is hereby declared to be a violation of these Restrictions and subject to any or all of the enforcement procedures set forth herein or in the By-Laws.
- C. <u>Remedies Cumulative</u>. Each remedy provided by these Restrictions is cumulative and not exclusive.
- D. <u>Non-Waiver</u>. Failure by the Board, the Association or by any Owner to enforce any of the provisions of these Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any of such provisions or any other provisions of these Restrictions.
- Section 7.04 Mortgage Protection.
 Notwithstanding any other provisions of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of a mortgagee or a beneficiary under a Deed of Trust upon a Dwelling Unit made in good faith and for value, and

recorded prior to the recordation of such amendment, provided that after the foreclosure of any such Deed of Trust or mortgage such Dwelling Unit shall remain subject to this Declaration, as amended.

Section 7.05 Construction.

- A. <u>Interpretation</u>. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of the subdivision. This Declaration shall be construed and governed by the laws of the State of Arizona. So long as the Federal Home Loan Mortgage Corporation shall be the holder of any first mortgage, this Declaration shall be interpreted conformity with all rules, regulations and requirements of the Federal Home Loan Mortgage Corporation applicable to conventional mortgages, in effect as of the date of this Declaration, or hereafter amended, and any provision hereof which is inconsistent therewith shall be deemed to be modified to conform thereto. If there is any conflict among or between this Declaration, the Articles of Incorporation of the Association, the By-Laws, or the Rules, the provisions of this Declaration shall prevail; thereafter, priority shall be given first to such Articles of Incorporation, then to such By-Laws, and then to such Rules.
- B. Restrictions Severable. Notwithstanding the provisions of the foregoing Subsection 7.05(A), each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.
- C. Rule Against Perpetuities. In the event the provisions hereunder are declared void by a Court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then in that event said periods of time shall be reduced to a period of time which shall not violate the rules against perpetuities as set forth in the laws of the State of Arizona.
- D. <u>Singular Includes Plural</u>. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.
- E. <u>Captions</u>. All captions and titles used in this Declaration are intended solely for convenience

or reference purposes only and in no way define, limit or describe the true intent and meaning of the provisions hereof.

Section 7.06. Savings Clause and Obligation of Developer to Pay Assessments. Developer shall be responsible for payment of any assessments established pursuant to this Declaration or the By-Laws on Dwelling Units owned by Developer; subject, however, to the following modifications:

- A. A Dwelling Unit owned by Developer which is still an "Empty Lot" with no construction of any onsite improvements commenced thereon or upon which onsite construction has been commenced, or which is a completed Dwelling Unit shall be assessed twenty-five percent (25%) of the maximum annual assessment established per Section 6.03. For so long as Developer is paying a reduced assessment under this Subsection, Developer shall be responsible for payment of funds necessary to cover any deficit in the Association's annual operating budget, and such funds shall not be reimbursed by the Association.
- B. For purposes of this Section 7.06, "completed Dwelling Unit" shall mean any Dwelling Unit ready for occupancy as a home that is in the condition of any other Dwelling Unit sold to persons living in the Subdivision (e.g., carpet, kitchen countertops and cabinets, plumbing and light fixtures, etc. installed).
- C. A Dwelling Unit owned by Developer which is rented or otherwise occupied shall be liable for the maximum annual assessment established per Section 6.03. Although Developer may voluntarily contribute additional funds for the maintenance of the Common Areas, or for the benefit of the Association, it is understood that Developer is not and shall not be liable for the payment of any contribution or assessment in excess of the maximum assessment established per Section 6.03.

Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association, at 5151 East Broadway, Suite 900, Tucson, Arizona, 85711; if to an Owner, to the address of the Owner within the subdivision; and if to the Declarant, at 3777 East Broadway, Tucson, Arizona 85716 with a copy to the Association, provided, however, that any

such address may be changed at any time by the party concerned by delivering written notice of change of address to the Association. Each Owner of a Dwelling Unit shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

Section 7.08 Binding Effect. By acceptance of a deed or acquiring any ownership interest in any of the Property included within this Declaration, each person or entity, for himself/herself, or itself, his/her heirs, personal representatives, successors, transferees and assigns, binds himself/herself, his/her heirs, personal representatives, successors, transferees and assigns to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the Property and hereby evidences his/her interest that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future owners, grantees, purchasers, assignees, and transferees Furthermore, each such person fully thereof. understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future owners.

Section 7.09 <u>Annexation</u>. Additional residential property and Common Area may be annexed by the Declarant to the Property with the consent of two-thirds (2/3) of each class of Members and the recording of a Declaration of Annexation.

Section 7.10 FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration and the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, public dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day, month and year first above written.

STEWART TITLE AND TRUST OF TUCSON, an Arizona corporation, as Trustee under Trust No. 1887, in its capacity as Trustee only and not individually.

By Dinks Trust Officer Trust Officer

STATE OF ARIZONA) ss.

COUNTY OF Pima)

On this the 5th day of April , 1983, before me, the undersigned officer, personally appeared Wanda Dannenfelser , who acknowledged herself to be a Trust Officer of STEWART TITLE AND TRUST OF TUCSON, an Arizona corporation, as Trustee under Trust No. 1887, as Trustee only and not otherwise, being authorized so to do, executed the foregoing instrument for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto sets my hand and official seal

Notary Public

My commission expires:

Pursuant to Section 33-401, ARS, the names and addresses of the beneficiaries as disclosed by the records of said Trust are as follows:

Trust No. 1887

Stewart Title & Trust of Tucson, as Trustee under Trust No. 2341 3777 East Broadway Blvd. Tucson, Arizona 85716 Shamrock Farms Company 1900 West Ruthrauff Tucson, Arizona 85705

Trust No. 2341

Cienega, Ltd. 5151 East Broadway Blvd. Suite 900 Tucson, Arizona 85711 First State Service Corporation Home Federal Savings Tower 32 N. Stone, 16th Floor Tucson, Arizona 85701

ARTICLES OF INCORPORATION OF

EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION

ARTICLES OF INCORPORATION

OF

EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned have this day associated ourselves together for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME

The name of the corporation is EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

PLACE OF BUSINESS

The principal place of business of EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC., hereinafter called the "Association", shall be Tucson, Pima County, Arizona, with its known place of business at 5151 East Broadway, Suite 900, Tucson, Pima County, Arizona 85711, c/o Cienega, Ltd., or such other place as may be determined from time to time by the Board of Directors.

ARTICLE III

PURPOSE

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are: To promote the health, safety and welfare of its members and to provide for maintenance, preservation and architectural control of certain Dwelling Units and ownership, maintenance, preservation and architectural control of certain Common Area within the subdivision in Pima County, Arizona, known as EDGEBROOKE VILLAGE II, on the Plat of the subdivision recorded in Book 36 of maps and plats at page 11 in

the office of the County Recorder of Pima County, Arizona, to have and to exercise all powers, rights and privileges which a non-profit corporation of the State of Arizona may by law now or hereafter have or exercise and to do and perform any and all acts and things to transact any business not inconsistent with law, which may be necessary, incident to or convenient in carrying out any of the purposes of the Association. The Association in the fulfillment of its purposes shall have those powers enumerated in A.R.S. Section 10-1005 and the Declaration of Covenants, Conditions and Restrictions of EDGEBROOKE VILLAGE II, as recorded May 3, 1983, in Book 7023, pages 1068 through 1104, inclusive, in the office of the County Recorder of Pima County, Arizona (the "Declaration"). The Association shall not carry on any activities not permitted to be carried on by a homeowners association exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Revenue law.

ARTICLE IV

INITIAL BUSINESS

The character of the business which the corporation initially intends actually to conduct in this State is the operation of a homeowners association.

ARTICLE V

MEMBERSHIP, VOTING AND OTHER RIGHTS

The authorized number and qualification of members of the Association; the different classes of membership, if any; voting and other rights and privileges of the members; and their liability for dues and assessments and the method of collection thereof, shall be provided for in the Declaration and as provided for in the By-Laws of the Association.

ARTICLE VI

STATUTORY AGENT

The initial statutory agent for the Association is hereby designated as HUCH M. CALDWELL, JR., 5151 East Broadway, Suite 1600, Tucson, Arizona 85711.

ARTICLE VII

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be five (5); the number of directors thereafter shall

be fixed by the By-Laws of the Association. The names and addresses of the persons who are to serve as directors until the First Annual Meeting of Members, to be held at a time and place as provided by the By-Laws, or until their successors are elected and qualified, are:

ANDREW B. KELLY 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

KEVIN OBERG 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

DAVID J. MARSHALL 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

W. WEBB PARKER 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

PATRICIA M. WILDER 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

ARTICLE VIII

INCORPORATOR

The name and address of the incorporator of this Association is:

ANDREW B. KELLY 5151 E. Broadway, Suite 900 Tucson, Arizona 85711

ARTICLE IX

EXEMPTION

The private property of each and every officer, director and member of this Association shall at all times be exempt from the debts and liabilities of the Association.

ARTICLE X

DISSOLUTION

Subject to the provisions of Article XIII, the Association may be

dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XI

GOVERNING DOCUMENTS

In the event that any part or provision of these Articles of Incorporation are in conflict or inconsistent with the Declaration, the terms and provisions of the Declaration shall prevail and supersede such conflicting or inconsistent provisions hereof, except as may otherwise be required by applicable law. Any provision contained in these Articles of Incorporation to the contrary notwithstanding, neither the corporation, the Board of Directors of the corporation, nor any agent or employee of the corporation shall be authorized or empowered to take any action inconsistent with the provisions of the Declaration.

ARTICLE XII

AMENDMENT TO ARTICLES

These Articles of Incorporation may be amended, altered or repealed only by the affirmative vote of seventy-five percent (75%) of the members of this corporation present in person or by proxy and entitled to vote at any duly constituted and convened regular or special meeting of members.

ARTICLE XIII

FHA/VA Approval

As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Bousing Administration

or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Arizona, the undersigned, constituting the only incorporator of this Association, has executed these Articles of Incorporation this 17th day of Oune, 1983.

ANDREW B. KELLY

STATE OF ARIZONA COUNTY OF PIMA ss:

On this day of day, 1983, before me, the undersigned Notary Public, personally appeared ANDREW B. KELLY, known to me to be the person whose name is subscribed to the foregoing Articles of Incorporation, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year first above written.

Patricia M. Wilder Notary Public

My commission expires:

My Commission Expires Nov. I, 1935

CONSENT OF STATUTORY AGENT

I, HUGH M. CALDWELL, JR., having been designated to act as Statutory Agent, hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

HUGH M. CALDWELL, JR.

BYLAWS OF

EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION

OF

EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS AND APPLICABILITY

Section 1.01 <u>Definitions.</u> In these By-Laws, unless the context otherwise requires;

- A. "Article" shall mean the Articles of Incorporation of the Association and Amendments thereto which are, or shall be filed in the office of the Arizona Corporation Commission.
- B. "Association" shall mean and refer to EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation, which shall be formed prior to the conveyance of the first Dwelling Unit, its successors and assigns.
 - C. "Board" shall mean the Board of Directors of the Association.
- D. "By-Laws" shall mean the By-Laws of the Association, together with any amendments thereto.
- E. "Common Area(s)" or "Common Property" shall mean all real property herein designated as the Common Area on the plat, improved or unimproved, owned by the Association for the common use and enjoyment of the Owners. The Common Area includes, but is not limited to, all recreational facilities, including the swimming pool. Common Property shall also include any real or personal property now or hereinafter owned by or leased by the Association.
- F. "Declarant" meas STEWART TITLE AND TRUST OF TUCSON, an Arizona corporation, as Trustee under Trust No. 1887, its nominees, successors or assigns while title holder of any dwelling unit either as the original Owner or Owner by reacquisition.
- G. "Declaration" or "Restrictions" shall mean the Declaration of Covenants, Conditions and Restrictions of EDGEBROOKE VILLAGE II, and any amendments thereto, recorded in Docket 7023, at Pages 1068 thru 1104, inclusive, in the office of the County Recorder of Pima County, State of Arizona.
- H. "Developer" shall mean CIENEGA, LTD., an Arizona corporation, its successors or assigns.
- I. "Dwelling Unit" or "Unit" shall mean the real property outlined on the Plat and encompassed within the boundary line surrounding the numbered

designation for that Dwelling Unit as shown on the Plat, together with any improvements placed within the confines of that boundary, including a garage or carport.

- J. "Lot" shall mean and refer to any numbered parcel of real property shown on the Plat.
- K. "Member" shall mean and refer to every person and/or entity who holds membership in the Association.
- L. "Mortgage" shall mean any Mortgage, Deed of Trust or other security instrument by which a Dwelling Unit or any part thereof is encumbered, and the term "first mortgagee" shall mean the holder of any mortgage under which the interest of any Owner of a Dwelling Unit is encumbered and which mortgage has first and paramount priority, subject only to the lien of general or ad valorem taxes and assessments.
- M. "Owner(s)" or "Homeowner" shall mean and refer to (1) the record Owner whether one or more persons or entities, of equitable or beneficial title in fee simple (or legal title if same has merged) of any Dwelling Unit or as the case may be (2) the purchaser of a Dwelling Unit under a recorded executory contract for the sale of real property. The foregoing does not include persons or entities who hold an interest in any Dwelling Unit merely as security for the performance of an obligation, or a lessee or tenant of an Owner as defined above, or a purchaser or vendee under an executory contract of sale which has not "closed" and/or been recorded in the office of the County Recorder of Pima County, Arizona.
- N. "Person" shall mean a natural individual or other entity with the legal right to hold title to real property.
- O. "Plat" shall mean the subdivision plat covering the Property under the name "EDGEBROOKE VILLAGE II", recorded in Book 36 of Maps and Plats at page 11 in the office of the County Recorder of Pima County, Arizona.
- P. "Property" or "Subdivision" shall mean all that real property identified in the Plat.
- Q. "Rules" shall mean the rules adopted by the Board pursuant to these By-Laws.

ARTICLE II

MEMBERSHIP AND VOTING

Section 2.01.

- A. Qualifications. Each Owner (including Developer) of a Dwelling Unit by virtue of being such an Owner and for so long as he is such an Owner, shall be deemed a member of the Association. No Owner shall have more than one (1) membership for each lot owned.
- B. <u>Certificates of Membership</u>. Each Owner is automatically a member of the Association. The Association shall, upon incorporation, issue the same

number of certificates of membership in the Association as there are Dwelling Units to Owners (other than Developer) reflecting their voting status as provided for in the Declaration. In the event any Dwelling Unit is owned by two (2) or more persons, a single certificate shall be issued in the name of all of said persons, and said persons shall designate to the Association, in writing, the one of their number authorized to vote said certificate at any and all meetings of the Association. No certificate shall be transferred to any person or persons other than another Owner of record. Any member who has disposed of all his interest in any Dwelling Unit shall forthwith surrender his certificate evidencing membership in the Association, and a new certificate shall be issued in the name of the person or persons or entity acquiring his interest in a Dwelling Unit. Failure to surrender such certificate shall, nevertheless, upon the sale by a member of his interest in any Dwelling Unit, void his certificate and all of his rights as a member of the Association. Notwithstanding the foregoing, upon the sale of a Dwelling Unit by Developer, Developer shall retain such voting rights as well as any other rights in the Association as hereinafter specified.

- C. <u>Transfer of Membership</u>. Membership of each Owner (including Developer) in the Association shall be appurtenant to the Dwelling Unit owned and shall not be transferred, pledged or alienated in any way except upon the transfer of ownership to said Dwelling Unit, and then only to the transferee thereof. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Dwelling Unit shall operate automatically to transfer said membership to the new Owner thereof.
- Section 2.02. <u>Voting Rights.</u> The Association shall have two (2) classes of voting membership.
- Class A: Class A members shall be all Owners, with the exception of Developer, and shall be entitled to one (1) vote for each Dwelling Unit owned. When more than one (1) person holds an interest in any Dwelling Unit, all such persons shall be members. The vote for such Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Dwelling Unit.
- Class B: The Class B member shall be Developer, and shall be entitled to three (3) votes per each Dwelling Unit owned. The Class B membership shall cease and be converted to class A membership on the happening of either of one of the following events, whichever occurs earlier:
- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
 - (b) On the date as set forth in the Declaration.
- Section 2.03. Proxies. Votes may be cast by written proxy provided that proxies are filed with the Secretary of the Association on or before the appointed time of the meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by the member of his Dwelling Unit.

ARTICLE III

ADMINISTRATION

Section 3.01. Association Responsibilities. The Association shall have the responsibility of administering the Common Area(s) or the Common Property, approving the annual budget, establishing and collecting assessments together with such other responsibilities as set forth in these By-Laws and the Declaration. In general, the Association shall be the representative of each Owner (including Developer) for every problem which affects more than one Dwelling Unit. The Association shall be legally constituted and in existence prior to the conveyance of the first Dwelling Unit by Declarant.

Section 3.02. Annual Meetings of Owners. The first annual meeting and each annual meeting thereafter of the Owners shall be held on the second Tuesday in January of each year beginning on the second Tuesday in January following incorporation of the Association, at such time and place convenient to the Owners as may be designated by the Board of Directors. The Board of Directors may designate another date for such annual meeting not more than thirty (30) days before or after the date fixed for said annual meeting by written notice of the Board given to the Owners not less than fifteen (15) nor more than thirty (30) days prior to the date fixed for said annual meeting specifying the date, time and place thereof.

Section 3.03. Special Meetings of Owners. A special meeting of the Owners (including Declarant) may be called at any reasonable time and place by written notice of the Board of Directors or by the Owners having one-fourth (1/4) of the total votes and delivery of written notice to all other Owners not less than fifteen (15) days nor more than thirty (30) days prior to the date fixed for said meeting, specifying the date, time and place thereof, and the nature of the business to be undertaken. No business shall be transacted at a special meeting except as stated in said notice.

Section 3.04. Notice of Meeting. It shall be the duty of the Secretary of the Association to mail or deliver a notice of each annual or special meeting within the time period specified above stating the purpose thereof as well as the date, time and place where it is to be held to each Owner of record. The mailing or delivery of such notice to each Owner shall be considered notice served.

Section 3.05. Quorum and Adjourned Meeting. The presence at any meeting of Owners entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. Except as otherwise provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of the Owners having a majority of the total votes present at such meeting either in person or by proxy. The Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum.

Section 3.06 Order of Business. The order of business at all regular annual meetings of the Association shall be as follows:

- A. Roll call.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading of minutes of preceding meeting.
- D. Report of officers.
- E. Report of committees.
- F. Election of Directors.
- G. Unfinished business.
- H. New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.01 Number and Qualifications. The affairs of the Association shall be conducted by a Board of Directors, who need not be Owners, comprised of five (5) persons. The initial Board of Directors appointed in the Articles shall hold office until the first regular annual meeting of the Association.

Section 4.02 Election and Term of Office. Following the initial Board. the Board of Directors, comprised of five (5) persons, shall be elected at a regular annual meeting of the Association by a vote of a majority of Owners (including Developer) present either in person or by proxy, constituting a quorum, for a term until the next regular annual meeting, unless a longer or shorter term is authorized as hereinafter provided and shall hold office until their successors are elected and qualified. The members of the Board may succeed themselves indefinitely, but in no instance shall there be more than one (1) board member from each Dwelling Unit. Except for the initial Board of Directors appointed under the Articles of the Association, who shall serve until the first regular annual meeting of the Association, the Directors shall serve staggered terms on a three-two basis as follows: Each of the three (3) Directors with the most votes elected at the first regular annual meeting of the Association shall serve a two (2) year term, and each of the next two (2) Directors elected at that meeting shall serve a one (1) year term. Thereafter, all Directors shall be elected to two (2) year terms. elections and appointments of Directors under these By-Laws shall be for such terms as will preserve the staggering of terms as provided in this Section.

The Board of Directors prior to a regular annual meeting shall appoint a nominating committee to obtain a list of names of Owners who desire to serve on the Board of Directors to be elected at the forthcoming regular annual meeting and the nominating committee shall inform the Owners that it is accepting names of persons to serve on the Board of Directors. After the nominating committee has determined which Owners are willing to serve on the Board of Directors, it shall prepare a list of such names and submit it at the next regular annual meeting for a vote of the Owners. Nominations from the floor shall also be permitted at that meeting. Election of the Board shall be by secret written ballot. All elections in which more than two (2) positions on the Board are to be filled shall be by cumulative voting. The nominating committee shall count and verify the ballots collected at the regular annual meetings.

Section 4.03 <u>Vacancies</u>. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by vote of the Owners shall be filled by vote of the majority of the remaining Directors, even though they

constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next regular annual meeting of the Association.

Section 4.04 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 4.05 Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such a meeting, provided a majority of the whole Board shall be present.

Section 4.06 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but such meeting shall be held at least quarterly during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail or telephone at least three (3) days prior to the day set for such meeting.

Section 4.07 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) day's notice to each Director, given personally, by mail or telephone, which notice shall state the date, time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors. Notwithstanding the foregoing, a majority of the Directors may waive the three (3) day's notice requirement for calling a special meeting and convene a special meeting at such date, time and place as agreed upon by the majority of Directors.

Section 4.08 <u>Board of Director's Quorum</u>. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

Section 4.09 Powers and Authority of the Board. The Board of Directors shall have all the powers of an Arizona non-profit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Association's Articles of Incorporation, these By-Laws and the Declaration. The Board shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of said Articles, these By-Laws and the Declaration, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association. Without in any way limiting the generality of any of the foregoing provisions, the Board shall have the power and authority at any time to do the following:

A. Care, upkeep, repair and supervision of the Common Area(s) and

facilities. The Board shall determine all maintenance and repair expenses on the basis of at least three (3) independent bids, whenever possible; the bids shall be submitted by reputable contractors or persons in the business of performing said maintenance and repairs. The Board shall select the best bid which need not be the lowest bid, and the Board's decision in this regard shall be final and conclusive.

- B. Collection of assessments from Owners.
- C. Designation and dismissal of personnel necessary for the maintenance and operation of the Common Property.
- D. To maintain insurance coverage as provided for in the Declaration and to use the insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance and pay any balance remaining to the Developer and Owners and their mortgagees as their interest may appear.
- E. To grant and convey easements and rights-of-way in accordance with the terms of the Declaration.
- F. To retain and pay for legal and accounting services necessary or proper in the operation of the Common Area(s) and facilities, enfocement of these By-Laws and the Declaration, or in any of the other duties or rights of the Association.
- G. To maintain and repair drainage and other easements, private pedestrian walkways, sewers, sidewalks, streets, roadways, roadway rights-of-way, parking lots, median strips, entry details, walls or other areas not maintained by governmental entities or Owners.
- H. To obtain or pay for, as the case may be, any other property, or services, which the Board deems necessary including security services for the Common Area(s) and facilities.
- I. To enter at any reasonable time upon any exterior portion of any Dwelling Unit for the purpose of carrying out its duties and obligations for exterior maintenance and landscaping pursuant to the Declaration.
- J. To regulate the use and provide for appropriate safety measures for all Common Area(s) including, but not limited to, private streets and parking areas.
 - K. To maintain all Common Area(s) in a neat and attractive manner.
- L. To construct new improvements or additions to the Common Area(s) or demolish or replace existing improvements; provided that in the case of any improvements, additions or demolition (other than maintenance or repairs to existing improvements and reconstruction made pursuant to Section 4.16 hereof) involving a special assessment, the vote of Owners having two-thirds (2/3) of the total vote present, voting either in person or by proxy at an annual or special meeting called for the purpose of approving plans and a maximum total cost thereof shall first be obtained. The Board shall levy a special assessment on all Owners for the cost of such work pursuant to these By-Laws

and the Declaration.

- M. Assign parking spaces.
- N. To utilize water metered to the Dwelling Units for watering of the plants, trees and shrubs in the Common Area; provided, however, and on the conditions, the Association reimburses Owners on a fair and equitable basis for the cost of water so utilized.
- O. To select and employ a trust company, bank or professional property management company, in Tucson, Arizona, to collect and disburse funds of the Association under such terms and conditions approved by the Board.
- Section 4.10 Management. The Board shall control, maintain, manage and improve the Common Area(s) as provided in these By-Laws, the Articles and the Declaration. Such right and power of control and management shall be exclusive. In managing the Common Area(s), the Association hereby accepts all responsibility for the control, maintenance, safety and liability of such Common Area(s), including but not limited to collecting and paying taxes on Common Area(s), which shall be assessed by the County Assessor. Any agreement for professional management of the subdivision, or any other contract providing for services of the Developer shall not exceed one (1) year, but may be renewable for successive one (1) year periods upon agreement of the parties. Any such agreement shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days (or less if agreed to) written notice and for termination with cause and without payment of a termination fee upon thirty (30) days written notice.
- Section 4.11 <u>Taxes.</u> Owners shall pay all real estate and personal property taxes which may be assessed against their respective Dwelling Units. The Association shall pay all taxes levied upon any property conveyed, leased or otherwise transferred to the Association, to the extent not assessed to Owners.
- Section 4.12 Fidelity Bonds. The Association shall purchase and maintain in force, if available, fidelity coverage against dishonest acts on the part of directors, officers, managers, trustees, employees, or volunteers responsible for handling funds belonging to or administered by the Association. Such fidelity bonds or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is, in no event, less than 1-1/2 times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added, if the policy would not otherwise cover volunteers.
- Section 4.13 <u>Assessments</u>. The Board of Directors shall levy and collect assessments pursuant to the provisions of these By-Laws and Article VI of the Declaration.
- A. The Board of Directors shall keep books with detailed accounts affecting the administration of the Common Area(s) specifying the maintenance, repair and replacement expenses thereof and any other expenses incurred. The books and vouchers shall be made available for examination to any of the

Owners at convenient hours on working days. At the Annual Meeting, the Board shall make available to the members of the Association, a complete financial report pertaining to the Association's financial condition. Upon the vote or written request of twenty-five percent (25%) of the Association's members, the Board shall appoint a committee of at least three (3) members to audit the books or in the alternative shall contract with a private accounting firm to audit same.

- B. In the event the insurance proceeds paid for the damage or destruction by fire or other casualty to any part of the Dwelling Units or Common Area(s) covered by insurance written in the name of the Association are insufficient to pay all of the costs of repairing and/or rebuilding to the same condition as formerly, the Board shall levy a special assessment against the Dwelling Unit Owner if liable under local law for the damage or destruction, and if no Owner is liable for said damage or destruction, then the Board shall levy a special assessment against all Owners in the same proportion as their regular assessment to make up any deficiency. The Owner at fault or the Owners, whichever is the case, shall pay such special assessment in such amounts and at such times as the Board determines to such depository as may be designated by the Board.
- Section 4.14 <u>Authorized Payments by the Association</u>. The Board of Directors shall have the exclusive authority to make payments out of the Association's funds for the benefit of each Owner; this authority shall include but shall not be limited to the following:
- A. Water service for the Common Area(s) and rights of way in which landscaping has been planted.
 - B. Utility service for the Common Area(s).
- C. All goods, materials, supplies, labor, services, maintenance, repair, alterations, reconstruction and insurance which the Board of Directors is authorized to obtain and pay for pursuant to these By-Laws and the Declaration or which are authorized by the Owners for the convenient operation of the Common Property.
- D. Workmen's Compensation Insurance to the extent necessary to comply with any applicable laws.
- E. Professional management services as provided herein, legal, accounting and other services contracted for by the Board of Directors if it is deemed necessary by them for the operation and maintenance of the Common Property, protection of any of the Common Property or in the best interest of the Owners.
- F. All costs of enforcing the provisions of these By-Laws and the Declaration, including attorney's fees and court costs, provided that all costs incurred for the enforcement of the provisions of these By-Laws and the Declaration against any Owner shall be assessed specially against such Owner.
- Section 4.15 Rules and Regulations. The Board of Directors shall have the power to adopt and publish rules and regulations governing the use of the Common Property, and such rules and regulations shall be binding upon the members of the Association.

Section 4.16 <u>Damage and Destruction</u>. In the case of damage by fire or other casualty to the Common Property or Dwelling Units:

- A. Destruction Insurance Proceeds. If insurance proceeds do not exceed the sum of Twenty-Five Thousand and No/100ths Dollars (\$25,000.00), and the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than Five Thousand and No/100ths Dollars (\$5,000.00), such insurance proceeds shall be paid to the Association, which thereupon shall contract to repair or rebuild the damaged property; and if the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding the damaged property, the Board shall levy a special assessment as provided for in Section 4.13 of these By-Laws to make good any deficiency.
- B. Reconstruction. If insurance proceeds exceed Twenty-Five Thousand and No/100ths Dollars (\$25,000.00) or the cost of repairing or rebuilding exceeds available insurance proceeds by more than Five Thousand and No/100ths Dollars (\$5,000.00), then:
- l. The insurance proceeds arising out of damages to said property shall be paid to such bank or other trust company as may be desiganted by the Board, to be held in separate trusts for the benefit of Owners and their mortgagees, as their respective interests shall appear. The Board is authorized to enter, on behalf of the Owners, into an agreement with such insurance trustee relating to its powers, duties and compensation, on such terms as the Board may approve consistent herewith.
- 2. The Board shall obtain firm bids from two (2) or more responsible contractors, to rebuild any portions of said property in accordance with the original plans and specifications with respect thereto and shall, as soon as possible thereafter, select the best bid which need not be the lowest bid.
- 3. Upon acceptance of a bid, the Board shall levy a special assessment or special assessments on the Owners pursuant to these By-Laws and the Declaration to make up any deficiency between the total insurance proceeds and the contract price of repairing or rebuilding the damaged property and such assessment or assessments and all insurance proceeds, whether or not subject to liens or mortgages, shall be paid to said insurance trustee to be used for such rebuilding. If two (2) or more assessments are levied, such assessments may be made due on such dates as the Board may designate over a period of not to exceed twenty (20) years and the Board may borrow money to pay the aforesaid deficiency, and may secure such borrowing by an assignment of the Association's right to collect such assessments, or by a pledge of any personal property held by it in trust for the Owners, or by both.

ARTICLE V

OFFICERS

Section 5.01 <u>Designation</u>. The principal officers of the Association shall be a President, a Vice President, a Secretary and Treasurer, all of whom shall be Directors. Only the offices of Secretary and Treasurer may be held by the same person.

Section 5.02 <u>Election of Officers</u>. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 5.03 Removal of Officers; Vacancies. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected to serve the remainder of the term at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Upon an affirmative vote of a majority of the members of the Board of Directors, a vacancy in any office may be filled by the Board, and the officer appointed to such vacancy shall serve the remainder of the term of the officer he replaces. If the office of President becomes vacant, the Vice President shall automatically fill the vacated office of President.

Section 5.04 <u>President.</u> The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of a corporation, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5.05 <u>Vice President</u>. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 5.06 <u>Secretary</u>. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; the Secretary shall have charge of such books and papers as the Board of Directors shall direct, and shall in general perform all the duties incident to the office of Secretary.

Section 5.07 The Treasurer shall have responsibility for Treasurer. Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association unless such function is delegated by the Board of Directors to a trust company, a bank or a professional property management company as authorized under Section 4.09P of these By-Laws. The Treasurer shall be responsible for the deposit of all monies and other valuable effects which he personally collects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. All funds of the Association over which the Treasurer has direct control shall only be withdrawn upon his/her signature; the Board may require the signature of one other member of the Board for disbursement of Association funds.

Section 6.01 <u>Assessments</u>. All owners shall be personally obligated to pay annual and special assessments imposed by the Association to meet all common expenses, which shall include, but not be limited to: insurance premiums; maintenance, upkeep and replacement of the Common Property; reserve contingencies; taxes and utilities for the Common Area(s); and any other charges agreed upon by a vote of the Owners. Subject to those provisions of Section 6.04 of the Declaration regarding the Developer, no owner may exempt himself from contributing toward such expenses by waiver or non-use of the Common Property or by abandoning his Dwelling Unit. The assessments shall be made in the manner provided in Section 4.03 of these By-Laws and Article VI of the Declaration.

ARTICLE VII

AMENDMENTS

Section 7.01 Amendment of By-Laws. The By-Laws may be amended by the President and Secretary of the Association certifying that such amendment has been approved by the vote or written consent (with or without an Association meeting; subject, however, to the voting rights as set forth in Section 2.02) of the then owners of not less than fifty-one (51%) percent of the Dwelling Units, and the amendment of the By-Laws shall be effective upon their execution by the President and Secretary of the Association. Any amendments of these By-Laws shall, however, be subject to Veterans Administration and Federal Housing Administration approval as long as there is Class B membership.

ARTICLE VIII

MORTGAGES

Section 8.01 Notice to Association. An Owner who mortgages his Dwelling Unit shall notify the Association through the management agent, if any, or the President or the Board of Directors in the event there is no management agent, giving the name and address of his mortgagee; and the Association shall maintain such information in a book entitled, "Mortgagees of Dwelling Units".

ARTICLE IX

GENERAL PROVISIONS

Section 9.01 <u>Conflict</u>. In the event of any conflict or inconsistency between the provisions of these By-Laws and the Declaration of Covenants, Conditions and Restrictions recorded in the office of the County Recorder, Pima County, Arizona, in Docket 7023 at pages 1068 through 1104, inclusive, or with the Rules, Regulations and Requirements of the Federal Home Loan Mortgage Corporation, or the Federal Housing Administration, or the Veterans Administration, the terms and provisions of the Declaration and the Rules, Regulations and Requirements of the Federal Home Loan Mortgage Corporation or the Federal Housing Administration or the Veterans Administration, as the case may be, shall prevail and supersede such conflicting or inconsistent provisions of these By-Laws. Neither the Association nor the Board of Directors, nor any agent or employee shall be authorized or empowered to take any action inconsistent with the provisions of the above-referenced Declaration of Covenants, Conditions and Restrictions.

Section 9.02 <u>Singular Includes Plural</u>. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

Section 9.03 <u>Captions</u>. All captions and titles used in these By-Laws are intended solely for the convenience of reference purposes only and in no way define, limit or describe the true intent and meaning of the provisions hereof.

IN WITNESS WHEREOF, the Association, a non-profit Arizona corporation, has hereunto caused its corporate name to be signed, its corporate seal affixed, and the same to be attested by the signature of its duly authorized officer this 17 day of 1983.

ESTABLISHMENT OF BY-LAWS

We, the undersigned, being all of the Directors of EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC., do hereby certify:

That we are entitled to exercise all of the voting power of said EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC.;

That we hereby assent to the within and foregoing By-Laws and hereby adopt the same as the By-Laws of said EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 17^{++} day of (une , 1983.

ANDREW B KELLY

W. WEBB PARKER

PATRICIA M. WILDER

Directors

I, the undersigned, the duly elected and acting Secretary of EDGEBROOKE VILLAGE II HOMEOWNERS ASSOCIATION, INC., do hereby certify:

That the within and foregoing By-Laws were adopted as the By-Laws of the

said Association on the day of June, 1983, and that the same deconstitute the By-Laws of said Association.	lo now
IN WITNESS WHEREOF, I have hereunto subscribed my name this 1770 of June, 1983.	
fatricia M. Wilder	
Secretary	

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