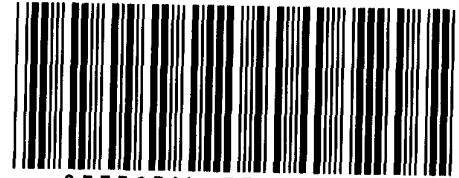


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**2004 Declaration
of
Covenants, Conditions, Reservations
and Restrictions**

for

Golden Keys Subdivision

**Approved by the Owners
February 2003**

As amended March 2004

**Qualified under the U.S. Housing
for Older Persons Act of 1995**

Golden Keys
Homeowners Association, Inc.
2004 Amended and Restated
Covenants, Conditions, Reservations and Restrictions

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**2004 DECLARATION
OF COVENANTS, CONDITIONS, RESERVATIONS AND RESTRICTIONS
FOR GOLDEN KEYS SUBDIVISION**

In accordance with Arizona Statutes and Rules applicable to home owner associations this Declaration is made on the date hereinafter set forth by Golden Keys Homeowners Association, Inc. ("Association") with the approval of its Members, according to the provisions of the amended Declaration recorded at instrument number 2003-0228692, in the office of the County Recorder of Maricopa County, Arizona. This Declaration supercedes and replaces any previous Declaration of the Association.

WITNESSETH

The Owners of certain real property situated in the City of Scottsdale, Maricopa County, State of Arizona, legally described on Exhibit A attached hereto and incorporated by reference herein, do hereby declare:

"WHEREAS, the Association recorded a 2003 Declaration of Covenants, Conditions, Reservations and Restrictions for Golden Keys Subdivision, an Adult Community, on February 26, 2003, at recording number 2003-0228692, records of Maricopa County, Arizona, that restated the original Declaration and all amendments thereto;

WHEREAS, the Members of the Association passed amendments to the Declaration in March, 2004, and the Association wishes to restate the Declaration in its entirety, incorporating the amendments approved by the members.

NOW THEREFORE, the Association hereby declares that all of the Properties described in Exhibit A shall be held, sold and conveyed subject to the following Covenants, Conditions, Reservations and Restrictions ("Declaration") which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors, grantees and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

As used herein below the following terms shall mean:

1. "Architectural Standards Committee" shall mean the committee described in Article VI of this Declaration.
2. "Association" shall mean and refer to Golden Keys Homeowners Association, Inc. an Arizona Non-Profit Corporation, its successors and assigns.
3. "Association Rules" shall mean and refer to the rules and regulations adopted by the Board pursuant to this Declaration or the By-Laws, as the same may be from time to time amended.
4. "Board" shall mean the duly elected Board of Directors.
5. "By-Laws" shall mean the By-Laws adopted by the Board of the Directors of the Association.
6. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.
7. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Reservations and Restrictions applicable to the Properties as recorded in the office of the County Recorder, Maricopa County, Arizona.
8. "First Mortgage" shall mean any Realty Mortgage, Land Contract or Deed of Trust made in good faith and for value and properly executed and recorded so as to create a lien on any parcel or parcels that is prior to the lien of any Realty Mortgage, Land Contract or Deed of Trust.
9. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the Properties with the exception of the Common Area.
10. "Member" shall mean any person or persons having legal ownership of any Lot within the subdivision, as further described in this Declaration.
11. "Member in Good Standing" shall mean a Member who is not delinquent in the payment of any assessment or any other amount owed to the Association.
12. "Mortgage" shall mean any recorded Real Property Mortgage, or recorded Deed of Trust, and any similar security instruments

13. "Owner" shall mean the record Owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
14. "Occupant" shall mean the person or persons in rightful possession of a Lot, whether or not an Owner.
15. "Percentage" shall mean the whole number derived when rounding the resulting number upward.
16. "Properties" shall mean Lots 1 through 184 inclusive and Tract A Golden Keys Subdivision as referenced in Exhibit A.
17. "Resident (s)" Shall mean the person or persons living in the dwelling structure of any Lot who is not a visitor or transient.

ARTICLE II

HOUSING FOR OLDER PERSONS

Pursuant to the Housing for Older Persons Act of 1995 (the "Act"), as it may be amended from time to time, and in compliance with rules and regulations of the United States Department of Housing and Urban Development;

- (a) The Association through its Board shall publish and adhere to policies and procedures which demonstrate an intent on the part of the Association to provide housing for older persons and comply with the Act.
- (b) The housing at Golden Keys Subdivision is reserved for occupancy by at least one Resident per Lot who is fifty-five (55) years of age or older.
- (c) All Lots shall be restricted to Residents who are eighteen (18) years of age or older.
- (d) No person under the age of eighteen (18) may occupy a Lot for more than forty-five (45) days in any calendar year. The Board may grant exceptions upon written petition for same. Reservations and limitations may be included in such approval.
- (e) Submittal to the Board for approval of Lot purchase shall include;
 - (i) The qualifying resident shall supply a copy of a legal document showing his/her date of birth; and

(ii) An affidavit of intent, signed by the prospective Owner, stating that a person or persons age fifty-five (55) or older will reside in the subject dwelling during the time the dwelling is occupied.

**ARTICLE III
PROPERTY RIGHTS**

Section 1. Owners` Easements of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas which shall be appurtenant to and shall pass in title to every Lot, subject to the following provisions:

(a) The right of the Association to suspend voting rights of an Owner and privileges of the recreational facility for (1) any period during which any assessment against his/her Lot remains unpaid; and (2) for a period not to exceed sixty (60) days for an Owner infraction or violation of the Association's Rules and Regulations or its By-Laws, and this Declaration.

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer agreed to by two-thirds (2/3) of all Members has been recorded with the Maricopa County Recorder;

(c) The right of the Association to limit the number of guests of Members when using the Common Areas;

(d) The right of the Association to establish uniform Rules and Regulations pertaining to the use of the Common Areas and the recreation facilities thereon;

(e) The right of the Association to amend these Declarations, the Association's Articles and By-Laws or the Association's published Rules and Regulations.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3 Exemption of Assessments. No Owner may exempt him/her self from personal liability for assessments duly levied by the Association, nor release the Lot owned by him/her from the liens and charges discussed and herein, by waiver of the use and enjoyment of the Common Areas and the facilities thereon or by abandonment of his/her Lot.

Section 4. Sale, Transfer or Conveyance of Lots. The Board shall approve all transfers of ownership of Lots subject to the requirements of this Declaration, the Articles, and the By-Laws of the Association.

The prospective transferee shall complete an "Application to Purchase" form, with the specified information that satisfies the requirements of the Association.

(a) The Association shall approve all transfers of ownership so long as the purchaser of the Lot has provided an affidavit verifying that the occupant of the Lot will meet the age requirements of the Declaration.

(b) To provide sufficient time for the Board to act, submission for approval of the "Application" form must be delivered to the Board not less than fifteen (15) days prior to the close of Escrow, unless waived by the Board on a case by case basis.

(c) Prior to the close of Escrow the Owner of the subject Lot shall have corrected any deficiency for which he/she has been previously notified, in writing, by the Board.

(d) Subsequent to the close of Escrow, the Escrow agent shall deliver to the Association a copy of the recorded deed.

(e) The Owners of any Lot who has assumed ownership for a reason other than a sale, must comply with all the requirements of this Section 4. Persons whose name(s) is/are different than the records of the Association shall, within thirty (30) days notify the Association Secretary in writing of the change. At the time a new deed of ownership is issued a copy of the recorded deed shall be delivered to the Association Secretary.

(f) Irrespective of the method by which a new Owner acquires ownership, Residents of the Lot must meet the requirements for residency in Golden Keys as defined in Article II of this Declaration. Upon written request an exception may be granted by the Board in the event of the death of a qualified resident.

Section 5. Leasing, Renting. In the interest of preserving the property values of all Lots within the subdivision, the total number of Lots in the Properties that may be leased by Owners is restricted to five percent (5%) of the total number of Lots within the Properties. However, Owners that are leasing their Lots at the time that this Amendment is passed will be allowed to continue leasing their Lots until the Lots are sold. No new Lots may be leased until the number of Lots being leased is less than five percent (5%) of the total number of Lots. A waiting list for leasing of Lots will be established with the Association. The order of priority on the initial waiting list formed after this amendment is passed will be established pursuant to rules and regulations adopted by the Board of Directors. Thereafter, the order on the waiting list will be based on a first come, first serve basis based on the date that the Association receives written notification of an Owner's desire to be placed on the waiting list. Any additional adjustments to the waiting list that are required will be based on rules and regulations adopted by the Board of Directors. When the number of Lots being leased is less than five percent (5%) of the total number of Lots, the Association will allow the first Owner on the waiting list to lease his/her Lot. The Association will always allow the first Owner on the waiting list to lease his/her Lot unless said Owner no longer desires to lease the Lot.

All leases shall be made subject to the provisions contained in this Declaration, the Articles of Incorporation, By-Laws, and Rules and Regulations of the Association.

Lease or rental applicants must meet the age requirements as defined in Article II of this Declaration. All lease or rental agreements shall be submitted to the Board and accompanied with a completed application, with proof of age, and require approval of the Board prior to the commencement of the lease solely for confirming that the residents meet the age requirements set forth in Article II of this Declaration.

The lease or rental term shall be for a minimum of twelve (12) months. Applications for lease or rental must be submitted no later than fifteen (15) days prior to move in.

A. The Association will allow Lots to be leased in the following two (2) situations, even if five (5%) percent or more of the Lots are already Leased:

(1) If age or medical condition require the Owner to move into an assisted living or nursing care center;

(2) If the estate of the deceased Owner desires to lease the Lot until the estate is probated or until heirs are of age to live in Golden Keys subdivision.

B. For the Owner to qualify for either of the above exceptions, the Owner must submit the request in writing to the Board of Directors in advance of the need for the exception, and receive written approval from the Board of Directors.

Section 6. Restrictions on Mortgaging Lots. Notwithstanding anything to the contrary stated herein, no Owner shall be restricted in his/her right to mortgage or otherwise encumber the Lot or Lots which he/she owns.

Section 7. Right of Ingress and Egress. Every Owner shall have an unrestricted right of ingress and egress to his/her Lot which shall be appurtenant to and shall pass with the title to every Lot.

Section 8. Change in Name, Number of Residents. Owners shall notify the Board in writing, within thirty (30) days, when there is a change in the name or number of occupants in said dwelling. Such notice shall include person's name, relationship (if any) and age.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to an assessment as provided herein is a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Membership Privileges. The record Owner of each Lot shall be granted one membership in the Association, for him/her self and his/her family, which shall be subject to all of the provisions of the Association's Articles of Incorporation, By-Laws, and this Declaration, as now in effect or duly adopted or amended.

Section 3. Membership, Prohibited Transfers. A membership, in the Association shall not be transferred, pledged or alienated in any way, except on the sale of a Lot and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process.

Section 4. Voting Rights. All Owners of Lots shall be Members of the Association and shall be entitled to one vote for each Lot owned.

Section 5. Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any amount due pursuant to any provision of this Declaration for a period of thirty (30) days or shall be delinquent in the performance of any provisions of this Declaration for a period of thirty (30) days, such Owners right to vote as a Member of the Association shall be suspended and shall remain suspended until payments, including interest and/or penalties are brought current and/or any delinquency of performance, as defined above, is cured.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS AND TRANSFER FEES

Section 1. Association to Act on Behalf of Lot Owners. The Association shall do all things necessary for the general benefit and welfare of the Lot Owners in the subdivision, and shall manage and maintain the commonly owned lands, including plantings, approaches, recreation areas in said subdivision and do all other necessary things as set forth in the Articles of Incorporation and By-Laws of the Association.

Section 2. Creation of Personal Obligation of Assessments. Each Lot Owner hereby covenants, and by acceptance of a deed or other conveyance therefor whether or not it shall be so expressed in such deed or other instrument, is deemed to covenant and agree to pay to the Association: (1) annual assessments, and (2) any special assessments, and (3) insurance assessments, Such assessments to be established and collected as hereinafter provided.

Section 3. Creation of Lien upon Lot. Any assessment, together with interest, late fees, penalties, costs of collection, and reasonable attorney's fees, shall also be a charge on the land and shall be a continuing lien upon the Lot. Each such assessment, together with interest, late fees, penalties, cost of collection, and reasonable attorney's fees, shall also be the personal obligation of the person who was an Owner of such property at the time the assessment fell due. The personal obligation for delinquent assessments shall not transfer to successors in title unless expressly assumed.

Section 4. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Lot Owners and to provide for the improvement and maintenance of the Common Areas and of the improvements situated upon the Common Areas.

Section 5. Establishment of Assessments. Each Owner of a Lot covenants for themselves and their heirs, successors and assigns, that such Lot shall be subject to an assessment in an amount to be determined by the Association, as permitted by this Declaration. The amount to be pro-rated among the Members of the Association shall be established annually by the Board.

Section 6. Annual Assessment. The annual assessment established by the Board for the association fiscal year 2002-2003 (beginning May 1, 2002 and ending April 30, 2003) is three hundred eighty five dollars (\$385).

(a) The annual assessment may be increased in any year by a majority vote of the Board by the greater of ten percent (10%) or the percent that the cost of living has increased above the previous year according to the Consumer Price Index, or any other reliable source if the CPI ceases to be published, without a vote of the membership. The increase based on the cost of living increase is limited to twenty percent (20%).

(b) The annual assessment may be increased by an amount greater than the limits listed in the above Paragraph (a) provided that any such increase is approved by a majority vote of the Members who are voting in person or by proxy, at a meeting duly called for this purpose, held in compliance with Section 8 of this Article.

Section 7. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas including fixtures and personal property related thereto. Such assessment must have the approval of a majority vote of the Members who are voting in person or by proxy, at a meeting duly called for this purpose, or at an annual membership meeting, provided that the quorum requirement at the meeting held for the purpose of voting on the special assessment shall be the same as required in Section 8 of this Article.

Section 8. Notice and Quorum for any Action Authorized Under Sections 6 and 7.

Written notice of any meeting called for the purpose of taking any action authorized under Section 6 or Section 7 of this Article shall be sent via United States mail to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first meeting called, the presence of Members or of proxies entitled to cast fifty one percent (51%) of all the votes of the Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The Association may continue to hold subsequent meetings with the same notice requirements and a quorum requirement of one-half (1/2) of the required quorum at the preceding meeting until a quorum is present in person or by proxy.

(a) Alternatively, notice may also be given to each Member by hand delivery to the residence address as shown on the books of the Association.

(b) Such notice shall specify the place, day and hour of the meeting and the purpose of the meeting.

Section 9. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected as directed by the Board.

Section 10. Date of Commencement of Assessments; Due Dates. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and shall provide the Lot Owners with written notice. The Association shall, upon written request furnish to a lien holder, Lot Owner or person designated by a Lot Owner a statement setting forth the amount of any unpaid assessment against the Lot. The Association shall furnish the statement within fifteen (15) days after receipt of the request, and the statement is binding on the Association, the Board and every Lot Owner if the statement is requested by an escrow agency that is licensed pursuant to Title 6, Chapter 7. Failure to provide the statement

to the escrow agent within the time provided for shall extinguish any lien for any unpaid assessment then due.

Section 11. Effect of Nonpayment of Assessments: Remedies of the Association.

Any assessment not paid within thirty (30) days after the due date shall be subject to interest and/or penalties, as determined by the Board, not to exceed the limits imposed by the laws of the State of Arizona. The Association may bring, without electing a remedy, any and all actions and seek any and all relief against the Owner personally obligated to pay the same, and/or foreclose the lien against the property in a like manner as a mortgage on real property, and such Owner expressly grants to the Association, the power of sale in connection with said lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his/her Lot. In any action taken against any Owner to collect delinquent assessments, whether through lien foreclosure or otherwise, the Owner shall be obligated to pay, in addition to any and all other amounts required herein, all costs and all attorney's fees incurred by the Association in such action.

Section 12. Transfer fees. In addition to annual assessments, special assessments, and any other fees allowed by Arizona statutes, the Association may charge a transfer fee whenever a Lot is transferred from the present Owner to a subsequent purchaser for value. Said transfer fee shall be collectible at the close of escrow in the same manner, and subject to the same lien rights, as the annual assessments, or if the transfer of ownership is not handled through a close of escrow, then shall be due and payable upon the date that the deed transferring ownership of the Lot has been recorded.

Section 13. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein together with all other fees, late charges, fines or interest that may be levied by the Association in connection with unpaid assessments, to the extent permissible by applicable law, shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior

to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 14. Reserve fund. The Association may establish and maintain a reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas which the Association is obligated by this Declaration to maintain. Said reserve fund shall be maintained out of regular assessments for common expenses.

Section 15. Availability of Documents. The Association shall have current copies of the Declaration, By-Laws and other rules concerning the Properties available during normal business hours for inspection by Owners or by holders, insurers, guarantors of first mortgages that are secured by Lots in the subdivision. The Association's books, records and financial statements shall also be available during normal business hours. The Association shall provide an audited statement of the preceding fiscal year upon written request by, and at the sole expense of, a holder, insurer or guarantor, of any first mortgage that is secured by a Lot in the subdivision.

ARTICLE VI

ARCHITECTURAL STANDARDS AND CONTROL

In accordance with architectural and landscaping standards which it shall adopt from time to time, the Board has the right and the responsibility to review and to determine, in its opinion, whether any building plans or specifications for any Lot are suitable or desirable for aesthetic, safety, suitability, consistency, or any other reasons. The Board has the right and the responsibility to consider the effect of any proposed building or structure upon adjacent and neighboring properties. The Board has the right and the responsibility to approve or deny any such plans in accordance with such architectural and landscaping standards. In order to manage and maintain such architectural standards, the Board shall appoint an Architectural Standards Committee.

Section 1. Committee Membership. The Architectural Standards Committee shall be composed of no fewer than three (3) Association Members appointed by the Board.

Section 2. Committee Duties. The Architectural Standards Committee shall be responsible for the following:

- (a) Propose policies and practices pertaining to building alterations, additions, landscaping, party and perimeter walls, as detailed in Article XI of this Declaration;
- (i) Review applications for all Owner proposed exterior building and improvement projects and recommend approval or denial to the Board;
- (ii) Review and approve or deny applications for changes to party or perimeter walls;
- (iii) Review and approve or deny proposed exterior paint colors and color schemes;
- (iv) Upon written request to the Association President, any Owner may request Board review of any denial made by the Architectural Standards Committee;
- (v) Inspect on a scheduled basis all Lots within the subdivision for compliance with this Declaration. Lot Owners shall be given notice in writing of any deficiency.

Section 3. Committee Procedures. In support of its duties, the Architectural Standards Committee may develop any or all of the following:

- (a) Policies, procedures, processes, application forms, consent forms, timelines, checklists, notices, recommendation forms, or any other policy, procedure or document.
- (b) Color palette;
- (c) All such policies, procedures, documents, and palette must be approved by the Board prior to implementation.

Section 4. Failure to Approve. In the event the Board or Architectural Standards Committee fails to approve or deny any application within sixty (60) days after said plans and specifications have been submitted to the Architectural Standards Committee, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII PARTY WALLS

The rights and duties of the Owners of any Lots within this subdivision with respect to party walls shall be governed by the following:

- (a) Each wall which is built as part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and to the extent not inconsistent herewith, the general rules of law regarding party

walls and liability for property damage due to negligence or willful acts or omissions shall apply hereto.

(b) The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of such wall in proportion to the use thereof.

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the Owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and depreciation from lapse of time), then in such event both such Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.

(d) Notwithstanding any other provision of this Article, an Owner who, by his negligent or willful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then, on written request of one of such Owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by each of the Owners and the third by the two so chosen, or, if the arbitrators cannot agree as to the selection of the third arbitrator within five (5) days, then he shall be chosen by any Judge of the Superior Court of Maricopa County, Arizona. A determination of the matter signed by any two of the three arbitrators shall be binding upon the Owners, who shall share the cost of arbitration equally. In the event one party fails to choose an arbitrator within ten (10) days after personal receipt of a request from the other party, then the other party shall have the right and power to choose both arbitrators.

(g) This Declaration shall be binding upon the heirs and assigns of any Owners, but no person shall be liable for any act or omission respecting any party wall except such as took place while an Owner.

(h) The Association may by its By-Laws, Rules or Regulations, govern the use of party walls, by owners, if necessary, to prevent the imposition of annoyances between owners.

**ARTICLE VIII
MAINTENANCE**

The Association shall provide maintenance for the Common Areas, and shall maintain the land on the periphery of the properties as required by the City of Scottsdale.

(a) The Owner shall be responsible for the upkeep and maintenance of individual patios, yards, fences, and all other areas, features, or parts of his residence, Lot and property. Except as otherwise noted, all fixtures and equipment installed within a residence or upon the Lot, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the Lot, shall be maintained and kept in repair by the Owner thereof. Termite control shall be the responsibility of the Owner. An Owner shall do no act nor any work that will impair any easement or hereditament, nor do any act, nor allow any condition to exist which will adversely affect the other Lots or their Owners.

(b) Upon specific Board resolution and seven (7) days delivery of a proper written notice to the Owner thereof, the Association shall have the right to enter any individual Lot and perform repairs or do other work reasonably necessary for the proper maintenance and operation of the properties. This includes entering and cleaning individual Lot areas if the Owner's thereof have neglected to do so and their neglect creates an eyesore or nuisance. The cost of such work shall become a lien against the Lot and will be due when billed by the Association. All charges so billed will be subject to the same payment terms, including interest and penalties, as the annual assessment.

**ARTICLE IX
INSURANCE**

The Association shall obtain insurance covering all of the Common areas, including, but not limited to, the insurance described below, which insurance is to be purchased by the Association for the benefit of the Association. Each Owner shall be

responsible for carrying insurance on his/her Lot, as more specifically set forth in section 1.1 below.

Section 1. Coverage. The Association shall obtain the following policies of insurance and shall maintain said policies in full force and effect;

(a) A comprehensive multi-peril policy covering the Common Areas, providing at a minimum, fire, extended coverage, and all other coverage in-kind and amount customarily acquired or required for Common Areas.

(b) A comprehensive general liability policy covering all of the Common Areas in the subdivision with a minimum single limit of One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and/or property damage. Such insurance policy shall contain a "severability of interest" endorsement that shall preclude the insurer from denying the claim of a Lot Owner because of the negligent acts of the Association and its agents, or other Lot Owners. The scope of such coverage shall include all other coverage in the kind and amount customarily acquired or required for subdivisions similar in construction, location and use.

(c) The Association shall obtain fidelity coverage (either in the form of a Fidelity Bond or fidelity coverage within the insurance policy) against dishonest acts on the part of Directors, managers (including management companies), employees, or volunteers responsible for handling funds belonging to or administered by the Association. The Fidelity Bond or insurance shall name the Association as the insured and shall be written to provide protection, which is, in no event, less than Seventy Five Thousand Dollars. In connection with such coverage, an appropriate endorsement to the policy to cover any person who serves without compensation shall be added if the policy would not otherwise cover volunteers.

(d) A worker's compensation policy, if necessary, to comply with the requirements of Arizona law.

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

Section 1.1. Insurance Coverage Required of Owner. Each Lot Owner shall purchase and maintain at all times, fire and extended coverage for all buildings and improvements located on his/her Lot. Each Owner shall also be responsible for carrying

Owners' liability insurance, personal liability, theft or other insurance that is not carried by the Association and is otherwise desired by the Owner.

(a) All policies of insurance purchased, providing property coverage, shall include replacement cost coverage and shall be in an amount not less than ninety (90%) of the replacement value, less any deductible.

(b) Each Owner shall provide the Board of Directors with a copy of his/her policy, or a certificate of insurance reflecting compliance with the foregoing requirement and provide the Board of Directors with at least a ten (10) day notice of cancellation prior to an insurance company canceling the insurance policy. In the event an Owner cancels a policy, the Owner will provide the Board of Directors with at least a thirty (30) day notice prior to cancellation. The Board of Directors will have the right to monitor compliance with this requirement.

(c) If the Owner fails to comply with the request of the Board of Directors to furnish the insurance documents, within ten (10) days of the request being made in writing, the Board of Directors shall have the right to purchase insurance on behalf of the Owner, covering the entire residence, the Lot and all structures. The cost for such insurance shall be charged against the Owners account and be collectible in the same manner as delinquent assessments.

(d) In the event damage to an Owner's residence, Lots, or any structures located on the Lot exceeds the amount of insurance carried by the Owner, the Owner shall be personally responsible for the cost of repairs over the amount of insurance.

Section 2. Conditions. Conditions apply unless insurance laws and requirements prohibit the application of these conditions or unless premium values make the cost prohibitive.

(a) The coverage afforded by the Association policies shall be primary as to any claims relating to the Common Areas and shall not be prorated with any insurance relating to the Common Areas which may be purchased by Lot Owners or first mortgagees. However, the coverage afforded by the policies of the Lot Owners shall be primary as any claims relating to their lots;

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

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

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

(e) For policies of hazard insurance, a standard clause shall provide that the insurance carrier shall notify the first mortgagee named at least sixty (60) days in advance of the effective date of any reduction in or cancellation of the policy.

Section 3. Non-Liability of Association and Board. Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board Member shall be liable to any Owner or any other party if any risks or hazards are not covered by insurance, if the amount of insurance is not adequate, if an Owner fails to carry insurance covering his Lot and the improvements located thereon, or if an Owner fails to carry sufficient or proper insurance to cover his Lot and the improvements located thereon. It shall be the responsibility of each Lot Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection that said Lot Owner may desire.

Section 4. Premiums upon Insurance Policies Purchased by the Association.

Premiums for insurance policies purchased on behalf of the Association shall be paid by the Association. The Association may charge each Owner of a lot an equal, prorated share among the Lots (184) of the cost of the insurance.

If the Association charges each Owner a separate charge for the Insurance, the charge shall be an insurance assessment for each Lot. Each Owner shall be responsible for paying to the Association the insurance assessment upon receipt of an invoice for the amount of the insurance assessment. If the Owner fails to pay the insurance assessment by the due date of the invoice, the insurance assessment shall be charged against the Owner's account and shall be collectible in the same manner as any delinquent annual or special assessment.

Section 5. Insurance Claims. The Association acting by and through its Board, is hereby irrevocably appointed agent for each Owner and for each holder of a first mortgage or other lien upon a Lot, and for each Owner of any interest in the property, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon payment of claims, the Board having full and complete power to act for the Association in this regard.

Section 6. Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of the Association

ARTICLE X CONDEMNATION

If a portion of the Properties should be taken by exercise of the power of eminent domain, or should be transferred and conveyed to a condemning authority in anticipation of such exercise, the entire award made as compensation for such taking, including but without limitation, any amount awarded as severance damages, or the entire amount received and paid in anticipation of such taking, after deducting therefrom, in each case, reasonable and necessary costs and expenses, including, but without limitation, attorney's fees and court costs (which net amount is hereinafter in this Article X referred to as the "Award") shall be paid to an independent financial institution or title company selected by the Association authorized to act as escrow agent for the benefit of the Association, all Owners and all mortgagees of any Lot or of all or any part of the property as their respective interests appear.

(a) If the respective portion of the Properties taken or conveyed shall be comprised only of Common Area, as soon as practicable the Board shall cause the Award to be utilized for the purpose of repairing and restoring the Properties, including, if the Board deems it necessary or desirable, the replacement of any improvements so taken or conveyed, provided however;

(b) All first mortgagees then of record with reference to Lots shall be notified in writing, and if a majority object to such repairing or restoring within ten (10) days after written notice, then the Board may act only with the approval of such a majority.

(c) If the portion taken or conveyed is comprised of, or includes one or more Lots or portions thereof, the Board shall call a special meeting of the members of the Association, with notice to all first mortgages then of record with reference to Lots, to convene within thirty (30) days after its receipt of the Award to determine whether and, if so, in what manner, the applicable Lot or Lots shall be restored, reconstructed or replaced.

(d) If two-thirds (2/3) of the Owners and two-thirds (2/3) of the first mortgagees determine, at such special meeting, not to restore, reconstitute or replace the applicable Lot or Lots and related improvements, the Board shall utilize the Award to restore the portion of the Common Areas thus taken if any, and shall divide the remainder of the Award among the Owner or Owners whose Lot or Lots have been thus taken, and such shares shall, be distributed to the Owners and First Mortgagees, as their interests appear.

(e) Any excess shall, as soon as practicable following the completion thereof, be divided into shares and distributed in the same manner provided in the immediately preceding sentence. If the cost of repair and restoration of the Common Areas shall exceed the amount of the Award, a special assessment shall be levied against the Owners to the extent necessary to make up such deficiency, such assessment to be levied equally against the Owner of Lots.

(f) The special assessment provided for herein shall be secured by the lien provided for in this Declaration. Nothing herein contained shall be deemed to impair or affect the priority of any First Mortgagee in or to any proceeds of any condemnation award.

ARTICLE XI

USE RESTRICTIONS

Section 1. Residential use. All Lots shall be used, improved, and devoted exclusively to single family residential use. No trade or business may be conducted on any Lot or in and from any residence, except that an Owner or other resident of a residence may conduct a business activity within a residence so long as:

(a) The existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside of the residence;

- (b) The business activity conforms to all applicable zoning ordinances or requirements for the property;
- (c) The business activity does not involve persons coming onto the Lot; or the door-to door solicitation of Owners or other residents;
- (d) The business activity is consistent with the residential character of the property and does not constitute nuisance or a hazardous or offensive use or threaten security or safety of other residents, as may be determined from time-to-time at the sole discretion of the Board;
- (e) No advertising or directional signs may be placed on any portion of the Common Areas regarding the business activity;
- (f) The care for any number of children in the home on a regular basis shall be considered a business for purposes of this provision.
- (g) The terms "business" and "trade" as used in this section shall be construed to have ordinary, generally accepted meanings, and shall include without limitation, any occupation, any work or activity undertaken on an ongoing basis which involves the provision of goods and services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (1) such activity is engaged part time, (2) such activity is intended to or does generate a profit, (3) a license is required for such activity, or, (4) the leasing of a residence by the owner thereof shall not be considered a trade or business within the meaning of this Section.
- (h) No structures of a temporary character, trailer, tent, shack, garage, barn or other out building shall be used on any portion of the Properties at any time as a residence, either temporarily or permanently.

Section 2. Animals. No livestock or poultry of any kind shall be raised, bred or kept on any Lot; no more than two (2) dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, further:

- (a) No dog or cat shall be allowed outside of the Owner's Lot except upon a leash held by a person capable of controlling it. Additionally, dogs and cats are not allowed in the walled recreation area;

(b) Owner's of dogs, cats, or other household pets are responsible for the collection of any feces left by their animals within the Properties including streets, alleys and sidewalks;

(c) No animal or fowl may be kept within any Lot which in the good faith judgement of the Board, results in an annoyance or is obnoxious to Owners or Occupants within the Properties;

(d) The Association may from time-to-time, make additional rules and regulations governing the keeping or treatment of animals on the Properties;

(e) Any Owner having more than two (2) dogs, cats or other household pets in his/her possession when this Declaration is recorded, may continue such possession until those specific animals are reduced to two in number.

Section 3. Antenna, Satellite Dish, Other. Any Owner wishing to install an antenna or satellite dish that is governed by the Federal Communications Commission shall comply with the rules and regulations covering same established by the Board. For any other externally mounted sending or receiving device the owner must obtain approval from the Board prior to installation.

Section 4. Appearance of Properties. Nothing should be allowed to detract from overall appearance of the Properties. The Board is authorized to take whatever action is necessary to prevent and/or correct distracting or annoying appearances. The cost for correction of deficiencies under this Declaration shall be billed to the Lot Owner as prescribed in Article XI of this Declaration.

Section 5. Common Areas. The Common Area shall remain undivided and shall, at all times, be owned by the Association or its successors, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation of the Common Areas. The traffic islands and circles on Pinchot Drive are to be treated as Common Areas, while actual ownership rests with the City of Scottsdale.

Section 6. Emergency Access to Units. In the event of fire, medical emergency, need to do emergency repairs, or other catastrophe, the Association shall have the right to enter any Lot or improvement of Owner without prior notice or authorization.

Section 7. Fences, Hedges, Walls. Except in the individual patio and rear yard areas, no fences, hedges or walls shall be erected or maintained upon the Lots, except,

as are installed in accordance with the initial construction of the residences located thereon or as approved in accordance with the Architectural Standard and Control provisions in Article VI herein.

Section 8. Noise. Excessive noise, whether from automobiles, stereos, televisions, pets, parties, conversations, or any other human, animal, or inanimate object, shall be prohibited.

Section 9. Swimming Pool and Recreational Facilities. Owners and their guests must comply with written and posted rules for the Association's swimming pool and other recreational facilities. The Board shall have the authority to refuse admittance to, or eject from the Association's' swimming pool or other recreational facilities, any person failing to comply with said rules. Members have the right and responsibility to enforce the Rules and Regulations both for enjoyment and protection of the swimming pool and other recreational facilities.

Section 10. Signs. No sign of any kind shall be displayed to public view from any portion of the Properties without approval of the Board. Notwithstanding the foregoing, a single sign of reasonable dimensions advertising a unit for sale may be placed by the Owner, or his agent on the Lot. One Security Sign, not to exceed 144 square inches may be placed on each Lot.

Section 11. Unsightly Objects. No weeds, dead trees or plants, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, parcel or other area in the Properties. No odors shall be permitted to arise or emit therefrom, so as to render any such property or activity thereon unsanitary, offensive or detrimental to any other property in the vicinity thereof, or to the occupants of other such property. No other nuisance shall be permitted to exist or operate upon any Lot, parcel or other area in the Properties. The Board shall have the right to determine the existence of any nuisance. Without limiting the generality of any of the foregoing provisions and, as otherwise permitted herein, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property.

Section 12. Repair, Parking, and Storage of Vehicles. No commercial vehicle, recreational vehicle, camper, boat, trailer or other similar vehicle shall be parked on any

Lot in said subdivision unless it can be and actually is parked within the carport or garage of the Owner of said Lot, without protruding therefrom, except for:

- (a) A seventy-two (72) hour grace period shall be permitted for the loading and/or unloading of a recreational vehicle, so long as an Owner does not exceed two (2) seventy-two (72) hour periods in any thirty (30) day period;
- (b) No automobile, motorcycle or other motor vehicle shall be constructed, reconstructed or repaired, Excepting emergency repairs, upon a Lot or any portion of the property;
- (c) No vehicle which is abandoned or inoperable shall be stored or kept on any Lot, street or drive in such a manner as to be seen from any streets, drives or alleyways located within the Properties;
- (d) "Commercial Vehicle" shall be defined as any vehicle that meets any one or more of the following criteria: signage greater than two (2) feet square on any location on the vehicle; vehicle classed by manufacturer's rating as exceeding three quarters (3/4) of a ton; commercial utility racks located on the vehicle; or, work equipment stored on the vehicle that is visible from the outside of the vehicle;
- (e) Parking on the public streets must comply with City of Scottsdale regulations.

Section 13. New Construction. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition, change, or alteration, be made until plans and specifications showing the nature, kind, shape, height, materials, and location, of the same, are submitted to the Architectural Standards Committee for review.

Section 14. Painting of Exterior Walls of Lots. Owners are responsible for the painting and maintenance of the walls surrounding their Lot. The exterior surface is to be painted in the color as selected by the Board to assure uniformity in appearance within the subdivision.

The Association has the responsibility for the painting of the street side surface of the perimeter wall along 61st Place including the curved sections at the Pinchot Drive entrance, this includes any fixtures or decorative items. The Association is also responsible for painting the wall on 63rd. Place, excepting the interior surface in the rear yard of Lot # 177.

Section 15. Enforcement of Rules. Upon the failure of any Lot Owner to maintain the premises and improvements thereon in a satisfactory manner, the Board shall take corrective action as outlined in Article VIII of this Declaration.

Section 16. Fines and Penalties. All violations of this and any other Article in this Declaration are subject to fines or penalties as set forth in a schedule of fines or penalties established by the Board.

**ARTICLE XII
EASEMENTS**

Section 1. Common Area Easements. There is created a blanket easement upon, across and under the Common Areas for ingress, egress, installation, repairing and maintaining all utilities, including but not limited to water, sewer, gas, telephone, cable and electricity.

(a) By virtue of this easement, it shall be expressly permissible for the providing cable, electrical and telephone company to erect and maintain the necessary equipment on the Properties and to affix and maintain cable, electrical and telephone wires, circuits and conduits on, across and under roofs and exterior walls of the Properties.

(b) Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed on the premises except as approved by the Board or as required by the City of Scottsdale. This easement shall in no way affect any other recorded easement on the premises.

Section 2. Easements for Individual Lots. Each Lot and the Common Areas shall be subject to an easement for encroachment created by construction, reconstruction, repair, settling, shifting as designed or constructed, and for the maintenance of same. In the event an improved structure is partially or totally destroyed and then rebuilt, the Owners of Lots agree that minor encroachments of parts of the adjacent Lots or Common Areas due to construction shall be permitted and that a valid easement for the encroachment and the maintenance thereof shall exist. Notwithstanding any provision herein to the contrary, any encroachment permitted herein shall not exceed one foot.

ARTICLE XIII

RIGHTS OF MORTGAGE HOLDERS, INSURERS OR GRANTORS

Notice of Action: Upon a written request to the Association which identifies the name and address of the holder of a mortgage or deed of trust or an insurer or grantor, and the Lot number and address, any such party will be entitled to a written statement of:

- (a) Any condemnation loss or casualty loss which affects a material portion of the properties or any Lot on which there is a first mortgage held, insured, or guaranteed by such holder of a first mortgage;
- (b) Any delinquency in the payments of assessments or charges owed by an Owner of a Lot subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or grantor which remains unpaid for a period of sixty days;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

The statement required above shall be furnished by the Association no later than fifteen (15) days after receipt of such request by the Association.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Enforcement. The Covenants, Conditions, Reservations and Restrictions contained herein shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing, occupying, owning and otherwise having an interest in any Lot, their heirs, personal representatives, administrators, successors, grantees and assigns.

- (a) The Board shall have authority to enforce this Declaration and establish a system of reasonable monetary penalty assessments against owner(s) of a Lot for the violation thereof. It is the utmost desire and prime objective of the Board to cooperatively and amicably resolve any such infractions.

(b) After the date on which this instrument has been recorded, this Declaration and all decisions of the Association pursuant hereto may be enforced by the Association, or its Board, which shall have the right but not the duty to enforce same and expend Association monies in pursuance thereof, and also may be enforced by any Owner of any Lot.

(c) Any person or entity takes such title subject to the lien hereof for all the charges pursuant to the provisions of this Declaration that have accrued up to the time of such taking of title, and subject to the lien hereof for all charges that shall accrue subsequent to the taking of such title.

(d) Any lien, liability, or obligation arising as a result of a breach of this Declaration will be binding upon and effective against any Owner of the Lot.

(e) Any person or entity acquiring title by foreclosure of a mortgage, or deed of trust, or deed in lieu of foreclosure, or forfeiture of an agreement of sale, or Sheriff's sale or equivalent proceedings, shall take title subject to the lien hereof only for those charges that accrue subsequent to the taking of such title. The breach of this Declaration, may be enjoined or reviewed by appropriate proceedings notwithstanding the lien or existence of any mortgage or deed of trust.

(f) ALL INSTRUMENTS OF CONVEYANCE OF ANY INTEREST OF ALL OR ANY PART OF A LOT SHALL CONTAIN REFERENCE TO THIS INSTRUMENT AND SHALL BE SUBJECT TO THE COVENANTS, CONDITIONS, RESERVATIONS AND RESTRICTIONS, HEREIN.

(g) THIS INSTRUMENT SHALL BE BINDING UPON ALL RESALE PURCHASERS OF LOTS AND UPON ALL PERSONS AFFECTED BY ITS TERMS, WHETHER OR NOT EXPRESS REFERENCE IS MADE TO THIS DECLARATION IN ANY SUCH INSTRUMENT OR CONVEYANCE.

(h) Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages. Owners of individual Lots shall have similar rights against the Association where applicable.

Section 2. Attorney's fees. In the event the Association employs an attorney or attorneys to enforce the collection of any amounts due pursuant to this Declaration or in

connection with any lien provided for herein, or for the foreclosure thereof, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, the Owner, Owners and parties against whom the action is brought shall pay all attorney's fees, costs and expenses thereby incurred by the Association in the event the Association prevails in any such action.

Section 3. Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections shall not affect the remaining portions of this instrument or any part thereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein shall be invalid or should operate to render this Declaration invalid. This Declaration shall be construed as if such phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section or sections had not been inserted.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity; any amendment must be recorded. The written consent of the Owners of Lots to which sixty-seven (67) percent of the vote in the Association are allocated shall be required to terminate the legal status of the properties as a planned unit development, In addition; the consent of the Owners of Lots to which at least sixty seven (67) percent of the votes in the Association are allocated shall be required to amend this Declaration.

(The remainder of this page has been intentionally left blank)

The President and the Secretary of the Association hereby certify that the amendments contained in this 2004 Declaration have been approved by instruments in writing executed by owners of not less than sixty seven percent (67%) of lots in the subdivision.

DATED this 16th day of April, 2004.

Golden Keys Homeowners Association, Inc.

By: [Signature]

Its: President

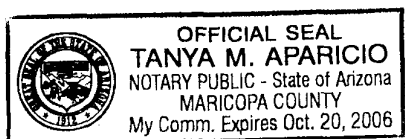
By: [Signature]

Its: Secretary

STATE OF ARIZONA)
)
County of Maricopa)

On this 16th day of April, 2004, before me the
Undersigned Notary Public, personally appeared John D Castle and
Robert S Castle

who Acknowledged to me that they are the President and the Secretary of the Association and that they executed the foregoing agreement on behalf of the Association for the purposes expressed therein.



[Signature]
Notary Public

My Commission expires: October 20, 2006

Golden Keys Homeowners Association, Inc.
2004 Amended and Restated
Covenants, Conditions, Reservations and Restrictions

EXHIBIT A

Real property situated in Maricopa County, State of Arizona, legally described as Golden Keys Unit One, Golden Keys Unit Two, Golden Keys Unit Three, Golden Keys Unit four, Golden Keys Unit Five, Golden keys Unit Six, according to the respective plats of record found in the records of the Maricopa County, Arizona Records Office in Book 104, page 6 of Maps, Book 105, page 37 of Maps, Book 107, page 8 of Maps, Book 112, page 25 of Maps, Book 114, page 25 of Maps, and Book 115, page 12 of Maps, hereinafter referred to as Golden Keys Subdivision, Subdivisions of a part of the South One Half (1/2) of the Southeast Quarter (1/4) OF Section 28, Township 2 North, Range 4 East, Gila and Salt River Base and Meridian.

Exh i