

SUNCREST VILLAS HOA

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Mesa AZ 85202

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HOMEOWNERS PACKET

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BYLAWS
BUDGET

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USLIFE Title Company of Arizona

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS PROP RSTR (PR)
(FOR DUPLEXES WITH COMMON AREAS)
SUNCREST VILLAS CHANDLER
UNIT 1

THIS DECLARATION is made on the date hereinafter set forth by ESTES HOMES, a general partnership (hereinafter referred to as "Declarant"), as the present owner of the Second Beneficial Interest of Transamerica Trust No. 7097 and by TRANSAMERICA TITLE INSURANCE COMPANY, a California corporation, as Trustee of that Trust No. 7097 (hereinafter referred to as "Transamerica"), solely as bare legal title holder and not personally and acting at the proper direction of ESTES HOMES.

W I T N E S S E T H

WHEREAS, Declarant is the beneficial owner of certain property in Chandler, County of Maricopa, State of Arizona, which is more particularly described as

Lots 1 through 104, inclusive, and Tracts C, D, E, F, G, H and I of SUNCREST VILLAS CHANDLER UNIT 1, a subdivision per Plat recorded in Book 257 of Maps, page 45, Records of Maricopa County, Arizona.

WHEREAS, Transamerica as Trustee, holds bare legal title to that property; and

WHEREAS, Declarant desires to provide for the construction of a Planned Unit Development consisting of duplexes, common areas and certain recreational facilities;

NOW, THEREFORE, Declarant hereby declares that the lots and tracts described above shall be held, sold and conveyed subject to the following reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges and liens (hereinafter sometimes collectively termed "covenants and restrictions") 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 lots or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

RECORDED IN OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA	
OCT 11 1983 -2 00	
BILL HENRY, COUNTY RECORDER	
FEE 28.00	PGS 28

SEP 22 1983

TRANSAMERICA TITLE INSURANCE CO.
METRO OFFICE

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean SUNCREST VILLAS CHANDLER ASSOCIATION, INC. which will hereafter be incorporated by Declarant and others as a non-profit Arizona corporation, and that Association's successors and assigns.

Section 2. "Common Area" shall mean Tracts C, D, E, F, G, H and I as shown on the above referenced plat for SUNCREST VILLAS CHANDLER which shall be owned by the Association when the first lot is conveyed to a Class A Member as herein defined. In addition "Common Area" shall include all other real property hereafter owned by the Association for the common use and enjoyment of the Owners.

Section 3. "Declarant" shall mean ESTES HOMES, a general partnership and its successors and assigns if such successors or assigns should acquire more than two undeveloped lots from the Declarant for the purpose of resale (and such acquisition includes a transfer of the Declarant's rights herein) and if such successors and assigns shall execute and record a supplemental declaration declaring itself a succeeding Declarant hereunder.

Section 4. "Lot" shall mean any one of the 104 lots described above.

Section 5. "Once Occupied Lot" is a lot with a dwelling thereon which is or has been occupied by someone living therein.

Section 6. "Never Occupied Lot" is any lot which is not a once occupied lot.

Section 7. "Member" shall mean an Owner of a lot in SUNCREST VILLAS CHANDLER.

Section 8. "Mortgage" shall mean the conveyance or assignment of any lot to secure the performance of an obligation, and the instrument thereof, and may include a deed of trust, mortgage, assignment or agreement as now known or hereafter devised for the purpose of creating a lien to secure an obligation or duty.

Section 9. "Mortgagee" shall mean a person or entity to whom a mortgage is made.

Section 10. "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage.

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Section 11. "Owner" shall mean the record owner, except as provided below, whether one or more persons or entities, of a fee simple title to any lot, including without limitation, one who is buying a lot under a recorded contract, but excluding others having an interest merely as security for the performance of any obligation. In the case of a lot wherein the fee simple title is vested of record in a Trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., legal title shall be deemed to be in the Trustor. In the case of a lot the fee simple title to which is vested in a trustee pursuant to a trust agreement the beneficiary shall be deemed to be the Owner.

Section 12. "Lease" shall include the leasing or rental of property.

Section 13. "SUNCREST VILLAS CHANDLER" refers to the said subdivision of SUNCREST VILLAS CHANDLER per plat recorded in Book ____ of Maps, page ____, Records of Maricopa County as it may be amended from time to time.

Section 14. "Architectural Committee" shall mean the committee created pursuant to Article XII hereof.

Section 15. "Declaration" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as the same may be amended from time to time.

Section 16. "Duplex Unit" shall mean the residential structure (including appurtenant carports and garages) which is constructed on two adjoining lots, containing two single family residences, one on each lot.

Section 17. "Improvement" or "Improvements" shall mean the buildings, carports, driveways, parking areas, fences, walls, pools, patios, hedges, plantings, trees, shrubs and all other structures or landscaping improvements of every type and kind.

Section 18. "Single Family" shall mean a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not all related, together with their domestic servants, who maintain a common household in a dwelling.

Section 19. "Single Family Residence" shall mean a building, house or dwelling unit used as a residence for a single family, including any appurtenant garage, carport or similar out-building.

Section 20. "Single Family Residential Use" shall mean the occupation or use of a single family residence in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.

Section 21. "Visible from Neighboring Property" shall mean with respect to any given object, that such object is or would be visible to a person six feet (6') tall standing on any part of such neighboring property in an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREA

Section 1. Owner's Easement of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and pass with the title to every lot, subject to the following provisions:

(a) Charges. The right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Area or facility situated upon the Common Area.

(b) Rules and Regulations. The right of the Association to promulgate and enforce reasonable rules and regulations regarding the use of the Common Area.

(c) Suspension of Voting and Useage Rights. The right of the Association to suspend the voting rights and to suspend the right to the use of the recreational facilities by any Owner for any period during which any assessment against his lot remains unpaid, and for a period not to exceed sixty (60) days for any other violation of the provisions of this Declaration or for any infraction of the Association's published rules and regulations. ✓

(d) Dedication--Transfer. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. Except as provided in Section 1(d) of Article VI, no such dedications or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by Members owning two-thirds (2/3) of the lots and is recorded. Further, the Common Area and facilities may not be alienated, released, transferred, hypothecated

or otherwise encumbered without the written consent of the holders of seventy-five percent (75%) of the first mortgage liens on any of the lots subject to this Declaration.

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

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a lot shall be 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. Two Classes. The Association shall have two classes of voting membership:

(a) Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members but for all voting purposes and quorum purposes they shall together be considered to be one Member. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

(b) Class B. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either 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 December 31, 1991.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any lot by acceptance

of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessments or charges;
- (b) special assessments for capital improvements, as provided in Section 4 of this Article;
- (c) an amount sufficient to indemnify and hold the Association harmless from all obligations undertaken or incurred by the Association at or on account of that individual Owner's special request and to repay the Association for all expenditures on account thereof; and
- (d) an amount sufficient to reimburse the Association for the cost of performing any obligation of an Owner hereunder which he has failed to timely pay or perform.

The aforesaid obligations, together with interest, taxable court costs, reasonable attorney's fees and all other collection expenses shall be a charge and a continuing lien upon the lot against which each such assessment is made, or with reference to which each such charge is incurred. Each assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such lot at the time when the assessment fell due or charge was incurred. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively

- (a) to promote the recreation, health, safety and welfare of the residents of the lots;
- (b) for operation and maintenance of the Common Area;
- (c) for insurance upon and for the maintenance, repair, painting, landscaping and replacement of improvements in the Common Area; and
- (d) for the maintenance and care of all landscaping in any side yard facing a street and all landscaping in the front yards of all residential buildings in SUNCREST VILLAS CHANDLER except for areas enclosed or semi-enclosed within walls.

Each monthly assessment shall include a reasonable amount as a reserve for such repairs, painting and replacements.

Section 3. Annual Assessment. Until January 1, 1984, the maximum annual assessments shall be Three Hundred Sixty Dollars (\$360.00) per lot which is equivalent to Thirty Dollars (\$30.00) per month or such lesser amount as the Board of Directors may determine. From and after the "base year" ending December 31, 1983, the maximum annual assessment shall be as determined by the Board of Directors; PROVIDED that the assessment in any given year shall not be increased over the assessment in the base year by more than the increase of the Metropolitan Phoenix Consumer Price Index as published by the Valley National Bank of Arizona (or its successor) for the October next preceding that given year over that Consumer Price Index for October of the base year, unless any excess increase is approved by a vote of two-thirds (2/3) of the votes cast in person or by proxy by each class of Members at a meeting duly called for that purpose. If Valley Bank (or its successor) ceases to promulgate and publish that Consumer Price Index, the Consumer Price Index for All Urban Consumers published by the U.S. Department of Labor for October of the base year and for the October next preceding the given year shall govern.

Section 4. Special Assessments for Capital Improvements. The Association may, in any assessment year, in addition to the annual assessment authorized above, levy 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 upon 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 cast in person or by proxy by each class of Members at a meeting duly called for that purpose.

Section 5. Notice and Quorum for Any Action Authorized under Section 3 or 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 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 regarding any given proposal, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the 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 two-thirds (2/3) 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. Uniform Rate of Assessment--25% Rate for a Never Occupied Lot. Both annual and special assessments must be fixed at a uniform rate for all assessable Once Occupied Lots and at a uniform rate for all assessable Never Occupied Lots. The rate for Never Occupied Lots shall be twenty-five percent (25%) of the rate for Once Occupied Lots. Assessments may be collected on a monthly basis. This provision shall not preclude the Association from making a separate or additional charge to an Owner for or on account of special services or benefits rendered to, conferred upon or obtained by or for that Owner or his lot.

Section 7. Date of Commencement of Assessments--Due Date. The annual assessments provided for herein regarding any given lot subject to this Declaration shall commence on the first day of the month following the conveyance of the Common Area to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period, however, the assessment shall be binding notwithstanding delay. Written notice of the annual assessment of any special charges shall be sent to every Owner subject thereto. The due date 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 and charges on a specified lot have been paid.

Section 8. Effect of Nonpayment of Assessments--Remedies of the Association. Any assessment or charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum or at such other legal interest rate as may be determined from time to time by the Board but not more than the then prevailing Veterans Administration interest rate for guaranteed loan purposes. In addition to the interest accruing on an overdue assessment payment as described above, a monthly late penalty of Five Dollars (\$5.00) per month shall be charged with respect to any assessment or charge not paid within sixty (60) days after the due date. The late penalty shall be cumulative, that is to say, from the day a payment is overdue by sixty (60) days, a late penalty shall be charged for each month the payment is overdue (including the first and second months) and it shall be charged separately with respect to each overdue payment or assessment. All payments

received by the Association shall be applied first to the then current month's assessment and then to past due assessments in the inverse order of their maturity. The Association may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against his lot. The prevailing party in such litigation shall reimburse the other party's reasonable attorney's fees and costs incurred in connection with such litigation. No Owner may waive or otherwise escape liability for the assessments or charges provided for herein by non-use of the Common Area or abandonment of his or her lot.

Section 9. Subordination of the Lien to Mortgages.

The lien for the assessments and charges provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the lien for assessments or charges. However, the sale or transfer of any lot pursuant to a foreclosure of an institutional first mortgage or any proceeding or deed in lieu thereof, shall extinguish the lien of such assessments or charges as to payment which became due prior to such sale or transfer but shall not release the delinquent Owner from personal liability for those assessments and charges. No sale or transfer (whether by foreclosure or otherwise) shall relieve a lot from liability for any assessments or charges thereafter becoming due or from the lien thereof.

ARTICLE V

MAINTENANCE

Section 1. Exterior Maintenance by Association. The Association shall manage, maintain and repair the Common Area. In addition the Association shall maintain the grass and other landscaping in any side yards facing a street and in the front yards of all of the residential buildings in the subdivision except areas enclosed or semi-enclosed within walls. Such maintenance shall not include repairs or replacements, if any, caused by any perils covered by insurance carried by an Owner. The standard of maintenance to be provided under this Section 1 and, without limitation, the need to repair a wall and the need to replace any tree or other landscaping shall be determined by the Board of Directors in its sole discretion.

Section 2. Necessitated by Owner. In the event that the need for maintenance and/or repair work described in Section 1 of this Article on any given lot is caused through the wilfull or negligent act of an Owner or his family, guests or invitees,

as determined under Arizona state law, the cost of such maintenance and/or repairs shall be added to and become a part of the assessment against that Owner and his or her lot.

Section 3. Maintenance by Owner. Except as provided in Section 1 of this Article, each lot and the exterior of the building and structures thereon shall be maintained in good and reasonable condition by the Owner of that lot; provided, however, that if a lot Owner shall fail to do so, then upon a vote of a majority of the Board of Directors, and after not less than thirty (30) days notice to that lot Owner, the Association shall have the right (but not the obligation) to enter upon or into that lot and provide such maintenance or make such repairs or replacements, and the cost thereof shall be added to the assessments charged to such lot Owner and shall be paid to the Association by that Owner. Termite control and all maintenance except as provided in Section 1 of this Article shall be the responsibility of the Owner. No Owner shall do any act nor any work that will impair the structural soundness or integrity of the Duplex Unit in which that Owner's residential unit is located or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Duplex Units of SUNCREST VILLAS CHANDLER or their Owners.

Section 4. Access by Reasonable Hours. For the purpose of performing the maintenance authorized by Section 3 of this Article, the Association's agents or employees shall have the right after reasonable notice to a lot Owner to enter upon his lot and/or to do so without notice at any time in the event of an emergency. For the purposes of performing the maintenance authorized by Section 1 of this Article the Association's agents or employees may enter upon any lot without notice at reasonable hours.

ARTICLE VI

DUTIES AND POWERS OF THE OWNER'S ASSOCIATION

Section 1. Duties and Powers. In addition to the duties and powers enumerated in its Articles of Incorporation and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Common Area. Maintain and otherwise manage the Common Area and all facilities, improvements and landscaping thereon, and all property that may be acquired by the Association.

(b) Landscaping. Maintain the side and front yard landscaping described in Section 1, Article V, in the manner and subject to the limitations set forth in that Article.

(c) Legal and Accounting Services. Have authority to obtain legal, accounting and other services necessary or proper in the operation of the Association and the Common Area or the enforcement of these Restrictions.

(d) Easements. Grant easements where necessary for utilities and sewer facilities under, over and/or across the Common Area to serve the Common Area and/or any lot.

(e) Employ. Have authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.

(f) Purchase Insurance. Have authority to purchase insurance for the Common Area for such risks, and with such companies, and in such amounts as the Board of Directors of the Association shall determine.

(g) Other. Have authority to perform other acts authorized expressly or by implication hereunder and/or under the Articles and/or Bylaws of the Association.

Section 2. Insurance.

(a) Liability Insurance. Public liability and Common Area property damage insurance shall be purchased by the Association, or acquired by assignment from Declarant promptly following the Board's election, and shall be maintained in force at all times. The insurance shall be carried with reputable companies authorized to do business in Arizona. The policy shall be in such amounts as shall be determined from time to time by the Board; provided, however that the minimum amount of coverage shall be \$1,000,000. for bodily injury and property damage. The policy shall name the Association, its directors, officers, employees, and agents in the scope of their employment as insureds. This policy shall include but need not be limited to insurance against injury or damage occurring in the Common Area.

(b) Hazard Insurance--Master Policy for Common Area. A master or blanket hazard insurance policy shall be purchased or acquired by the Board promptly following the construction of any improvements on the Common Area, and shall thereafter be maintained in force at all times. The premium thereon shall be paid out of the Association's funds. Said insurance shall be carried with reputable companies qualified to do business in the State of Arizona, and shall insure against loss from fire and other hazards therein covered, for the full insurable value of all of the permanent improvements upon the Common Area. Said policy shall be written on the "all risk" form subject to policy conditions, exclusions and limitations and shall include replacement cost and agreed amount clause endorsements. The policy shall be in such amounts as shall be determined from time to time by the Board. The policy shall name the Association as insured and any first mortgagee of the insured improvements as loss payees.

(c) Fire Insurance--Individual Houses. Each Owner shall be required to purchase, at his expense, and maintain such fire and hazard insurance coverage for the dwelling units on the individual lots and on the contents thereof as may be desired by the Owner or required by his individual lender.

(d) Other Insurance. The Board of Directors of the Association may purchase additional insurance as the Board may determine to be advisable including, but not limited to, workmen's compensation insurance, demolition insurance to remove improvements that are not rebuilt, fidelity bonds and insurance on Association owned personal property.

Section 3. Damage and Destruction--Reconstruction. In the event of damage or destruction of any improvements upon the Common Area, the Board of Directors shall contract for the repair or reconstruction of such improvements and if the proceeds of any insurance policies payable as a result of such loss are insufficient for such repair or reconstruction, the deficiency shall be the subject of a special assessment approved by a vote of the Owners as provided in Article IV hereof. Insurance proceeds shall be paid to the contractor or contractors designated by the Board at such time and upon such conditions as may be designated by the Board. All repair or reconstruction on the Common Area or to structures

on any lot shall be made in accordance with original plans and specifications therefor, or according to such revised plans and specifications as may be approved by the Board of Directors of the Association.

In the event that improvements in and upon the Common Area shall not be rebuilt because the cost of rebuilding shall exceed the available insurance proceeds, and the Members shall fail to approve a special assessment to cover the deficiency, the Board of Directors shall then cause any remaining portion of such improvement not useable (as determined by the Board) to be removed and the area cleared and landscaped in an aesthetically pleasing manner. In the event that a structure on any lot shall be substantially destroyed by fire or other casualty, and if replacement or demolition and landscaping is not commenced and prosecuted without unreasonable delay, the Board may elect to demolish and remove the damaged structure and clear and landscape the lot until the Owner elects to replace the structure. The cost of such demolition and such other work shall be added to the assessments charged to the Owner of that lot and shall be paid to the Association by that Owner.

In the event that the Board of Directors shall fail to proceed in good faith to repair or rebuild damaged or destroyed improvements upon the Common Area, any individual Owner may call a meeting of the Association upon thirty (30) days notice in writing to all Owners and such Association may, if a quorum of Members is present, upon a simple majority vote of the Members present, enter into contracts for the repair and reconstruction of any damaged improvements.

Section 4. Other Duties and Powers. The Association and its Board of Directors acting in its behalf shall obtain, provide and pay for any materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, or pay any taxes or assessments which the Board is required to secure or pay for pursuant to the terms of these restrictions or by law or which in its opinion shall be necessary or proper for the operation of the project or for the enforcement of these restrictions; provided that if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are specifically provided for particular lots, the cost thereof shall be specially assessed to the Owners of such lots.

ARTICLE VII

UTILITIES

Section 1. Rights and Duties of Owners. The rights and duties of the Owners with respect to sanitary sewer, water,

electricity, gas and telephone lines and facilities shall be governed by the following:

(a) Easement. Wherever sanitary sewer or water connections or electricity, gas, telephone or other similar lines or pipes are installed within any lot, which connections, lines or pipes, or any portion thereof, lie in or upon lots owned by other than the Owner of a lot served by said connections, lines or pipes, the Owners of any lot served by said connections, lines or pipes, shall have the right, and are hereby granted an easement to the full extent necessary therefor, at reasonable hours and after reasonable notice, to enter upon any areas of the lot outside the perimeter of the duplex unit within or upon which said connections, lines or pipes, or any portion thereof, lie, to repair, replace and generally maintain said connections, lines and pipes, as and when the same may be necessary, but any such Owner entering another's lot shall restore the other lot and improvements thereon disturbed by such work.

(b) Common Connections, Lines or Pipes. Wherever sanitary sewer or water connections, or electricity, gas or telephone lines or pipes, or similar lines or pipes are installed within any lot and outside the perimeter of a duplex unit, which connections serve more than one lot, the Owner of each lot served by said connections, lines and pipes, shall be entitled to the full use and enjoyment of such portions of said connections, lines and pipes, as service his lot.

(c) Resolution of Disputes. In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, lines or pipes, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners, addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

ARTICLE VIII

USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the lots is subject to the following:

Section 1. Restricted Use. Except as otherwise provided herein, none of the lots shall be used except for single family residential use. No lot shall have more than one living unit thereon.

Section 2. Business and Related Use. No lot shall ever be used or caused, allowed or authorized in any way, directly or indirectly, to be used for any business, commercial, manufacturing, industrial, mercantile, storing, vending, or other such purposes; provided, however, that Declarant and its successors or assigns may use the lots for such facilities as in its or their sole opinion may be reasonably required, convenient or incidental to the construction and sale of residential units, including, without limitation, a business office, storage area, construction yards, signs, a model site or sites, and display and sales office during the construction and sales period.

Section 3. Signs. No emblem, sign or billboard of any kind shall be displayed to the public view on any of the lots or Common Area

(a) except reasonable signs used by Declarant to advertise the lots or living units thereon for sale or lease, and

(b) except such other reasonable signs on the Common Area as may be placed and approved by the Board of Directors of the Association, and

(c) except that an Owner may place on his lot one sign not more than eighteen (18) inches by twenty-four (24) inches in size, advertising that lot for sale or rent.

Section 4. Noxious or Offensive Activities. No noxious or offensive activity shall be carried on upon any part of the lots nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners, of his respective lot and improvements thereon or which shall in any way increase the rate of insurance for other Owners.

Section 5. Restricted Residences. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently.

Section 6. Vehicles and Recreation Equipment. No trailer, camper, motorhome, boat or similar equipment shall be permitted to remain upon any lot unless completely enclosed nor to remain overnight on any residential street within SUN-CREST VILLAS CHANDLER. Abandoned or inoperable motor vehicles of any kind may not be stored on any lot in any manner so as to be visible from neighboring property and may not be placed on any residential street.

Section 7. Animals. No animals, insects, livestock, or poultry of any kind shall be raised, bred, or kept on or within any lot or structure thereon except that dogs, cats, or other household pets may be kept on or within the lots, provided they are not kept, bred or maintained for any commercial purpose or in unreasonable numbers as determined by the Board of the Association. Notwithstanding the foregoing, no animals or fowl may be kept on any lot which result in an annoyance to or are obnoxious to other Owners or tenants in the vicinity. All pets must be kept in a fenced yard or on a leash at all times.

Section 8. Drilling and Mining. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or in any lot nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted on any lot. No derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, maintained or permitted upon any lot.

Section 9. Trash. All rubbish, trash and garbage shall be regularly removed from the lots, and shall not be allowed to accumulate thereon.

Section 10. Screening and Fencing. All clotheslines, refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any lot, unless in the rear yard and unless obscured from view of the neighboring property and Common Area by a fence or appropriate screen approved by the Architectural Committee.

Section 11. Antennas. No antenna, satellite receiving station or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any lot, whether attached to a building or structure or otherwise, unless approved by the Architectural Committee, except that one antenna may be placed on a lot if it is not unsightly and if it is no larger than necessary, reasonably (as indicated by then current technology), for the reception of television or

radio signals from a commercial radio or television transmission station located in the Phoenix Metropolitan area within Maricopa County.

Section 12. Patios, Walls, Etc. Except within an enclosed or substantially enclosed (but not necessarily roofed) patio area or yard on any lot, no planting or gardening shall be done except as may be approved by the Architectural Committee. In addition, no fences or walls shall be constructed or maintained on any lot except as a part of the initial construction on the lot or except as may be approved by the Architectural Committee.

Section 13. Temporary Window Covering. Temporary coverings of windows in the front or side wall of any building may be installed only if the color and material of the covering has been approved by the Architectural Committee and may be used only for the time period approved by the Architectural Committee.

Section 14. Garage Openings. No garage door shall be open except when necessary for access to and from the garage if the contents of the garage are unsightly (as determined by the Architectural Committee) from the adjacent street or from neighboring property.

ARTICLE IX

RESERVATION OF RIGHT TO RESUBDIVIDE AND REPLAT

Section 1. Right to Replat. Subject to the approval of any and all appropriate governmental agencies having jurisdiction, Declarant hereby reserves the right at any time, without the consent of other Members, to resubdivide and replat any lot or lots which the Declarant then owns and has not sold.

ARTICLE X

PARTY WALLS

The rights and duties of Owners with respect to Party Walls shall be as follows:

Section 1. General Rules of Law to Apply. Each wall, including residence walls, patio walls and fences, any part of which is placed on a dividing line between separate lots shall constitute a "Party Wall". In addition, any residence wall which adjoins and is parallel to a residence wall located on an adjoining lot or which adjoins and is parallel to an air-space of six (6) inches or less between residence walls located on adjoining lots shall constitute a "Party Wall". With respect

to any such Party Wall, each of the adjoining Owners shall assume the burdens and be entitled to the benefit of these restrictive covenants and, to the extent not inconsistent herewith, Arizona law regarding Party Walls shall be applied hereto.

Section 2. Sharing Repair and Maintenance. Except as provided below the cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the adjoining lot Owners.

Section 3. Damage by One Owner. In the event that any such Party Wall is damaged or destroyed by the act of one adjoining Owner, or any of his guests, tenants, licensees, agents or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such Party Wall, then the first of such Owners shall (i) forthwith proceed to rebuild or repair the same to as good a condition as such Party Wall formerly was without cost to the adjoining Owner and (ii) indemnify the adjoining Owner from any consequential damages, loss or liabilities.

Section 4. Other Damage. In the event that any such Party Wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time), then in such events both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good a condition as such Party Wall formerly was at their joint and equal expense; provided, however, that in the event any Party Wall is damaged or destroyed as a result of an accident or circumstance which originates or occurs on a particular lot, (whether or not such accident or circumstance is caused by the action or inaction of the Owner of that lot, or his agents, tenants, licensees, guests or family and if such accident or circumstance is not contributed to by any action or inaction of the other adjoining Owners or their agents, tenants, licensees, guests or family), then in such event, the Owner of that particular lot shall be solely responsible for the cost of rebuilding or repairing the Party Wall and shall forthwith repair the same to as good a condition as such Party Wall formerly was.

Section 5. Structural Integrity. Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.

Section 6. Right of Entry. Each Owner shall permit the Owners of adjoining lots, or their representatives, when reasonably required, to enter his lot and any improvements thereon (if necessary) for the purpose of repairing or maintaining a Party Wall or for the purpose of performing installations, alterations or repairs to the property of such adjoining Owners, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner of the adjoining lot. In case of an emergency, such right of entry shall be immediate. An adjoining Owner making entry pursuant to the terms of the sub-paragraph shall not be deemed guilty of trespassing by reason of such entry. Such entering Owner shall indemnify the adjoining Owner from any consequential damages sustained by reason of such entry.

Section 7. Right of Contribution. The right of any Owner to contribution from any other Owner under this Article or under Article XI shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 8. Consent of Adjoining Owner. In addition to meeting the requirements of this Declaration and of any applicable building code and similar regulations or ordinances, any Owner proposing to modify, alter, make additions to or rebuild his unit in any manner which requires the extension of or other alteration to any Party Wall shall first obtain the written consent of the adjoining Owner.

Section 9. Arbitration. In the event of any dispute between Owners with respect to the construction, repair or rebuilding of a Party Wall, or with respect to the sharing of costs thereof, or in any other manner concerning a Party Wall under the provisions of this Article, then upon written request of one of such Owners, addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

ARTICLE XI

MAINTENANCE BY OWNER

Section 1. Interior Maintenance--Structural Integrity. Each Owner shall be responsible for the upkeep and maintenance of the interior of his dwelling unit and for the upkeep and maintenance of his dwelling unit and lot, exterior or elsewhere (except as provided in Section 1 of Article V hereof). All fixtures and equipment installed within a dwelling unit located on a

lot shall be maintained, repaired and replaced by the Owner thereof. An Owner shall do no work that will impair any easement nor shall any Owner do an act or allow any condition to exist which will adversely affect any other dwelling units or other Owners.

Section 2. Cooperation. Anything herein to the contrary notwithstanding each Duplex Owner of a lot within SUNCREST VILLAS CHANDLER shall cooperate with the Duplex Owner of the dwelling unit adjoining his for purposes of maintaining the exterior of the Duplex Unit which is constructed upon their respective lots. Without intending to limit the generality of the foregoing, each such adjoining Owner shall cooperate so that the exterior of their Duplex Unit is periodically painted a uniform color as such painting becomes necessary, at the joint and equal expense of each adjoining Owner, such that the value, desirability and attractiveness of the Duplex Unit is protected. Any such repainting or redecorating exterior surfaces will require a submission of a color scheme for Architectural Committee approval. If a portion of the roof located on any Owner's lot is damaged or destroyed by of any act or circumstance which is not contributed to by the Owner of the adjoining Single Family Residence in the Duplex Unit, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time), such damaged or destroyed portion of the roof shall be immediately replaced or repaired by the Owner over whose dwelling unit the damaged or destroyed portion of the roof is located such that the roof is in as good a condition as formerly, without cost to the adjoining Owner; and the first Owner shall indemnify such adjoining Owner from and against any damage, liability or loss sustained by such adjoining Owner by reason of such damaged or destroyed portion of the roof and any repairs and replacement thereto. If the roof covering a Duplex Unit is damaged or destroyed by some cause other than the acts or omissions of the adjoining Owners, their agents, tenants, licensees, guests or family, such that repairs or replacement is required for the entire roof, then in such event both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good a condition as formerly at their joint and equal expense.

Section 3. Arbitration. In the event of any dispute arising between adjoining Duplex Owners in connection with exterior painting, roof repairs or replacements or any other aspect of Duplex Unit exterior maintenance, then upon written request of one of such Owners, addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

ARTICLE XII

ARCHITECTURAL CONTROL

Section 1. Architectural Approval. No landscaping shall be planted (except for landscaping within any enclosed or semi-enclosed areas), and no building, fence, wall, solar collectors or other structures of any kind shall be commenced, erected or maintained upon any lot, nor shall any exterior addition to or change or alteration in any landscaping (except for landscaping within any enclosed or semi-enclosed areas) or structure be made until the plans and specifications showing the nature, kind, color, shape, height, materials, location and other material attributes 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, landscaping and topography by the Architectural Committee established pursuant to the provisions of Section 2 of this Article. In the event the Architectural 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 Article will be deemed to have been fully complied with.

Section 2. Appointment of Architectural Committee. Declarant shall initially appoint the Architectural Committee, consisting of not less than three (3) persons, who shall hold office whenever there is a Class B Member. When there is no Class B Member the Architectural Committee shall be composed of the Board of Directors of the Association or by three (3) or more representatives appointed by the Board, who need not be Members of the Association. In the event of the death or resignation of any member of the Committee prior to the time when the Board of Directors of the Association is vested with authority, Declarant shall have the right to appoint such member's successor.

Section 3. Discretion of Committee. The Architectural Committee shall be under no duty or obligation to pass upon, approve or disapprove any structural stability matter or matters pertaining to the stability of footings or foundations or matter pertaining to geological conditions involved in any foundation or footings and may indicate on any plans or specifications or drawings or other material or in any certificate that the Committee has not passed upon, approved or disapproved any such referred to matters. All actions of said Committee authorized under this Declaration, including without limitation the approval or disapproval of plans, specifications, drawings,

plot plans, grading plans and height, as well as other matters in which the Committee is authorized hereunder to act, shall be in the sole and complete discretion of said Committee.

Section 4. Liability. Neither the Architectural Committee nor any member thereof shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of

(a) the approval or disapproval of any plans, drawings or specifications, whether or not defective;

(b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications;

(c) the development of any property within SUNCREST VILLAS CHANDLER; or

(d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct;

provided, however, that with respect to the liability of a Committee member, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of any of the foregoing provisions of this Section, the Architectural Committee, or any member thereof, may, but is not required to, consult with or hear the view of any Owner with respect to any plans, drawings, specifications or any other proposal submitted to the Architectural Committee.

Section 5. Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of the majority of its regular members, at a meeting or otherwise, shall constitute the act of the Committee. Members of the Architectural Committee shall not be entitled to compensation for their services, unless otherwise approved by the Board of Directors of the Association.

Section 6. Architectural Committee Rules. The Architectural Committee may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by majority vote or written consent, rules and regulations, to be known as "Architectural Committee Rules". Said rules shall interpret and implement this Declaration by setting forth the standards and procedures for Architectural Committee review and the

guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use.

Section 7. Committee's Certificate. Any approval of any plans and specifications or other matter by said Architectural Committee given or made pursuant to the provisions of this Article XII which is evidenced by a certificate signed by at least a majority of the members of said Committee shall be irrevocable and not subject to change by such Committee. Any such certificate may be conclusively relied upon by all parties including but not limited to any Owner, lessee, renter or purchaser of any lot or residence, or of any interest therein; by any lender taking any lot as security; and by any title insurance company. Any such certificate may be recorded by said Committee in the office of the County Recorder of said Maricopa County.

Section 8. Records and Certificates. For the purpose of making a search upon or guaranteeing or insuring title to, or any lien on and/or interest in any lot, and for the purpose of protecting purchasers and encumbrancers for value and in good faith as against the performance or nonperformance of any of the acts in this Declaration authorized, permitted or to be approved by the Architectural Committee, the records of the secretary of the Architectural Committee shall be conclusive as to all matters shown by such records. The issuance of a certificate of completion and compliance by the Architectural Committee showing that the plans and specifications for the improvements or other matters herein provided for, or authorized, have been approved and that said improvements have been made in accordance therewith, or of a certificate as to any matters relating to the Architectural Committee, shall be conclusive upon all persons and shall fully justify and protect any title company or person certifying, guaranteeing or insuring the said title, or any lien thereon, and/or interest therein, and shall also fully protect the purchaser or encumbrancer in good faith and for value in acting thereon, as to all matters within the jurisdiction of the Architectural Committee. In any event, after the expiration of one (1) year from the completion of construction of any structure, work, improvements or alteration, the said structure, work, improvement or alteration shall, in favor of purchasers or encumbrancers in good faith and for value, be deemed to be in compliance with all the provisions of the approval of the Architectural Committee, unless actual notice executed by the Architectural Committee of non-compliance shall appear of record in the office of the County Recorder of Maricopa County, or legal proceedings shall have been instituted to enforce compliance.

Section 9. Nonwaiver by Committee. The approval or disapproval or failure to approve or disapprove by the Committee of any plans or specifications, drawings, plot plans, grading plans, landscaping plans, height or any other matters submitted for approval or consent to or for action by the Committee for any building or structure under this Article XII or any other provision of this Declaration shall not be deemed to be a waiver by the Committee of its right to approve, disapprove, object or consent to any of the features or elements embodied in any such plans, specifications, drawings, plot plans, grading plans, landscaping plans, height or other matter if or when the same features or elements are embodied in any other plans, specifications, drawings, plot plans, grading plans, landscaping plans, height or other matter to such Committee.

ARTICLE XIII

RESERVATION OF EASEMENT

Section 1. Declarant's Easement. Easements over the lots for the installation and maintenance of electric, telephone, water, gas and sanitary sewer or similar lines, pipes and facilities, and for drainage facilities, as shown on the recorded plat of SUNCREST VILLAS CHANDLER and as may be hereafter required or needed to service the Common Area are hereby reserved by Declarant, together with the right to grant and transfer the same while Declarant holds a Class B membership.

ARTICLE XIV

GENERAL PROVISIONS

- Section 1. Enforcement. The Association, in the first instance, or any Owner, should the Association fail to act within a reasonable time, shall have the right to enforce, by any proceeding at law or in equity, all limitations, restrictions, liens and charges now or hereafter imposed by the provisions of this Declaration, or any amendment hereto or by the Association's Articles of Incorporation or Bylaws. Failure by the Association or by any Owner to enforce any limitation, condition, reservation, lien, charge, covenant or restriction herein contained or in those Articles and Bylaws shall in no event be deemed a waiver of the right to do so thereafter. Deeds of conveyance of said property, or any part thereof, may contain the above restrictive covenants by reference to this document, but whether or not such reference is made in such deeds, or any party thereof, each and all such restrictive covenants shall be valid and binding upon the respective grantees. Violators of any one or more of such covenants may

be restrained by any court of competent jurisdiction and damages awarded against such violators; provided, however, that a violation of these restrictive covenants or any one or more of them shall not affect the lien of any first mortgage or first deed of trust now of record or which hereafter may be placed of record upon said lots or any part thereof.

Section 2. Severability. Invalidation of any one of these covenants or restrictions, or any portion thereof, by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years for so long as the lots shall continue to be used for residential uses.

Section 4. Amendment. This Declaration may be amended at any time by an instrument signed by the Declarant and other Owners who own in the aggregate (Declarant and other Owners) not less than seventy-five percent (75%) of the lots. Any amendment must be recorded. Declarant alone may amend this document prior to recordation of the first deed of any lot to an Owner and/or the recordation of a contract to sell a lot to an Owner other than Declarant, provided that any such amendment shall include the approval of the Veterans Administration.

Section 5. Construction. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan and scheme for the development of a planned unit development consisting of duplexes and common areas with maintenance as herein provided. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, masculine, feminine or neuter, as the context or sense of this Declaration or any Article or Section herein may require, with the same effect as if such number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended, if consistent with the context, that this Declaration be interpreted and the sentence, phrase or other part be construed in both its conjunctive and disjunctive

sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of the words and symbol "and/or".

Section 6. Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each person at the address given by such person to the Association for the purpose of service of such notice or to the address of the lot of such person if no address has been given. Such address may be changed from time to time by notice in writing received by the Association.

Section 7. Encroachments. The Common Area and lots shall be subject to an easement for overhangs and encroachments by walls, fences or other structures upon adjacent lots as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications or as a result of repair, shifting, settlement or movement of any such structure.

Section 8. Leases of Lots. Any lease of a lot must be in writing and must provide that the lease is subject in all respects to the provisions of the Declaration, the Articles of Incorporation, and Bylaws of the Association and that any failure by the lessee to comply with those instruments shall be a default under the lease.

Section 9. Management Agreements. Any management agreement made by the Association shall be terminable by the Association for cause upon thirty (30) days written notice thereof, and the term of any such management agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

Section 10. Condemnation. In the event all or any part of the Common Area is condemned the award or negotiated settlement received by the Association shall apply the proceeds thereof to pay the then debts of the Association and the remainder, if any, shall be allocated among the Owners of the lots with an equal allocation for each lot; provided that in the event any lot is then subject to a first mortgage lien the aliquot share for that lot shall be paid to the lot owner and the holder of the first mortgage as their interests may appear.

Section 11. No Partition. There shall be no judicial partition of any lot, nor shall Declarant or any Owner or other person acquiring any interest in any lot, or any part thereof,

seek any such judicial partition, except that any lot may be split between the Owners of the lots adjacent to such lot so that each portion of such lot would be held in common ownership with another lot adjacent to that portion. Any such portion and adjacent lot shall thereafter be considered to be one lot for the purposes of this Declaration.

DATED: September 21, 1983.

WITNESS OUR HANDS:

ESTES HOMES, a general partnership
By its General Partner THE ESTES CO.,
a partnership

By: Ronald J. Haarer
Ronald J. Haarer, Vice President

Declarant

RATIFIED AND APPROVED:

TRANSAMERICA TITLE INSURANCE COMPANY,
a California corporation, as Trustee,
and not personally under its Trust
Nos. 7097

By: Jack Simmons
Its Assistant Secretary

Trustee

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 15th
day of September, 1983, by RONALD J. HAARER, Vice
President of THE ESTES CO., a partnership, General Partner of
ESTES HOMES, a general partnership.

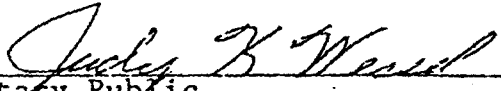
June E. Clarence
Notary Public

My Commission Expires:
1-8-84

83 409230

STATE OF ARIZONA)
) ss.
County Of Maricopa)

This instrument acknowledged before me this 21st day
of SEPTEMBER, 1983, by Hazel Simmons
as Assistant Secretary of TRANSAMERICA TITLE INSURANCE
COMPANY, a California corporation, and acknowledges that as
such officer, being authorized so to do, executed the foregoing
instrument by the giving the name of the corporation, AS TRUSTEE
by self as such officer.



Notary Public

My Commission Expires:

July 7, 1986

DECLARATION OF AMENDMENT OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SUNCREST VILLAS CHANDLER

This declaration is made by the owners of lots in the property described below.

RECITALS

A. The individuals whose signatures appear on this declaration are owners of at least 75 percent of the lots in the development known as SUNCREST VILLAS CHANDLER UNIT I, located in Chandler, County of Maricopa, State of Arizona, described as follows:

Lots 1 through 104, inclusive, and Tracts C, D, E, F, G, H and I of SUNCREST VILLAS CHANDLER UNIT I, a subdivision per plat recorded in Book 257 of Maps, page 45, records of Maricopa County, Arizona.

B. The lots are subject to a declaration of covenants, conditions, and restrictions recorded October 11, 1983 in the office of the Maricopa County Recorder, document number 83 409290.

C. Article XIV, section 4, of the declaration of covenants, conditions, and restrictions provides that it may be amended by the owners of not less than 75 percent of the lots in the property.

D. The undersigned individuals own, in aggregate, at least 75 percent of the lots and desire to amend the declaration as follows:

AMENDMENTS

1. Article V, section 4, which reads:

"Section 4. Access by Reasonable Hours. For the purpose of performing the maintenance authorized by Section 3 of this Article, the association's agents or employees shall have the right after reasonable notice to a lot Owner to enter upon his lot and/or to do so without notice at any time in the event of an emergency. For the purposes of performing the

maintenance authorized by Section 1 of this Article the Association's agents or employees may enter upon any lot without notice at reasonable hours."

is deleted and the following is inserted in its place:

"Section 4. Landscaping Easements and Access at Reasonable Hours. For the purpose of performing the maintenance authorized by section 3 of this article, the association's agents or employees shall have the right, to enter the unfenced portion of all lots and to do so without notice. An easement is hereby granted to the association on the front and unfenced side yard of each lot for the purpose of performing the maintenance authorized by section 1 of this article and for the purpose of installing and maintaining sprinklers and landscaping as the association deems necessary or appropriate."

2. Except as set forth above, the declaration of covenants, conditions, and restrictions shall continue in full force and effect.

DATED: _____, 1985.

Lot Owner, Lot No. _____

Lot Owner, Lot No. _____

RECORDING COMMISSION
STATE OF AZ.
LED

ARTICLES OF INCORPORATION
OF
SUNCREST VILLAS CHANDLER ASSOCIATION, INC.

JAN 27 3 41 PM '84

In compliance with the requirements of A.R.S. Section 10-1001 et seq., as amended, the undersigned, all of whom are eighteen years or more of age, have this day voluntarily associated themselves together for the purposes of forming a corporation not for profit and do hereby certify: 162523-0

ARTICLE I

DEFINITIONS

The words and terms used herein shall be deemed to have the same meanings as are given those words and terms in that certain Declaration of Covenants, Conditions and Restrictions for SUNCREST VILLAS CHANDLER hereinafter termed the "Declaration", which was recorded October 11, 1983, as Recording Number 83 409290, Records of Maricopa County, Arizona. As provided in the Declaration, Estes Homes, a general partnership, is the "Declarant".

ARTICLE II

NAME

The name of the corporation is SUNCREST VILLAS CHANDLER ASSOCIATION, INC., hereafter called the "Association".

ARTICLE III

KNOWN PLACE OF BUSINESS

The initial known place of business of the Association is located at 15650 North Black Canyon Highway, Phoenix, Arizona 85023.

ARTICLE IV

STATUTORY AGENT

JARRETT S. JARVIS, a bona fide resident of the State of Arizona for the last three years, whose address is 3900 East Camelback Road, Suite 304 South, Phoenix, Arizona 85018, is hereby appointed the initial Statutory Agent of this Association.

ARTICLE V

GENERAL NATURE OF BUSINESS

This Association does not contemplate pecuniary gain or profit to the Members thereof. The purposes for which it is formed are:

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(1) To provide for the orderly development, maintenance, preservation and architectural control, as provided in the Declaration of those lots and tracts described in the Declaration as follows:

Lots 1 through 104, inclusive, and Tracts C, D, E, F, G, H and I of SUNCREST VILLAS CHANDLER, a subdivision per plat recorded in Book 257 of Maps, Page 45, Records of Maricopa County, Arizona.

(2) To promote the health, safety and welfare of the owners of and residents within those lots; and

(3) For these purposes, and subject to any limitations set forth in the Declaration, to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length; to

(b) Fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration; and to

(c) Have and to exercise any and all powers, rights and privileges provided in the Declaration and all those which a corporation organized under the Non-Profit Corporation Law of the State of Arizona by law may now or hereafter have or exercise.

ARTICLE VI

MEMBERSHIP/ANNUAL MEETING

Every person or entity who is a record holder of title to the fee simple interest in any lot now or hereafter covered by the Declaration (including contract buyers, but excluding contract sellers and others who hold such title merely as security) shall be a Member of the Association. In the case of lots the fee simple title to which is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., legal title shall be deemed to be in the Trustor. In the case of a lot the fee simple title to which is vested in a trustee pursuant to a trust agreement legal title shall be

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deemed to be in the beneficiary entitled to possession. Membership shall be appurtenant to and pass with the title of any lot and may not be in any manner alienated or encumbered except as an appurtenance thereto and as part and parcel thereof. When more than one person holds an interest in any one lot, all such persons shall be Members although for the purpose of voting all those Members together shall be considered to be one Member with one vote only as provided in Article VII. The Association shall have no stockholders, but only Members as hereinbefore set forth. No capital stock shall be authorized or issued. The private property of the Members, directors, officers and agents will be exempt from corporate debts. The annual meeting of the Members shall be held as provided in the Bylaws.

ARTICLE VII

VOTING RIGHTS

Voting rights shall be vested in all Members who are owners of lots covered by the Declaration, provided, however, that no change of ownership of lots shall be effective for voting purposes unless and until the Association is given actual notice and is provided satisfactory proof thereof. Members shall be entitled to one vote for each lot owned, except that, as provided in the Declaration, the Declarant will have three votes for each lot owned by Declarant until December 31, 1991, so long as Declarant owns more than twenty-five percent (25%) of the lots covered by the Declaration. While Declarant thus has three votes per lot it shall be a Class B Member. All other Members (and the Declarant when it has one vote per lot) shall be Class A Members. For all voting and quorum purposes all members who own interests in any given lot shall be considered together to be one Member.

ARTICLE VIII

BOARD OF DIRECTORS

The Association shall be managed by a Board of Directors who need not be Members of the Association, and shall have the exclusive right of determining and transacting the affairs of the Association. Except as provided in the Bylaws, directors shall hold office for two years or until their successors are elected and qualified. They shall be elected as hereinafter set forth at the annual meeting of the Members, however, directors may be replaced as hereinafter provided. The Board will consist of not less than three nor more than seven directors as established by the Bylaws. The names and addresses of the persons who will serve as directors of the corporation until the selection of their successors are:

171021 0006
Mr. Id J. Haarer
13801 N. Canterbury Drive
Phoenix, Arizona 85023

Ross Emmott
7843 E. Monterosa St.
Scottsdale, Arizona 85251

Bill Sorensen
6033 E. Sweetwater
Scottsdale, Arizona 85254

Dale Cook
11208 N. 52nd Lane
Glendale, Arizona 85304

ARTICLE IX

OFFICERS

The affairs of the Association are to be conducted by such officers as are specified in the Bylaws and shall be elected by the Board of Directors as provided in the Bylaws.

ARTICLE X

BYLAWS

The Board of Directors shall have the power and authority to enact Bylaws and amendments thereto which are not inconsistent with the provisions hereof and not inconsistent with the Declaration.

ARTICLE XI

DURATION

The Association shall commence as of the date the Corporation Commission shall file these Articles of Incorporation and the duration shall be perpetual.

ARTICLE XII

AMENDMENTS

Amendment of these Articles shall require the assent of seventy percent (70%) of the votes cast by the Members at an election duly noticed and held for such purpose. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend all or any part of these Articles (without the consent of other Members) to such extent and with such language as may be requested by the Veterans Administration (VA), the Federal Housing Administration (FHA) or the Federal National Mortgage Association (FNMA), and to further amend to the extent requested by any other Federal, State or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Declaration or of these Articles, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any of the lots in SUDCREST VILLAS CHANILER or as may be appropriate to bring these Articles into conformity with the Declaration, at the same

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... from time to time amended. It is the desire and intention of the Declarant (but without obligation) to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Article or any judicial decision or interpretation deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto other and different control provisions consistent with the control provisions of these Articles and the Declaration.

ARTICLE XIII

DISSOLUTION

The Association may be dissolved by affirmative vote of Members casting not less than seventy-five percent (75%) of the total votes permitted to be cast by the Members at an election held for such purpose but only with the written consent of the then holders of seventy-five percent (75%) of all then first mortgage liens on any of the lots. 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 non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XIV

APPROVALS BY VA OR FHA

So long as there is a Class B Membership, the following actions will require the prior approval of the Veterans Administration or the Federal Housing Administration: Annexation or inclusion of additional property under the Declaration, mergers, consolidations, encumbering the Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE XV

MAXIMUM INDEBTEDNESS

The highest amount of indebtedness or liability, direct or contingent, to which the corporation is at any time to subject itself shall be as determined and limited by applicable law.

ARTICLE XVI

INCORPORATORS

The names, residences and post office addresses of the incorporators are as follows:

<u>Incorporators</u>	<u>Residence</u>	<u>P.O. Address</u>
Ronald J. Haarer	13801 N. Canterbury Dr. Phoenix, Arizona 85023	Box 37110 Phoenix, Arizona 85069
Ross Emmott	7843 E. Monterosa St. Scottsdale, Arizona 85251	Box 37110 Phoenix, Arizona 85069

ARTICLE XVII

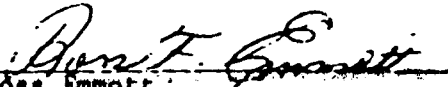
INTERPRETATION

In the event that any provision hereof is inconsistent with or in derogation of the Declaration, the provisions of the Declaration shall be deemed to control.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Arizona, we, the undersigned constituting the incorporators of this Association, have executed these Articles of Incorporation this 22 day of January, 1984.



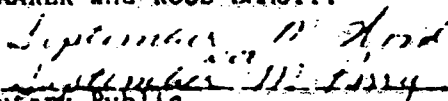
Ronald J. Haarer



Ross Emmott

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 22 day of January, 1984, by RONALD J. HAARER and ROSS EMMOTT.



Notary Public

My Commission Expires:

7-15-84