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RESTATED AND AMENDED

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OF

LIMBERLOST TERRACE IMPROVEMENT ASSOCIATION

DATED: November, 15, 1995

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DECLARATION, CONDITIONS AND RESTRICTIONS  
OF  
LIMBERLOST TERRACE IMPROVEMENT ASSOCIATION  
RESTATED AND AMENDED

WHEREAS, the Declarant, Wilford Construction Company, and Arizona corporation, prepared and recorded a Declaration of Covenants, Conditions, and Restrictions of Limberlost Terrace I, which was recorded in Docket #171 at pages 743 through 764, on January 21, 1972.

WHEREAS, the Declarant's Class B Membership has expired, and the Members of the Association desire to amend and restate the Declaration of Covenants, Conditions and Restrictions:

NOW, THEREFORE, upon the vote of not less than sixty-percent (60%) of the Lot Owners, the Declaration of Covenants, Conditions and Restrictions recorded in Docket #171, at pages 743 through 764, shall be null and void and this Amended and Restated Declaration shall amend and supersede such previously recorded Declaration. The real property described herein shall be held, sold and conveyed subject to the following assessments, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the property. These easements, covenants, restrictions and conditions shall run with the property and shall be binding upon all parties having or acquiring any right, title or interest in the described properties or any part thereof and shall inure to the benefit of each such party.

ARTICLE I

DEFINITIONS

Section 1.1. "Architectural Review Committee" refers to the Committee established by the Board pursuant to the Article XII of this Declaration.

Section 1.2. "Architectural Review Committee Rules" refers to those guidelines, standards, rules and regulations as promulgated and amended by the Architectural Review Committee from time to time.

Section 1.3. "Articles" refer to the Articles of Incorporation of Limberlost Terrace Improvement Association, Inc. which have been filed in the Office of the Arizona Corporation Commission and as may be amended from time to time.

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Section 1.4. "Association" shall mean and refer to Limberlost Terrace Improvement Association, Inc., its successors and assigns.

Section 1.5. "Board" shall mean the Board of Directors of Limberlost Terrace Improvement Association, Inc.

Section 1.6. "Bylaws" refer to the Bylaws of the Association, as may be amended from time to time by a vote of the Members of the Association.

Section 1.7. "Common Areas" shall mean all real property owned by the Association for the common use and enjoyment of the Members of the Association, including, but not limited to, the following described real property and all recreation facilities, swimming pools, pumps, trees, sidewalks, pavement, streets, pipes, walls, conduit, irrigation systems, utility lines and sewer lines located thereon:

Lot 49, as shown on the subdivision plat for LIMBERLOST TERRACE Improvement Association, recorded in Book 4171, at page 763, in the Office of the County Recorder of Pima County, Arizona.

Section 1.8. "Declaration" shall mean and refer to this Declaration, as may be amended from time to time.

Section 1.9. "Dwelling Unit" shall mean the real property and improvements placed within the boundary of any Lot.

Section 1.10. "Lot" shall mean and refer to any numbered plot of land shown upon the recorded subdivision Plat of the Properties, as amended from time to time, with the exception of the Common Areas.

Section 1.11. "Member" refers to a person entitled to membership as provided in this Declaration.

Section 1.12. "Mortgage" shall include not only mortgages, but also deeds of trust, and "Mortgagee" shall include a beneficiary under a deed of trust.

Section 1.13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Properties, including a buyer under a contract for the sale of real estate, but excluding persons holding an interest merely as security for the performance of an obligation.

Section 1.14. "Person" shall include a corporation, company, partnership, firm, association or society, as well as a natural person.

Section 1.15. "Properties" shall mean and refer to that certain real property described as Lots 1 through 48, inclusive in the Plat.

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Section 1.16. "Roadways" shall mean those areas designated as streets and roadways on the Limberlost Terrace Improvement Association Plat and Development Plan.

Section 1.17. "Single Family" refers to a group of one (1) or more persons, each related to the other by blood, marriage or legal adoption; or a group of three (3) or less persons who are not related, who maintain a common household in a Dwelling Unit.

## ARTICLE II

### SCOPE OF DECLARATION

This Declaration is intended to regulate and control the use of the Common Areas for all Owners, their guests, invitees, lessees and tenants. In addition, this Declaration is intended to control the general use of the Properties as applicable to the Owners, their guests, invitees, lessees and tenants.

## ARTICLE III

### MEMBERSHIP

Every person who is an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Only persons who own Lots shall be Members of the Association.

## ARTICLE IV

### VOTING RIGHTS

Section 4.1. Each Owner shall be entitled to one (1) vote for each Dwelling Unit owned, but there shall be only one (1) vote for each Dwelling Unit, whether owned by one (1) or more persons. The vote for each Lot shall be exercised as the Owners agree, but in no event may there be more than one (1) vote cast for any one (1) Lot.

Section 4.2. The Association may suspend the voting rights of any Member for any period during which any assessment against a Lot remains unpaid and delinquent. The Association may also suspend the voting rights of any Member for a period specified by the Board when, in the Board's discretion, such Member is in violation of these Covenants, the Bylaws and/or the Rules and Regulations of the Association.

## ARTICLE V

### COMMON AREAS

Section 5.1. Common Areas. Ownership of the Common Areas is vested in the Association, subject to the easements created in Article VI hereof.

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Common Areas are intended for use as public utility easements, drainageways and open areas and are for the common use and enjoyment of the Members of the Association.

This Declaration reserves and grants to each Owner, and resident, a right and easement of use in and to the Properties. This easement may be used only in a reasonable manner and at reasonable times for the purposes stated. Under no circumstances is the easement to be construed to permit any interference with or restriction on, the use and enjoyment of any area, by the Owners other than for the purpose stated herein.

It is expressly acknowledged that this Article is for the mutual benefit of all Owners and it is necessary for their protection. Such right and easement of use and enjoyment of the Common Areas shall be subject to the following provisions:

(a) The right of the Association to limit the number of guests of Owners and residents;

(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;

(c) The right of the Association to establish reasonable rules and regulations governing the use of the Common Areas;

(d) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving and maintaining the Common Areas and facilities, with the approval of 2/3 of the homeowners, and, if necessary, to mortgage the Properties, but the rights of such mortgagee in the properties shall be subordinate to the rights of the Owners;

(e) The right of the Association to enter into such agreements and take such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth above and the operation and maintenance of the Common Areas;

(f) The right of the Association to suspend the right of an Owner, his family, or his lessees or tenants, to use the recreational facilities for the period during which any assessment against his Lot remains unpaid or for any violation of this Declaration or the Rules and Regulations of the Association.

Section 5.2. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Areas and recreational facilities to the members of his family, his tenants or contract purchasers who reside on the Properties, provided such delegation is in accordance with this Declaration, the Bylaws and the Rules and Regulation of the Association.

Section 5.3. Use of Utility Easements. In the event there are three (3) Dwelling Units or more having common walls attaching such Dwelling Units, the Owners of all Lots with Dwelling Units connected on both sides shall have access over the utility easements in the rear of such Lots for the purpose of landscaping and maintaining such Owner's private patio.

Section 5.4. Condemnation. The term "taking" as used in this Section shall mean either: (a) condemnation by eminent domain, or (b) sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Common Areas, the Members appoint the Board and such other persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less than all of the Common Areas the rules as to restoration and replacement of the Common Areas and the improvement thereon shall apply as in the case of destruction or improvements upon the Common Areas. In the event of a total taking, the Board shall retain any award in the general funds of the Association to be distributed to the Members pursuant to a plan developed by the Board and approved by the majority of the Owners entitled to vote.

Section 5.5. Destruction of Improvements. In the event of a partial or total destruction of the improvements upon the Common Areas, the Association shall restore and repair the same to their former condition as promptly as is practicable and in a lawful and workmanlike manner. The proceeds of insurance maintained for such purpose shall be used for this purpose, subject to the prior rights of mortgagees whose interests may be protected by said policies. In the event any excess insurance proceeds remain after repair and replacement thereof, the Board shall retain such sums in the general funds of the Association. If there are not sufficient insurance proceeds to restore and replace the improvements, then, upon a majority vote of the Owners entitled to vote, the Association may impose a special assessment equally against the Owners of each Lot to provide the necessary funds for restoration and replacement. In the alternative, such Owners may vote not to replace or restore the improvements but to equally divide any insurance proceeds among the Owners.

## ARTICLE VI

### EASEMENTS AND LICENSES

Section 6.1. Each Lot and the property included in the Common Areas shall be subject to an easement for encroachments created by construction, settling and overhangs, and for party walls constructed by the Developer. A valid easement for those encroachments and for the maintenance of such shall continue for so long as such encroachments exist.

Section 6.2. A blanket easement is created upon, across, over and under all of the Common Areas for the use and enjoyment of all Members their guests, invitees, licensees and tenants, subject to reasonable regulations of the Association, and for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to, water, sewer, gas, telephones and electricity.

Section 6.3. A drainage easement is created upon, across, over and under each Lot for the benefit of all other Lots.

Section 6.4. The Owners acknowledge and agree that the Dwelling Units and privately-owned improvements or fixtures which are constructed upon the Properties, may from time to time encroach upon the Common Areas or other Lots in the Properties. Such encroachments are permissible and the title to the land lying within such encroachments and the lot line in question will be considered to be in the Owner of the encroaching Lot.

## ARTICLE VII

### THE ASSOCIATION

Section 7.1. The Association shall be responsible for the proper and efficient management of the Common Areas, hereinafter referred to in this Article as "Areas". The Association shall be responsible for:

(a) maintaining the common streets and roads located with the Properties;

(b) landscaping those porticos of the Areas controlled by the Association (including, but not limited to, any easement areas on Lots);

(c) operating, maintaining (including insuring) and rebuilding, if necessary, street signs, walls and fences and other improvements on the Common Areas as originally constructed by the Declarant;

(d) paying real estate taxes, assessments and other charges on those portions of the Areas owned by the Association;

(e) insuring all improvements which the Association is obligated to maintain against damage by casualty with such companies and with such limits as the Association deems appropriate;

(f) hiring, firing, supervising and paying employees and independent contractors, including, but not limited to, security personnel, workers, landscapers, attorneys, accountants, architects and contractors to carry out the obligations set forth herein;

(g) maintaining liability insurance to protect the Members and the Board of the Association from any liability from occurrences or happenings on or about those portions of the Areas maintained by the Association, including, but not limited to, obtaining an errors and omissions insurance policy for the members of the Board of the Association;

(h) maintaining worker's compensation insurance for the employees of the Association;

(i) purchasing all goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

(j) enforcing the provisions of this Declaration, including, but not limited to, the Use Restrictions provided for in Article XXIII hereof;

(k) establishing and maintaining such cash reserves as the Association deems reasonably necessary for the maintenance, repair and replacement of the improvements which it is responsible to maintain and for unforeseen contingencies;

(l) providing for the payment of all utility services for common facilities; and

(m) entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth above and the operation and maintenance of the Areas.

Section 7.2. The manner in which the Association carries out its responsibilities shall be controlled by the provisions of its Bylaws, its Rules and Regulations, its Articles and provisions of this Declaration. Payment of Association dues shall not be contingent on the performance by the Association of any obligations hereunder.

Section 7.3. The individual house sewer connection service line for each Lot shall be the responsibility of each individual Owner.

## ARTICLE VIII

### ASSESSMENTS

#### Section 8.1. Assessments for Common Expenses.

8.1.1. Assessments to pay a judgment against the Association shall be assessed equally against all Lots in the Association.

8.1.2. If any common expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Lot.

#### Section 8.2. Obligation to Pay Assessments.

8.2.1. Each Owner of any Lot, by the acceptance of a deed therefor, whether or not expressly stated in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) monetary penalties imposed against the Owner from the date any fine becomes due as provided for in this Declaration, the Bylaws or Rules and Regulations of the Association, (3) supplemental assessments and (4) special assessments for capital improvements. Such assessments and monetary penalties, together with late fees, interest and reasonable attorneys' fees incurred by the Association in enforcing this Declaration, the Bylaws and/or the Rules and Regulations of the Association are enforceable as assessments under this Section. Such assessments shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made.

8.2.2. Each assessment and/or penalty or fine, together with interest, late charges, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title, unless assumed by them.

8.2.3. A lien under this Section is prior to all other liens and encumbrances on a Lot except:

(1) Liens and encumbrances recorded before the recordation of the original Declaration of Covenants, Conditions and Restrictions recorded on January 21, 1972 in Docket #171 at page 751 et seq.

(2) A first mortgage or deed of trust on each Lot recorded before the date on which the assessment sought to be enforced became delinquent.

(3) Liens for real estate taxes and other governmental assessments or charges against the Lot.

8.2.4. Assessments are payable by the Owner to the Association. Mortgagees of such lots shall not be required to collect assessments.

Section 8.3. Purpose of Assessments. The assessments levied by the Association shall be used for the promotion of the health, safety and welfare of the Owners of the Lots and the improvement and maintenance of the Common Areas. The duty of an Owner to pay these assessments is absolute and is not affected by any claim the Owner may have, or believes he has, against any other person, including the Declarant or the Association.

Section 8.4. Maximum Annual Assessment.

(a) Until October, 15, 1996, the maximum annual assessment which may be assessed is four hundred and twenty dollars (\$420.00) per Lot per year.

(b) After October 1996, the maximum annual assessment may not be increased more than five percent (5%) above the current year's assessment or by the percentage increase in the Consumer Price Index (published by the Department of Labor, Washington, D.C.), whichever is greater, without a vote of two-thirds (2/3) of the Members entitled to vote, who are voting in person or by proxy at a meeting duly called for this purpose.

(c) Thereafter, prior to July 1 of each fiscal year, the Board shall set the annual assessment in an amount not to exceed the maximum. The Board shall provide written notice of such increase to every Owner at least thirty (30) days prior to the effective date of such increase.

(d) The annual assessment shall be paid, in advance, in monthly installments on the first day of the month. The monthly installments shall become delinquent thirty (30) days after the due date if not paid in full.

Section 8.5. Supplemental Assessments. In the event the Association determines there are insufficient funds to meet the expenses of the Association as budgeted in any fiscal year, including nonpayment of assessments by the Members, it shall prepare a supplemental budget and determine the amount necessary to meet the obligations remaining in such fiscal year. The Association shall then levy a prorated supplemental assessment against each Lot in such amount. Notice of the supplemental assessment shall be given to each Owner within thirty (30) days of its due date. The Notice shall provide the amount and due date of each supplemental assessment. Any supplemental assessment which exceeds the current annual assessment by ten percent (10%) must be approved by a vote of at least two-thirds (2/3) of the Members of the Association duly called for this purpose.

Section 8.6. Date of Commencement of Annual Assessments: Due Dates. Annual Assessments shall commence as to each Lot on the date of Conveyance of the Lot to an Owner and the amount of the monthly installment of the annual assessment shall be prorated from the first day of the month during which such conveyance occurred.

Section 8.7. Special Assessments. In addition to the annual assessments authorized above, and except as specified otherwise herein, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement on the Common Areas, including fixtures and personal property related thereto and for any other expenditure occurring in any one (1) year. The Board shall specify the effective date of such special assessment. Special assessments must be approved by a vote of a majority of the Members of the Association who are voting in person or by proxy at a meeting of the Association duly called for this purpose.

Section 8.8. Uniform Rate of Assessment. Annual, supplemental and special assessments shall be fixed at a uniform rate for all Lots.

Section 8.9. Estoppel Certificate. The Association shall, upon written request, provide a lienholder, Owner or person designated by an Owner, with a recordable statement setting forth whether the assessment on a specified Lot has been paid and the amount of unpaid assessments against the Lot. This statement shall be furnished within twenty (20) business days after receipt of the request and is binding on the Association, Board and every Owner.

Section 8.10. Effect of Nonpayment of Assessments: Remedies of the Association.

8.10.1. Any assessment, whether annual, supplemental or special, which is not paid within thirty (30) days from its due date shall be deemed as delinquent. Any such delinquent assessment shall bear interest from the due date at a rate established by the Board. In addition, the Board may impose a uniform system of late payment penalties to be imposed upon any Owner not making his payment in a timely manner. This amount shall be added to the unpaid assessment and shall become payable by the Owner with the Payment of the delinquent amount.

8.10.2. If an assessment is not paid within thirty (30) days of its due date, a lien shall attach to the Lot and shall include the late charges, interest not to exceed the maximum legal rate on the principal amount due, all costs of collection including reasonable attorneys' fees incurred by the Association, and any other amounts provided or permitted by law. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all the Owners. The Association may bring an action at law against the Owner personally obligated to pay the annual, supplemental or special assessments, or foreclose its lien against the Lot. The Association, acting on behalf of the Owners, has the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage or convey same. No Owner may waive or otherwise escape liability for any assessment by non-use of the Common Areas, abandonment of the Lot, or for any other reason.

All payments received by the Association shall first be applied to collection costs and attorneys' fees, then to late charges, then to interest and then to delinquent assessments.

8.10.3. The Association may, at its discretion, accept a deed in lieu of foreclosure as full satisfaction of any assessments, monetary penalties and/or attorneys' fees due from an Owner.

Section 8.11. Surplus Monies. Any surplus monies of the Association remaining after payment of, or provision for, common expenses shall be maintained by the Association in a reserve account to defray future expenses.

Section 8.12. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein 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 a mortgage foreclosure 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 subsequent Owner from liability for any assessments thereafter becoming due or from the lien thereof.

Section 8.13. Obligations of Mortgagees After Foreclosure. At such time as the first mortgagee becomes the record owner of a Lot, such first mortgagee shall be subject to all of the terms and conditions of these restrictions, including, but not limited to, the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner.

Section 8.14. Fines. If any Owner, his family or any licensee, invitee, tenant or lessee violates this Declaration, the Bylaws and/or the Rules and Regulations of the Association, the Board may levy a fine upon the Owner of the Lot. Such fine may not be more than one hundred dollars (\$100.00) for each violation. The Association may also suspend the right of such person to use the Common Areas, under such conditions as the Board may specify, for a period not to exceed thirty (30) days for each violation. It shall be considered a separate violation for each day a violation continues after written notice to cease has been mailed to the Owner. As such, the Association may impose a

fine for each day such violation continues after such written notice is provided to the Owner. The Board shall establish a procedure by which it imposes such penalties, including the right to hearing if requested by an Owner. Any fines imposed hereunder which remain unpaid for a period of ten (10) days or more after being assessed shall become a lien upon the Owner's Lot upon the recordation of a Claim of Lien pursuant to this Declaration.

## ARTICLE IX

### INSURANCE

**Section 9.1. Insurance Obtained by Association.** Except as otherwise provided in this Article IX, the Association shall be responsible and obligated to purchase and maintain at all times the following types of insurance:

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

(b) Blanket all-risk casualty insurance, if reasonably available, for all insurable improvements on the Common Areas, including ramadas and recreation buildings. If blanket all-risk coverage is not reasonably available, then, at a minimum, an insurance policy providing fire and extended coverage shall be obtained. Such policy or policies shall consist, at a minimum, of a multi-peril type policy covering the subject improvements, providing, as a minimum, fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage lenders in Tucson, Arizona, on a replacement cost basis, in an amount of not less than one hundred percent (100%) of the insurable value (based upon the replacement cost).

(c) Premiums for all insurance on the Common Areas shall be common expenses of the Association. The policy may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement costs. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

(d) All insurance coverage obtained by the Board shall be written in the name of the Association as trustee for the respective benefitted

parties, as further identified in subsection (2) below. Such insurance shall be governed by the provisions hereinafter set forth:

(1) All policies shall be written with a company licensed to do business in Arizona which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A.M. Best Company, Inc., if reasonably available or, if not available, the most nearly equivalent rating.

(2) All policies on the Common Areas shall be for the benefit of the Association, its Members and Mortgagees.

(3) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(4) In no event shall the insurance coverage obtained and maintained by the Association's Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants or their Mortgagees.

(5) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one (1) or more qualified persons, at least one (1) of whom must be in the real estate industry and familiar with construction in the Tucson, Arizona area.

(6) The Association's Board shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board, its manager, the Owners, and their respective tenants, servants, agents and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be cancelled, invalidated, suspended or subject to non-renewal on account of any one or more individual Owners;

(iv) a statement that no policy may be cancelled, invalidated, suspended or subject to non-renewal on account of the conduct of any director, officer or employee of the Association, or its duly authorized manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

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(vi) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification or non-renewal.

(e) In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent required by law; directors' and officer's liability coverage, if reasonably available; a fidelity bond or bonds on directors, officers, employees and other Persons handling or responsible for the Association's funds, if reasonably available; and flood insurance, if required. The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than three (3) months' assessments on all Units, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification or non-renewal.

(f) In the event of substantial damage to or destruction of any Dwelling Unit or any part of the Common Areas, any first mortgagee on a Dwelling Unit will be entitled to timely written notice of any such damage or destruction and no Owner of a Dwelling Unit or other party shall have priority over such first mortgagee with respect to the distribution to such Dwelling Unit Owner of any insurance proceeds.

Section 9.2. Individual Insurance. By virtue of taking title to a Dwelling Unit which is subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Dwelling Unit(s), and replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on replacement cost) of such Dwelling Unit. The Owner shall maintain such other insurance as he/she deems advisable to cover theft, damage and loss to personal property. Such policies shall provide that there is no contribution or offset between policies of the Association and policies an individual Owner may have in effect.

## ARTICLE X

### OWNER'S RESPONSIBILITIES

#### Section 10.1. Owner's Liability.

10.1.1. Each Owner shall be responsible for his Lot's utility costs, ad valorem taxes and repairs of all appliances and equipment located within his own Dwelling Unit, including, but not limited to, air conditioning and cooling units, windows, sliding glass doors, furnaces, fans, stoves, water heaters, dishwashers and disposals.

10.1.2. Each Owner shall also provide for, at his own expense, maintenance and repairs of his own roof on his Dwelling Unit. The Association assumes no responsibility for maintenance, repair and replacement of any of the individual Owners' roofs located on the Lots over the

Dwelling Unit. The Association assumes no responsibility or liability for damages arising from an Owner's failure to maintain, repair or replace a roof. If a roof must be repaired or replaced, it shall conform to the same architectural design and style as the original roof.

10.1.3 Each Owner shall be responsible for the exterior maintenance of the Dwelling Unit and the landscaping on each individual Lot. Such maintenance shall be conducted in a acceptable manner to preserve the harmony and integrity of the Properties.

10.1.4. Each Owner shall be responsible for the upkeep and maintenance of the interior of his townhouse and for the upkeep and maintenance of all other areas, features or parts of his townhouse and property not otherwise maintained by the Association, including street lamps, mailboxes, and front gates. Termite control shall be the responsibility of the Owner.

10.1.5. Each Owner shall be responsible for assuring that all construction, alteration, modification or addition to buildings, walls, fences, copings, roads, driveways or other structures on his Lot conform to the use restrictions of Article XIII herein. If any Owner fails or refuses to remove or upgrade such item(s), the Association may, in its sole discretion remove the nonconforming item and the cost of removal shall be added to and become part of the assessment to which the Owner's Lot is subject, and collected in the same manner as delinquent assessments.

Section 10.2. Dereliction of Maintenance by Owners. Each Owner shall be responsible for and pay for all damage caused by the Owner, his guests, family, lessees, pets or employees to his or any other Owner's property or to the Common Areas. Upon the failure of any Owner to maintain the premises and the improvements thereon, in a manner satisfactory to the Association, the Association, through its agents and employees, after giving notice to the Owner, is granted the right to enter upon such Lot and to make necessary repairs, maintenance, rehabilitation or restoration of the premises and the exterior of any Dwelling Unit as may be necessary, and the cost shall be charged against the Owner by invoice and made a lien on his Lot. Nothing contained herein shall require the Association to charge for, or to collect, assessments for damage caused by an Owner, his guests, family, lessees, pets or employees to any other Owner's property. The Association shall not be compelled by the damaged party to make such repairs or to charge the offending party or collect such necessary amounts from him.

## ARTICLE XI

### COMMON WALLS

Section 11.1. Each wall, including patio walls, which is constructed as part of the original construction of the Dwelling Unit, any part of which is placed on the dividing line between the Dwelling Units, shall constitute a party wall.

Section 11.2. The general rules of law regarding party walls shall be applied.

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Section 11.3. In the event any party wall is damaged or destroyed through the acts of one of the adjoining Owners, or any of his guests, tenants, licensees, agents or members of his family (whether caused by negligence or otherwise), which deprives the other adjoining Owner of the full use and enjoyment of such wall, the Owner responsible for the damage shall forthwith proceed to rebuild and repair the party wall in the same good condition as it was previous to the damage without cost to the adjoining Owner.

Section 11.4. In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his guests, tenants, licensees, agents or family (including ordinary wear and tear and deterioration from lapse of time), then in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly and shall share the expense of such rebuilding or repair.

Section 11.5. Notwithstanding any other provision in this Article, an Owner, who by his negligent or willful act causes any party wall to be exposed to the elements, shall bear the sole cost of furnishing the necessary protection against such elements.

Section 11.6. 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.

Section 11.7. In addition to meeting the other requirements of this Declaration and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his Dwelling Unit in any manner which requires the extension or the alteration of any party wall shall first obtain the written consent of the adjoining Owner.

Section 11.8. This Declaration shall be binding upon the heirs and assigns of any Owner, but no person shall be liable for any act or omission respecting any party wall, except if it occurred while such individual was an Owner.

Section 11.9. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and the decision shall be by a majority of all the arbitrators.

## ARTICLE XII

### ARCHITECTURAL CONTROL

Section 12.1. The Board may establish an Architectural Review Committee (hereinafter the "Committee") to be comprised of a minimum of three (3) or more members appointed by the Board. One (one) member shall be a member of the Board. Members of the Committee shall not be entitled to any compensation for services performed pursuant to this Declaration, although professional consultants hired by the Committee and approved by the Board shall be paid for by the Association.

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Section 12.2. All architectural matters affecting the Common Areas and the individual Lots shall be governed by the Committee. Subject to the approval of the Board, the Committee shall promulgate written rules and regulations governing the approval of plans and specification for the alteration or construction on the exterior of the Dwelling Units or any Common Areas. The Committee shall also establish written architectural standards and procedures to be followed by the Owners in obtaining the written approval of the Committee. Such rules and regulations shall not conflict with any provisions in this Declaration.

Section 12.3. No Owner shall make any improvement, alteration, modification or change to any structure, including, but not limited to, walls, fences, copings, awnings, sunshades or flagpoles until the plans and specifications showing the nature, kind, shape, height, color, materials and location of such are submitted in writing and approved by the Committee. The Architectural Review Committee shall consider the harmony of external design and location in relation to the surrounding structures and topography in determining whether to approve such structures or modifications. This shall specifically include any change in color or the exterior portions of any Dwelling Unit. Approval of the plans and specifications shall be evidenced by the written endorsement of the Committee on the plans.

Section 12.4. All modifications, alterations and/or improvements must be substantially completed within ninety (90) days from the date the plans and specifications are approved by the Committee, unless the Committee approves an extension of time in writing.

Section 12.5. If the Committee fails to approve the plans and specifications within thirty (30) days after being submitted by the Owner, the plans shall be deemed as disapproved by the Committee and no structures or modifications shall be permitted.

Section 12.6. Neither the Association nor the Committee shall be responsible in any way for any defects in any plans or specifications which were submitted in accordance with this Article, nor for any structural defects in any structures erected according to such plans or specifications.

Section 12.7. In the event a member of the Board or Architectural Review Committee desires to alter, remodel and/or make any additions to his Dwelling Unit, he shall be disqualified from voting on such matter.

### ARTICLE XIII

#### USE RESTRICTIONS

Section 13.1. Residential Use. All Lots shall be used for single-family residential purposes only, and no other structures except single-family residences shall be placed or maintained thereon.

Section 13.2. Business Activities.

13.2.1. No trade or business may be conducted in or from any Dwelling Unit, except that an Owner or occupant residing in any Dwelling Unit may conduct business activities with the Dwelling Unit so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve any person conducting such business who does not reside on the Properties or door-to-door solicitation of residents of the Properties; and (d) the business activity does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

13.2.2. The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefor. Notwithstanding the above, the leasing of a Dwelling Unit shall not be considered a trade or business within the meaning of this Section. No garage, patio or yard sales shall be permitted.

Section 13.3. Leases:

13.3.1. An Owner is entitled to lease his Dwelling Unit for single-family residential purposes only. Any person who leases a Dwelling Unit shall not sublease such Dwelling Unit to any other person. The Board may enact Rules and Regulations limiting the number of Dwelling Units which may be leased at any one time.

13.3.2. All provisions of the Declaration and or any Rules and Regulations promulgated by the Association pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Dwelling Unit.

13.3.3. All leases shall be in writing and shall specifically provide:

(a) Such lease is subject to all respects to the provisions of this Declaration, the Articles, the Bylaws and the Rules and Regulations of the Association.

(b) The failure of the lessee to comply with the terms and conditions of this Declaration, the Articles, the Bylaws and the Rules and Regulations of the Association shall constitute a material default of the lease.

(c) A copy of any and all leases shall be provided to the Board of Directors.

Section 13.4. Sales of Lots. Each Owner shall promptly notify the Board of any intended sale or transfer of his Lot and shall provide the Board with the name and address of the grantee or transferee and any other information which may be reasonably required by the Association.

Section 13.5. No temporary Building or Trailers.

13.5.1. No temporary house, house trailer, motorhome, recreational vehicle, tent, garage, camper or truck with camper shell, boat or out-building of any kind shall be placed or erected upon any part of the Properties, except as provided for in Section 13.17.5.

13.5.2. No Owner may move any building of any nature onto any Lot within the Properties without the written consent of the Board. If such approval is given, such building shall comply in all respects with each and every provision of this covenant.

Section 13.6. Derricks, Tanks, Heating and Cooling. No structure designed for use in boring for water, oil or natural gas shall be erected, placed or permitted upon any part of the Properties, nor shall any water, oil, natural gas, petroleum, asphaltum or hydrocarbon products or substances be produced or extracted therefrom.

Section 13.7. Signs. No sign of any kind shall be on the Properties, unless such a sign has been approved by the Board, except:

(a) Signs which may be required by legal proceedings:

(b) One (1) sign advertising the Owner's Lot for sale or lease, provided such sign does not exceed five (5) square feet in size. Such sign must be removed within two (2) weeks after the offer of sale or lease of the Dwelling Unit has been accepted and all contingencies have been removed:

(c) Temporary signs indicating an "Open House" for Properties offered for sale may be placed at appropriate locations in the area to properly direct interested parties to the subject property, but only during those hours in which such property is open for inspection.

Section 13.8. Rubbish, Garbage and Wood Storage. No Lot shall be used in whole or part for the storage of rubbish or garbage or for the storage of anything which will cause such Lot to appear in any unclean or untidy condition or that will be otherwise obnoxious. No obnoxious or offensive activity shall be carried on upon any Lot, nor shall anything be done, placed or stored thereon which may become an annoyance or nuisance to the neighborhood or occasion any noise, or odor which will or might disturb the peace, quiet, comfort or serenity of the occupants of surrounding properties. All equipment for the storage or disposal of garbage or other waste shall be kept in a clean and sanitary condition and shall be stored so as to conceal them from view of neighboring townhouses and streets. No storage of any material is permitted outside the walls of a Dwelling Unit.

Section 13.9. Animals. No animals of any kind shall be raised, bred or kept, except that a reasonable number of generally recognized house pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. All animals must be kept under leash or controlled at all times so that they will not interfere with any Owner's use and enjoyment of the Common Areas, and it shall be the responsibility of all pet Owners to clean up after their pets. No pets are allowed in the pool and recreation areas. No animal shall be allowed to become a nuisance. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal is a generally recognized house or yard pet or a nuisance, or whether the number of animals is reasonable. All Owners shall maintain their pets in compliance with all local county or state ordinances and laws.

Section 13.10. Resubdivision. No Lot, Lots or Common Areas shall be resubdivided except for the purpose of combining the resubdivided portions with another adjoining Lot, provided that no additional Lot is created, nor density increases thereby. Any resubdivision shall comply with state law and county ordinances.

Section 13.11. Unsightly Articles. No unsightly articles shall be permitted which are visible from adjoining Dwelling Units or from the street or public way. The Board shall have the sole discretion in determining if any activity by an Owner, his/her family, invitees or lessees is in violation of this Section.

Section 13.12. Noise. No Owner shall engage in any activity or permit any activity to occur on the Properties which shall result in unusual, loud or obtrusive noises or sounds.

Section 13.13. Antennas and Exterior Additions. No exterior antennas or other devices for the transmission or reception of television or radio signals, including satellite dishes, shall be erected or maintained without prior written authorization of the Architectural Review Committee. Further, no other exterior devices or additions, other than initially installed, shall be constructed on the exterior of a Dwelling Unit (including the roof) without the written authorization of the Architectural Review Committee unless of the same height as originally installed by the Developer.

Section 13.14. Clotheslines. No clotheslines shall be erected or maintained upon the Properties which are visible by any other Owner, nor shall any portion of the Common Areas be used for drying personal articles belonging to the Owners, guests, tenants or invitees.

Section 13.15. Common Areas.

13.15.1. Within drainageways, no structure, planting or other material shall be placed or permitted to remain which may change the direction of flow or which may obstruct or retard the flow of water.

13.15.2. All common Areas shall be managed in compliance with the Pima County Zoning Ordinances.



Section 13.16. Landscaping.

13.16.1. Common Areas. The landscaping on the Common Areas shall not be destroyed or removed without the consent of the Architectural Review Committee. If such landscaping is removed without such consent, the Board may require the replanting or replacement of same, the cost thereof to be borne by the Owner responsible for such removal, such cost to become a lien against such Owner's property.

13.16.2. Individual Patio Areas. The landscaping in the front and side yards of the individual Lots shall complement the landscaping in the Common Areas and may contain a minimum number of desert plants, solely for decorative purposes. No trees or plants shall be planted on the grass areas maintained by the Association. Plantings in the area between driveways shall not obstruct the view of drivers. Any Owner desiring to landscape his Lot in other than as specified herein, must submit a landscape plan for approval by the Architectural Review Committee prior to implementing such plan.

Section 13.17. Vehicle Parking and/or Storage.

13.17.1. All Owners, their guests, tenants and other invitees shall only park motorized or non-motorized vehicles in their garages or in designated areas within the Properties. Designated areas will include such additional parking spaces as determined by the Association from time to time. Long term storage of vehicles shall be in an enclosed garage. Notwithstanding the above provisions, Owners, their guests, tenants and invitees may park their vehicles on the street in front of residences solely for the purpose of social events and gatherings.

13.17.2. Overnight parking on the street is expressly forbidden. Parking in the center of the street is prohibited at all times. (This includes service vehicles).

13.17.2.5 Overflow parking area. Property owners may park their vehicles in the overflow area for a period not to exceed 3 days in any 7 day period with the exception and permission of the Parking Committee. Visitor overnight parking of vehicles in the overflow area shall be limited to 7 (seven) days in any 30 (thirty) day period with the approval of the parking committee.

13.17.3. No vehicles shall block any Dwelling Unit's driveway or inhibit access to or from any Dwelling Unit.

13.17.4. No Owner, guests, tenants or other invitees may park his vehicle anywhere on the Properties at or near the tree wells so as to cause a hindrance to normal traffic flow.

13.17.5. The board of Directors shall have the power to restrict the parking of automobiles and recreational vehicles within the common area including the street area in front of individual homes. Such restrictions shall be determined by rules and regulations established by the

Board of Directors. Further, the Board of Directors shall promulgate penalties and restrictions for the enforcement of said rules and regulations.

13.17.5.5. The use of and/or occupancy anywhere on the Properties of a trailer, mobile home, motorhome, camper or recreational vehicle as living quarters (on either a temporary or permanent basis) is expressly prohibited, although an Owner's guest may use the motorhome or recreational vehicle as sleeping quarters, provided prior permission is obtained from the parking committee as to location and time limits, while visiting the Owner.

13.17.6. No inoperable, junked, unsightly or wrecked vehicles shall be parked on any portion of the Properties other than inside a fully enclosed garage. No vehicles shall be located on the Properties in state of repair or disassembly except inside a fully enclosed garage.

13.17.7. No commercial, construction or like vehicles (including, but not limited to, pickup-type vehicles in excess of one-half (1/2) ton capacity, and vehicles bearing commercial signs, advertising or other business insignia, and any commercially licensed vehicle) shall be parked or stored in the Properties other than inside a fully enclosed garage.

13.17.8. The Board may establish a system relating to and requiring issuance of parking permits for temporary or other parking, and the Board may establish such other parking regulations as it deems necessary.

13.17.9. In the event any Owner, guest or lessee violates this Section regarding vehicle parking and storage, the Association may take such action as is reasonably necessary to obtain compliance of this Section, including the removal of vehicles in violation hereof, the cost of which shall become the responsibility of the owner of the vehicle and shall be collected in the same manner as assessments.

13.17.10. After notice and hearing, the Association may impose a fine not to exceed twenty-five dollars (\$25.00) for each violation of those covenants regarding vehicle parking and storage.

Section 13.18. Right of Inspection. During reasonable hours, any member of the Board of the Association, or any authorized representative of any of them, shall have the right to enter upon and inspect any of the Properties (except the interior of Dwelling Units) for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

#### ARTICLE XIV

##### GENERAL PROVISIONS

Section 14.1. Enforcement. The Association or any Member, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or

hereafter imposed by the provisions of this Declaration. This shall include enforcement of Rules and Regulations promulgated to the Association to carry out its purposes and this Declaration. The prevailing party in any Court action shall be awarded reasonable attorney's fees and costs. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

14.1.1 No delay or omission on the part of the Association or any Member in exercising its right to enforcement hereunder shall be construed as a waiver of any breach of any of the restrictions and covenants contained herein or acquiescence in any breach hereof and no right of action shall accrue against the Declarant, the Board, the Association or any Member for their neglect or refusal to exercise such right of enforcement.

14.1.2. No breach of the foregoing provisions, conditions, restrictions or covenants shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any portion of the Properties. Such provisions, conditions, restrictions and covenants shall be enforceable against any portion of the Properties acquired by any person through foreclosure for any breach occurring after such acquisition.

Section 14.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any others which shall remain in full force and effect.

Section 14.3. Amendment. This Declaration may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of members present in person or by proxy. Any amendment to this Declaration shall be by a written document signed by the President and Secretary of the Association and filed with the Pima County Recorder's Office.

Section 14.4. Term. The aforesaid provisions, conditions, restrictions and covenants, and each of them, shall run with the land and continue and remain in full force and effect at all times and against all persons until January 1, \_\_\_\_, at which time they shall be automatically extended for successive periods of ten (10) years.

Section 14.5. Compliance. All covenants, conditions, provisions and restrictions contained herein or any amendments thereto are subject to any and all applicable federal, state and local governmental rules and regulations.

Section 14.6. Rule Against Perpetuities. In the event the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time during which this Declaration is effective, then in that event, the periods of time shall be reduced to a period of time which do not violate the rule against perpetuities as set forth in the laws of the State of Arizona.

Section 14.7. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

**Section 14.8. Captions.** All captions and titles used in this Declaration are intended solely for convenience or reference purposes only and in no way define, limit or describe the true intent and meaning of the provisions hereof.

**Section 14.9. Binding Effect.** By Acceptance of a deed or acquiring any ownership interest in any of the Properties included within this Declaration, each person or entity, for himself, or itself, his heirs, personal representatives, successors, transferees and assigns, bind himself and his heirs, personal representatives, successors, transferees and assigns to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereto. In addition, each such person doing so acknowledges that this Declaration sets forth a general scheme of the Properties and evidences his intent that all restrictions, conditions, covenants, and rules and regulations contained herein or promulgated hereafter by the Association shall run with the land and be binding upon all subsequent and future Owners, grantees, purchasers, assignees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

**Section 14.10. Indemnification.** The Association shall indemnify every officer and director against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon, any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be the exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

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## Section II

### BYLAWS

#### OF

LIMBERLOST TERRACE IMPROVEMENT ASSOCIATION, INC.

### ARTICLE I

#### NAME AND LOCATION

The name of the corporation is LIMBERLOST TERRACE IMPROVEMENT ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located in Tucson, Arizona. Meetings of Members and Directors may be held at such other place within the State of Arizona, as may be designated by the Board of Directors.

### ARTICLE II

#### DEFINITIONS AND APPLICABILITY

Section 1. Definitions. Unless context otherwise specifies or requires, the words and phrases used in these Bylaws shall have the same meaning as defined in Article I of the Restated and Amended Declaration of Covenants, Conditions and Restrictions for Limberlost Terrace Improvement Association, recorded on January 21, 1972, in Docket 4171, at page 743, et seq., in the Office of the County Recorder of Pima County, Arizona (hereinafter "Declaration"), as may be amended from time to time.

Section 2. Applicable Property. The provisions of these Bylaws shall be applicable to the property known as Lots 1 through 48 of Limberlost Terrace Improvement Association, as recorded in Book 4171 of Maps and Plats, at page 762. The mere acquisition or rental of any Dwelling Unit will signify that these Bylaws are accepted, ratified and will be adhered to by such purchaser or lessee.

### ARTICLE III

#### MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held during the month of October of each year at a date and time determined by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

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**Section 3. Notice of meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

**Section 4. Quorum.** The presence at the meeting of Members or proxies entitled to cast one-fourth (1/4) of the votes of the membership at a general meeting and one-fifth (1/5) of the votes of the membership at a special meeting shall constitute a quorum for any action, except as otherwise provided in the Articles, the Declaration or these Bylaws. If, however, a quorum is not present or represented at any meeting, the Members entitled to vote who are present at the meeting have the power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present or represented.

**Section 5. Proxies.** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours prior to the date of any meeting of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Dwelling Unit.

#### ARTICLE IV

#### DIRECTORS

**Section 1. Number.** The affairs of this Association shall be managed by a Board of five Directors, who shall be Members of the Association.

**Section 2. Term of Office.** Each Director shall serve a three (3) year term. At the first meeting of the Board of Directors after the adoption of the Restated and Amended Declaration of Covenants, Conditions and Restrictions, the number of Members of the Board of Directors shall be reduced to a total of five (5) members by the retirement of the number of longest serving members on the Board that will bring the total to five (5). At the expiration of the first one (1) year terms and each year thereafter, Directors will be elected at each annual meeting to fill the vacancies occurring due to the completion of the terms of office .

**Section 3. Removal.** Any Director may be removed from the Board, with or without cause, by a majority vote of those Members of the Association entitled to vote. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

**Section 4. Compensation.** The Board shall have the option of compensating any of the Directors for work performed for the Association. Any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

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**Section 5. Waiver of Notice.** The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present and, if either before or after the meeting, each of the Directors who is not present signs a written Waiver of Notice, or a consent to the holding of such a meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Association's records and made a part of the minutes of the meeting.

**Section 6. Action Without a Meeting.** The Directors have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE V

### NOMINATION AND ELECTION OF DIRECTORS

**Section 1. Voting on Directors.** The Board shall be elected annually at the annual meeting of the Association. At such election, the Members entitled to vote may cast one (1) vote for each vacant position. The person(s) receiving the largest number of votes shall be elected to the vacant directorship or directorships.

**Section 2. Nominating Committee.** The Nominating Committee shall nominate those Members for election to the Board. Nominations may also be made from the floor at the annual meeting.

A. The Nominating Committee shall consist of a Chairperson and two (2) or more Members of the Association.

B. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve until the close of such annual meeting.

C. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine but not less than the number of offices to be filled. Such nominations shall be made from among Members of the Association.

**Section 3. Election.** Election to the Board shall be by secret written ballot. There shall be no cumulative voting.

## ARTICLE VI

### MEETINGS OF DIRECTORS

**Section 1. Regular Meetings.** Regular meetings of the Board shall be held at least quarterly without notice at a place and time established by the Board. Additional meetings may be called by the President if desired or necessary to conduct the business of the Association.

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Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director. Notice may be in person, by telephone or in writing.

Section 3. Quorum. A majority of the Board shall constitute a quorum for the transaction of any business. Every action or decision done or made by a majority of Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

## ARTICLE VII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board shall have power to:

A. Adopt and publish Rules and Regulations governing the use of the Common Areas and facilities and the personal conduct of the Members, their guests, invitees and lessees, and to establish penalties for the infraction thereof;

B. Suspend the voting rights and right to use the recreational facilities of a Member during any period in which such Member is in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infractions of published rules and regulations;

C. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles or the Declaration;

D. Declare the office of a member of the Board to be vacant in the event such member is absent from three (3) consecutive regular meetings of the Board; and

E. Employ a manager, an independent contractor, attorney or such other employees as it deems necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

B. Supervise all officers, agents and employees of this Association and see that their duties are properly performed as follows:

1. Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

2. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after its due date or to bring an action at law against the Owner personally obligated to pay such assessment.

C. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

D. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

E. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

F. Cause the Common Areas to be maintained as provided for in the Declaration.

#### ARTICLE VIII

#### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following the annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he resigns at an earlier date or is removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

A. President. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

B. Vice-President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

D. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; keep proper books of accounts; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting and deliver a copy of each to the Members. The Treasurer shall be the Chairman of the Finance Committee which shall review the financial books and records of the Association on an annual basis.

E. Chain of Command. The descending order of command shall be in the order of A. B. C. D. above.

## ARTICLE IX

### COMMITTEES

The Association shall consult with the Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board shall appoint such other committees as are deemed appropriate in carrying out its purpose.

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## ARTICLE X

### BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member after notice to the Secretary. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association. Additional copies of the Bylaws, the Articles or the Declaration shall be provided to all Members upon the payment of a reasonable copying fee.

## ARTICLE XI

### ASSESSMENTS

Each Member is obligated to pay to the Association annual, special and supplemental assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid when due, the assessment shall bear interest from the date of delinquency, at a rate established by the Board and shall include a late charge. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common Areas or abandonment of his Dwelling Unit, or for any other reason.

## ARTICLE XII

### AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

## ARTICLE XIII

### MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of July and end on the last day of June of every year.

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LIMBERLOST TERRACE IMPROVEMENT ASSOCIATION

Restated and Amended

BY-LAWS  
and  
COVENANTS, CONDITIONS AND RESTRICTIONS

This amendment is made this 15th day of November, 1995, the undersigned being the owners of Limberlost Terrace Townhomes, lots 1 through 48, according to Book 4171, page 743-763, recorded in Pima County, Arizona, hereby amend and change the Declaration of Covenants, Conditions and Restrictions and the By-laws dated January 21, 1972, as contained in the revised set of documents dated November 15, 1995.

4202 <u>Betty Suggs</u>	4203 <u>Peggy J. Worley</u>
4206 <u>Fred Sikma</u>	4207 <u>Betty Louisa Robinson</u>
4210 <u>Jelice COOPER</u>	4211 <u>Carol &amp; Betty Seppanen</u>
4214 <u>Archie West King</u>	4215 _____
4218 <u>Jane J. Harrison</u>	4219 <u>John D. Dwyer</u>
4222 <u>Larry C. Bauland</u>	4223 <u>Alfred J. McGee</u>
4226 _____	4227 <u>Joe Phil D.</u>
4230 _____	4231 _____
4234 <u>Robert L. Gussaf</u>	4235 <u>Russell Moon</u>
4238 <u>Marion Spitzberg</u>	4239 <u>W. J. Dwyer</u>
4242 <u>Ellie Hamblaton</u>	4243 <u>Eric H. Humphrey</u>
4246 <u>Dorothy Thompson</u>	4247 <u>Wm. J. Dwyer</u>
4250 <u>Annelle L. Bauman</u>	4251 <u>Ray &amp; Helen Taylor</u>
4254 <u>Marilyn Hamilton</u>	4255 <u>Ed &amp; Joan Petersen</u>
4258 <u>Paul Klein</u>	4259 <u>Eric &amp; Laurie</u>
4262 <u>Henry J. Schackel</u>	4263 <u>Henry D. Schackel</u>
4262 <u>Leslie W. Baashear</u>	

4266	Miriam V. Phillips	4267	Florence E. Van Hassel
4270	Pauline R. Katz	4271	Robert H. Hamilton
4274	Sophie L. Sinski	4275	Robert H. Hamilton
4278	Vera Kappel	4279	_____
4282	Helen Heimstra	4283	_____
4286	Mary Jane West	4287	_____
4290	Elizabeth Salway	4291	N. Nakajima
4294	Sig. Radmacher	4295	Thomas C. Novak

VERIFICATION OF SIGNATURES

Limberlost Terrace Improvement Association

I, Marjory Bornhurst, Secretary of Limberlost Terrace Improvement Association, an Arizona corporation, hereby acknowledge, affirm, and avow that the signatures attached are the true and correct signatures of 60% of the owners, who, after due notice and compliance with Article XIII, Section 3 of the Declaration of Covenants, Conditions and Restrictions of Limberlost Terrace Improvement Association subdivision Lots 1 through 48, recorded in Docket Book 4171 at pages 743 through 763, inclusive, all in the office of the County Recorder of Pima County, Arizona, approved the 1995 Restated and Amended Covenants, Conditions and Restrictions and By-Laws of Limberlost Terrace Improvement Association subdivision Lots 1 through 48, dated the 15th day of November, 1995.

IN WITNESS WHEREOF, I have hereunto set my hand this 17<sup>th</sup> day of November, 1995.

Limberlost Terrace Improvement Association,  
an Arizona corporation

by Marjory Bornhurst  
Secretary

STATE OF ARIZONA        ]  
                                  ] ss:  
COUNTY OF PIMA        ]

On this 17 day of November 1995, before me, the undersigned officer, personally appeared Marjory Bornhurst, who acknowledged herself to be the secretary of Limberlost Terrace Improvement Association, an Arizona corporation, and that she as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

Cheryl J. Anderson

Notary Public

My Commission Expires:

November 1, 1996

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CERTIFICATE OF COMPLIANCE

I, Clyde B. Bornhurst, President of Limberlost Terrace Improvement Association, an Arizona corporation, referred to in that certain Declaration of Covenants, Conditions and Restrictions dated the 21st day of January, 1972, and recorded Docket Book 4171 at pages 743 through 763, inclusive, in the office of the County Recorder of Pima County, Arizona, covering lots 1 through 48 of the Limberlost Terrace Improvement Association subdivision, a subdivision of Pima County, Arizona, hereby avow, attest and certify as to the Restated and Amended Declaration of Covenants, Conditions and Restrictions and the Restated By-Laws of Limberlost Terrace Improvement Association dated November, 15, 1995 and the Limberlost Terrace Improvement Association subdivision Lots 1 through 48 dated 10th day of March, 1990, {hereinafter referred to as the 1995 Declaration} as follows:

1. The 1995 Declaration, attached, was duly approved by a 60% majority of all lot owners, pursuant to the terms and conditions of Article XIII, Section 3 of the Declaration of Covenants, Conditions and Restrictions of Limberlost Terrace Improvement Association subdivision Lots 1 through 48 .

2. That the signatures of 60% of all lot owners who approved the 1995 Declaration to be filed with the County Recorder of Pima County, Arizona, under document entitled Verification of Signatures - Limberlost Terrace Improvement Association.

IN WITNESS WHEREOF, this 1995 Declaration of Limberlost Terrace Improvement Association subdivision Lots 1 through 48 is hereby approved and adopted this 17<sup>th</sup> day of November, 1995.

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Limberlost Terrace Improvement Association.  
an Arizona Corporation

by: Charles B. Bornhurst  
President

ATTEST:

Marjory Bornhurst  
Secretary

IN WITNESS WHEREOF, I have hereunto set my hand this  
17 day of November, 1995.

Limberlost Terrace Improvement Association,  
an Arizona corporation

by: Marjory Bornhurst  
Secretary

STATE OF ARIZONA            |  
  | ss:  
COUNTY OF PIMA            |

On this 17<sup>th</sup> day of November 1995, before me, the undersigned officer, personally appeared Marjory Bornhurst, who acknowledged herself to be the secretary of Limberlost Terrace Improvement Association, an Arizona corporation, and that she as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

Cheri L. Almond

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