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SECOND AMENDED AND RESTATED
DECLARATION OF CONDOMINIUM
TOGETHER WITH
COVENANTS, CONDITIONS AND RESTRICTIONS

WHEREAS, Transamerica Title Company, an Arizona corporation, ("Declarant") recorded a Declaration of Horizontal Property Regime Together With Covenants, Conditions and Restrictions in the office of the Mohave County, Arizona Recorder in Book 184 at Pages 522 to 525 inclusive, and recorded an Amended Declaration of Horizontal Property Regime Together With Covenants, Conditions and Restrictions in the office of the Mohave County, Arizona Recorder in Book 2522 at Pages 845 to 876; which was amended by the Amended and Restated Declaration of Horizontal Property Regime Together With Covenants, Conditions and Restrictions, recorded in the office of the Mohave County, Arizona Recorder in Book 7084 Beginning at Page 138 (collectively, the "Declaration"), that governs the following property:

Lots 1 through 8 inclusive, and Parcels A, B, C, and E of Tract 2309, Lake Havasu City, Arizona, according to the plat thereof recorded January 7, 1974, as Reception No. 74-388 in the office of the Recorder of Mohave County, Arizona and Los Lagos II Condominiums, a plat of record recorded January 28, 1974, as Reception No. 74-2447, in the office of the Recorder of Mohave County, Arizona.

WHEREAS, the Association, by and through its members, wishes to amend and restate the Declaration in its entirety as set forth herein;

NOW THEREFORE, the Association hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, 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 rights, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I
DEFINITIONS

Section 1. The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Assigned Parking Space" is defined as the covered parking area assigned to each Unit.

(b) "Association" shall mean and refer to the LOS LAGOS II HOMEOWNERS ASSOCIATION NO. 1, an Arizona non-profit corporation, its successors and assigns.

(c) "Association Rules", sometimes referred to as "Rules", shall mean the ways and means required to maintain and protect the properties for use by the Owners and their tenants/lessees. The Rules may be amended from time to time by majority vote of the Board of Directors at a regular meeting.

(d) "Board" shall mean the Board of Directors of the Association.

(e) "Bylaws" shall mean the Bylaws of the Association as such Bylaws may be amended from time to time by majority vote of the Board of Directors at a regular meeting.

(f) "Common Elements", sometimes referred to as "Common Facilities" or "Common Area" shall mean the entire properties except for the Units, as defined in (l) below.

(g) "Declarant" shall mean TRANSAMERICA TITLE COMPANY, an Arizona Corporation, as Trustee, including its successors and assigns.

(h) "Declaration" shall mean this entire document, as same may from time to time be amended.

(i) "Member" shall mean any person, corporation, partnership, joint venture or other legal entity who is an Owner as provided for herein.

(j) "Owner(s)" means (a) the record owner, whether one or more persons or entities, of legal title to the fee simple interest of a Unit; (b) a purchaser under a contract for sale; (c) in the case of a Unit subject to a Recorded option, the optionor; (d) in the case of a Unit the fee simple title to which is vested in a trustee pursuant to A.R.S. § 33-801, et seq., the trustor; and (e) in the case of a Unit the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the Unit. If the Unit is owned by a revocable trust, the trustor shall be deemed to be the Unit Owner. If the Unit is owned by an irrevocable trust, the trustee shall be deemed to be the Unit Owner. "Unit Owner" shall not include: (i) a Person having an interest in a Unit merely as security for the performance of an obligation; (ii) a Lessee; or (iii) a purchaser under a purchase contract and receipt, escrow instructions or similar executory contract which is intended to

control the rights and obligations of the parties to executory contracts pending the closing of a sale or purchase transaction.

(k) "The Properties" or "The Property" shall mean and refer to all such existing properties as are subject to this Declaration.

(l) "Unit " shall mean a separate freehold estate, consisting of an airspace defined as follows: the boundaries of each such Unit are as follows:

- (i) The lower vertical boundary is the surface of the finished slab floor thereof.
- (ii) The upper vertical boundary is a horizontal plane, the elevation of which coincides with the elevation of the surface of the unfinished ceiling or ceilings thereof.
- (iii) The lateral boundaries are the interior surfaces of the perimeter walls, windows and doors thereof and vertical planes coincidental with the interior surfaces of the perimeter walls thereof, extended upwards to intersect the upper horizontal boundary.
- (iv) Per A.R.S. 33-1212, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces are a part of the Unit. Each such Unit includes the surfaces so described, and the portions of the building and improvements lying within said boundaries.
- (v) Each such Unit shall also include the heating and air conditioning unit, ranges, dishwasher, garbage disposal units, water heaters, and other household appliances lying within said boundaries and/or appurtenant areas, and including driveways and garage doors as may be located on Lot 1, 2, 3, 4, 6, 7, and 8 of said property described in Article II.
- (vi) The airspaces for covered parking, patios, storage areas, balconies and stairways, if any, are, where so designated, for the exclusive use of the Unit.
- (vii) Unless otherwise indicated, all airspace boundary lines intersect at right angles.

The following are not part of a Unit: Bearing walls, columns, vertical supports, roofs, cement slab sub-floors, foundations, exterior pipes, ducts, flues, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the Unit. There are uncovered parking areas which are for the use of Owners and their guests and invitees, subject to the Rules established by the Board. In interpreting deeds, plats, declarations, and plans, the existing physical boundaries of a Unit or a Unit reconstructed in substantial accordance with the

original plans thereof shall be conclusively presumed to be its boundaries rather than the description expressed in the deed, plat, plan, or declaration, regardless of settling or lateral movement of the building, and regardless of minor variances between the boundaries as shown on the plan or in the deed and declaration and those of the building. Each of the four (4) Units in each building shall be deemed to be a separate and distinct Unit.

(m) "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 tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE II **DECLARATION OF CONDOMINIUM**

Section 1. PROPERTY SUBJECT TO THIS DECLARATION:

The real property subject to this Declaration is located in Mohave County, Arizona, and is more particularly described as follows:

(a) Lots 1 to 8 inclusive, and Parcels A, B, C and E of Tract 2309, Lake Havasu City, Arizona, according to the plat thereof recorded January 7, 1974, as Reception No. 74-388 in the office of the Recorder of Mohave County, Arizona; and

(b) Los Lagos II Condominiums, a plat of record recorded January 28, 1974, as Reception No. 74-2447 in the office of the Recorder of Mohave County, Arizona.

Section 2. DECLARATION. Pursuant to Chapter 4.1, Article 1, Section 33-551 to 33-561 inclusive, Arizona Revised Statutes, 1962, Declarant submitted said Properties described above to the Horizontal Property Regime in order to establish the nature of the use and enjoyment thereof.

Section 3. DESCRIPTION OF THE PROPERTIES.

(a) **DESCRIPTION OF THE LAND.** The land shall be as described in the recorded plat referred to in Section 1, Article II.

(b) **DESCRIPTION OF THE SPACE OF THE BUILDING.** Two kinds of buildings have been constructed upon the said real property: multi-Unit buildings, and single-Unit buildings.

(i) There are 56 multi-Unit buildings in the Condominium. Each building contains four (4) Units. Each multi-Unit building is identified numerically 23 to 78 inclusive. The cubic content space of each building with reference to its location on the land is as more fully set forth and described in the recorded plat.

- (ii) There are also seven (7) single-Unit buildings in the Condominium. Each such building contains one Unit. Each such building is identified numerically as 79 through 85 inclusive. The cubic content space of each such building with reference to its location on the land is as more fully set forth and described in the recorded plat.

(c) DESCRIPTION OF THE SPACE OF UNITS. The Condominium is composed of 231 Units.

- (i) Each Unit within each multi-Unit building is identified alphabetically as A through D as shown on the said recorded plat.

Each such Unit shall include an individual living unit, patio, heating and air conditioning unit, one Assigned Parking Space, storage area and the laundry facility located therein (except for those buildings in Circles 1, 2 and 7, which have common laundry facilities) stairway and balcony, if any, each bearing the same alphabetical identification as shown on the plat referred to above. The cubic content space of each Unit located within the building and of each patio, heating and air conditioning unit, parking space, storage area, stairway and balcony, if any, and any other area subject to individual ownership and exclusive control, is as more fully set forth and described in the said recorded plat. There are a total of 224 Units contained in the 56 multi-Unit buildings.

- (ii) Each Unit within each single-Unit building is identified by the Letter A, as shown on said recorded plat. Each such Unit shall contain an individual living unit, patio, heating and air conditioning unit, driveway and attached garage and garage door, or carport. The cubic content space of each such Unit and of each patio, heating and air conditioning unit, driveway, and garage or carport and any other area subject to individual ownership and exclusive control is as more fully set forth on the said recorded plat. There are seven (7) Units in the seven single- Unit buildings.

(d) DESCRIPTION OF GENERAL COMMON ELEMENTS. The general Common Elements shall include all of said property referred to in Section I above, including the land upon which the Units are located, the buildings, all bearing walls, columns, floors, roofs, slabs, all recreation facilities, swimming pools, pumps, landscaping, sidewalks, pavements, private drives, all waste, water and gas pipes, ducts, chutes, conduits, wires, drainage lines, other utility and installation lines, the foundations of the Units, the foundations of the buildings, and all other devices and premises designed for common use or enjoyment by more than one Owner or Owners of a single Unit, all as is more fully set forth and described herein and in the said recorded plat, and except for a Unit as defined, and except for the outlets of utilities when located within a Unit, and those areas allocated for use by a Unit for parking, patio, heating and air conditioning unit, stairway, and balcony purposes, if any, and driveway, as shown on said recorded plat. The Common Elements shall remain undivided and no Owner shall bring any

action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Common Elements.

(e) DESCRIPTION OF SPACE OF LIMITED COMMON ELEMENTS. There shall be additional areas constituting a portion of the general Common Elements which are hereby set aside and allocated for the limited use of the Units as follows:

- (i) Laundry facilities identified as Unit E in each of the 24 multi-Unit buildings (Circles 1, 2 and 7) shall be limited as to usage to the four Units contained therein.
- (ii) The cubic content space of Unit E (laundry facilities) with reference to its location within the multi-Unit building is as more fully set forth and described in the recorded plat.

(f) FRACTIONAL INTEREST. Each Unit shall bear an undivided fractional interest in the entire Condominium as set forth hereinafter: one two hundred thirty-first (1/231).

Section 4. VERTICAL DIMENSION: All reference to vertical dimension made in this document or on the recorded map referred to in Section I, Article II, shall be based upon the elevations as described below:

BENCH MARKS: Center of Lake Havasu Avenue and the northerly intersection of Montana Vista Avenue. Elevation 511.71.

ARTICLE III **HOMEOWNERS ASSOCIATION**

Section I. LOS LAGOS II HOMEOWNERS ASSOCIATION NO. 1.

(a) A non-profit corporation, organized under and by virtue of the laws of the State of Arizona.

(b) The Association has the responsibility to provide such necessary and appropriate action for the maintenance, repair, replacement, operation, management, beautification and improvement of the Common Elements and improvements to be used in common by and for the benefit of the Owners of Units constructed on said Properties.

(c) The Association will be governed by a Board of Directors elected by the Membership of the Association.

(i) A Director must be an Owner.

(d) The Association, acting by and through the Board of Directors (the "Board"), and any officers, manager or other agents or representatives to whom the Board has delegated the

power of authority to act, shall have all of the powers and authority permitted under the Condominium Act, including without limitation the following powers:

- (i) To adopt, amend and revoke such detailed Association Rules as the Board shall deem necessary or appropriate from time to time to administer the Association, properly manage and administer the Properties, insure compliance with the general guidelines of the Declaration and promote the comfortable use and enjoyment of the Properties and the welfare of its Owners and occupants. The Rules shall be binding upon all Owners and occupants and all other persons claiming any interest in or using any part of the Properties.
- (ii) To enforce the provisions of the Declaration, the Bylaws and such Rules as may be adopted by the Board, together with any revisions thereof or amendments thereto.
- (e) If any conflict arises between the By-laws, Rules and the Declaration, the Declaration will control.

ARTICLE IV **PROPERTY RIGHTS**

Section 1. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Unit subject to the following provisions:

- (a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Elements;
- (b) The right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner (or such Owner's delegates, if such Owner's right to use the recreational facilities has been delegated as set forth in Section 2 of this Article) for any period during which any assessment against his Unit remains unpaid; and for a period not to exceed 90 days for any infraction of this Declaration or the Rules;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility, as set forth under Arizona law
- (d) The right of the Association to limit the number of guests of Members, Owners or lessees, for the use of the Common Elements and the recreational Facilities.
- (e) The right of the Association to establish uniform Rules pertaining to the use of the Common Elements and the recreational facilities thereon.

(f) The right of the Association in accordance with its Articles and Bylaws to borrow money for the purpose of improving the Common Elements and facilities thereon, and to pledge its right to collect future assessments as collateral for such loan.

Section 2. DELEGATION OF USE. Any Owner may delegate, in accordance with this Declaration, his or her right of enjoyment to the Common Elements and facilities to the members of his or her family, tenants, or to a reasonable number of guests or invitees, said number shall be as determined from time to time by the Board of Directors. If a Unit is leased by its Owner, the occupants of such Unit shall have the right to use the Common Elements and recreational facilities thereon during the terms of such lease, and the Owner of such Unit shall have no right to use the Common Elements or recreational facilities thereon, except as necessary for reasonable ingress and egress, until the termination or expiration of the lease.

ARTICLE V **MEMBERSHIP AND VOTING RIGHTS**

Section 1. MEMBERSHIP. Every Owner of a Unit which is subject to assessment hereunder shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership to such Unit, or by intestate succession, testamentary disposition, foreclosure of a mortgage or record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. In addition to all other assessments, each Owner, upon acquiring a Unit, shall pay to the Association the following fees: (1) a real estate transfer fee, which shall not exceed the amount allowed under Arizona statute; and (2) a working capital fee, which shall be equal to two months' assessments and shall not be considered a prepayment of any other assessments owed.

Section 2. VOTING RIGHTS. All Owners shall be entitled to one vote for each Unit owned. When more than one person holds an interest, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit, and fractional votes shall not be allowed. In the event more than one vote is cast for a particular Unit, none of the votes shall be counted and said votes shall be deemed void.

ARTICLE VI **COVENANT FOR MAINTENANCE ASSESSMENTS**

Section 1. PERSONAL OBLIGATION OF ASSESSMENTS. Each Owner of a Unit, 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 the Association: (1) annual assessments, or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as provided herein. The annual and special assessments, late payment penalties, if any, together with interest thereon, and reasonable attorney's fees and costs of collection thereof, shall be a continuing lien on the Unit, as set forth in this Declaration. Each such assessment, together with

interest, costs, reasonable attorney's fees and costs of collection, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment fell due. The personal obligations for delinquent assessments shall not pass to successors in title unless expressly assumed by them.

Section 2. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of all Owners, for the improvement and maintenance of the Common Elements, and for all purposes set forth in this Declaration, the Articles and the Bylaws, including but not limited to, management fees, insurance premiums unless otherwise provided for, expenses for maintenance, repairs and replacements of Common Elements, reserves for contingencies, taxes, charges for water and other utilities for the Common Elements. The Association may levy a separate assessment for the purpose of paying insurance premiums. This separate assessment shall be assessed in the same manner as all other assessments.

(a) By appropriate action the Association may establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund an amount to be designated from time to time by the Board of Directors. Such fund shall be depository, and may be in the form of cash deposit or invested in obligation of, or fully guaranteed as to principal by the United States of America. The reserve fund is for the purpose of effecting replacement or repair because of damage, depreciation or obsolescence to Common Elements. Notwithstanding the foregoing, if the amount in such reserve fund falls below the Minimum Threshold (as such term is defined herein), the Board shall deposit not less than three percent (3%) of the monthly assessment income received by the Association into the reserve fund until the amount in such reserve fund reaches or exceeds the Minimum Threshold. For purposes of this section, the "Minimum Threshold" shall be an amount equal to twenty percent (20%) of the current year's total budgeted annual assessment income.

The Board shall not approve any one-time Capital Expenditure, as the term is defined herein, in excess of ten percent (10%) of the previous year's gross income, without first obtaining the approval of Owners holding a majority of the total voting power in the Association. "Capital Expenditure" means the cost of any (i) substantial discretionary addition to the Common Elements or Limited Common Elements or (ii) discretionary material alterations to the appearance of the Project. Capital Expenditure does not include maintenance, repair, and/or replacement of the Common Elements, Limited Common Elements or components thereof, the building, amenities, or the building systems.

Section 3. RATE OF ASSESSMENTS.

(a) Annual assessments must be fixed at a uniform rate for all Units in each building numbered 23 to 78 inclusive. Each Unit in each building numbered 79 to 85 inclusive shall be assessed at a uniform rate 50% above that established for Units in buildings 23 to 78 inclusive. Assessments may be collected on a monthly, quarterly, or annual basis.

(b) Special assessments shall be fixed at a uniform rate for all Units.

Section 4. SETTING OF AMOUNT OF ANNUAL ASSESSEMENTS. The Board shall have the authority to adopt and amend budgets. The Board shall fix the amount of the annual assessment against each unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

Section 5. SPECIAL ASSESSMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment for any valid Association purpose applicable to that year only, provided that any such assessment shall have the assent of a majority of the votes of Members who are voting in person or by absentee ballot at a meeting duly for this purpose.

Section 6. MAXIMUM ANNUAL ASSESSMENT. The maximum annual assessment shall be calculated as follows:

The maximum annual assessment may be increased each year by the Board of Directors up to ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

The maximum annual assessment may be increased above ten percent (10%) by the affirmative vote of two-thirds (2/3) of Members at a meeting duly called for this purpose.

Section 7. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 5 AND 6. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5 or 6 shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members (in person or by absentee ballot) entitled to cast fifty-one percent (51%) of all the votes in the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Unit. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or at such other interest rate as may be determined from time to time by the Board. Additionally, the Board may impose late charges as established by the Board and as permitted by applicable law. The Board is permitted to record a "Notice and Claim of Lien" against any Unit on which any assessment is due. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, and in addition to any other remedies herein or by law provided, the Board may enforce each such obligation in any manner provided by law or in equity, or without any limitation of the foregoing, by either or both of the following procedures (and the exercise by the

Association of one or more of the remedies set forth below shall not prevent the Association from exercising any other remedy available);

(a) The Board may bring a suit at law against each Owner or former Owner to enforce each such personal assessment obligation. Each Owner agrees that any judgment rendered in any such action shall include all attorneys' fees and costs incurred by the Association, as set forth above, plus all its court costs and necessary expenses and accounting fees incurred by the Association, plus interest on the amount of said assessment at the rate of twelve percent (12%) per annum (or at such other interest rate as may be determined from time to time by the Board) from the date the assessment becomes delinquent until paid in full.

(b) The Board may foreclose the assessment lien against the Unit in accordance with the then-prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the Unit may be redeemed after foreclosure sale as provided by law. Each Owner agrees that any judgment rendered in any such action shall include all attorneys' fees and costs incurred by the Association, as set forth above, plus all court costs, title search fees, interest and all other costs and expenses to the extent permitted by law, and such costs and expenses shall be added to the assessment lien.

Section 9. 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 Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VII **ARCHITECTURAL CONTROL**

Section 1: ARCHITECTURAL APPROVAL. No building, fence, patio, sidewalk, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography, by the Board of Directors of the Association.

Section 2: COMMITTEE COMPOSITION. In the event the Board appoints an Architectural Committee, such Architectural Committee shall consist of three regular members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. The Chairperson of the Architectural Committee shall be a member of the Board. The Architectural Committee shall serve in an advisory role to the Board.

Section 3: ARCHITECTURAL COMMITTEE RULES. Upon consideration of recommendations by the Architectural Committee, the Board may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent,

rules and regulations, to be known as "Architectural Rules". Said Architectural Rules shall interpret and implement this Declaration by setting forth the standards and procedures for 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 in the properties of Los Lagos Vista. Such Architectural Rules may also include, among other things, procedures for submittal and approval of architectural applications, including the required time frames for submittal, approval and construction commencement and completion.

ARTICLE VIII **COMMON WALLS**

Section 1. THE RIGHTS AND DUTIES OF OWNERS WITH RESPECT TO COMMON WALLS.

(a) The Owners of contiguous Units who have a common wall shall both equally have the right to use such wall provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(b) In the event that any common wall is damaged or destroyed through the act of an Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to re-build and repair the common wall without cost to the other adjoining Owner or Owners.

(c) In the event any such common wall is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests, or family, then both such adjoining Owners shall rebuild or repair such common wall to as good condition as formerly at their joint and equal expense. The Board shall have the sole discretion to determine the appropriate manner of repair or rebuilding of any such common wall. In the event that such Owner(s) fail to properly maintain a common wall, the Association shall have the right to perform the necessary maintenance and assess the costs thereof against the applicable Unit Owner(s), as set forth in Article IX, Section 3

(d) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any common wall without the prior consent of the Board.

(e) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a common wall, or with respect to the bearing of the cost thereof, the Owners shall submit the dispute to the Board, the decision of which shall be final and binding on all Owners.

ARTICLE IX **REPAIR AND MAINTENANCE**

Section 1. BY OWNER. Each Owner of a Unit shall maintain, repair, replace, and restore at the Owner's expense all portions of the Unit, and such maintenance, repair, replacement or

restoration shall be subject to control and approval of the Association. The Owner will be responsible for the maintenance, repair and replacement of glass surfaces and the window screens, and the entryway doors, including screen doors. No Owner shall remove, alter, injure, or interfere with any shrubs, trees, grass or plantings placed upon any portion of the Properties by Declarant or the Association without first obtaining the written consent of the Board.

Section 2. BY THE ASSOCIATION. The Association shall have full power to control and it shall be its duty to maintain, repair and make necessary improvements to and pay for out of the maintenance fund to be provided, all Common Elements and the improvements thereon, including, but not limited to, common facilities and improvements, all common landscaping and drainage facilities, all corrective architectural, landscaping and repair work, all metered utilities for Common Elements; and all private roadways, streets, parking areas, sidewalks and other means of ingress and egress within the Properties. This shall include the exterior portions of the Units, the buildings, the land upon which the buildings are located; the airspace above the buildings, all bearing walls, columns, floors, roofs, cement slabs, foundations, storage spaces, balconies, lobbies; all waste, water, sewer, and gas pipes, ducts, chutes, conduits, wires, and all other utility installations of the buildings, wherever located, except the outlets thereof when located within the Units. The Association shall further be empowered with the right and duty to periodically inspect all Common Elements in order that minimum standards of repair, design, color and landscaping shall be maintained for beauty, harmony and conservation within the entire Properties. The Board shall be the sole judge as to the appropriate maintenance of the Common Elements.

Section 3. GENERAL MAINTENANCE. In the event that the Association determines that an improvement to the Common Elements are in need of repair, restoration or painting, or that the landscaping is in need of installation, repair, or restoration, the Association shall undertake to remedy such condition and the cost thereof shall be charged to the Owner(s) and shall be subject to levy, enforcement and collection by the Association in accordance with the assessment lien procedure provided for in this Declaration. The Association shall have a limited right of entry in and upon all Common Elements as defined above and the exterior of all Units for the purpose of taking whatever corrective action may be deemed necessary or proper by the Association. Nothing in the Article shall in any manner limit the right of the Owner to exclusive control over the interior of his Unit. Provided, however, that an Owner shall grant the right of entry therein to the Association or any other person or other Owner or Owners, or their authorized representatives, in case of any emergency originating in or threatening his Unit, whether the Owner is present or not, when so required to enter such Unit for the purpose of performing installation, alterations or repair to the mechanical or electrical services, including water, sewer, and other utility services, provided that reasonable requests for entry are made and that such entry is at a time reasonably convenient to the Owner whose Unit is to be entered. In case of an emergency, such right of entry shall be immediate without the necessity for a request having to be made.

ARTICLE X
EASEMENTS

Section 1. BLANKET EASEMENT FOR UTILITIES. There is hereby created a blanket easement upon, across, over and under the Common Elements for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company or the Association or their agent to install and maintain facilities and equipment on said Properties and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of any building. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on said Properties except as initially designed and installed or thereafter approved by the Board. This easement shall in no way affect any other recorded easements on said Properties. This easement shall be limited to improvements as originally constructed. There shall be an access easement to all buildings for the delivery and collection of the U. S. Mail.

Section 2. ENCROACHMENT. Each Unit shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event a building is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments on parts of the adjacent residence due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 3. EASEMENTS. Each Owner shall have an irrevocable easement to ingress and egress over, upon, and across the covered parking spaces necessary for access to his designated storage space.

ARTICLE XI
USE RESTRICTIONS

Section 1. SINGLE-FAMILY RESIDENTIAL USE. The Properties are hereby restricted to residential dwellings for residential use. No trade or business may be conducted within any Unit, except that an Owner or other resident of a Unit may conduct a business activity within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside of the Unit; (ii) the business activity conforms to all applicable laws, zoning ordinances or requirements for the properties; (iii) the business activity does not involve persons coming into the Unit or the door-to-door solicitation of Owners or other residents in the Properties; (iv) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other residents in the Property, as may be determined from time to time in the sole discretion of the Board; (v) the business activity does not use or otherwise occupy other Owners' parking spaces, and the Owner operating the business uses no more than three parking spaces total, inclusive of the one Assigned Parking Space and two other uncovered parking

spaces; and (vi) the business activity does not involve the storage of business equipment or business supplies in parking spaces or patios. Furthermore, no advertising or directional signs may be placed upon the Unit or any portion of the Common Elements regarding the business activity (except for real estate signs as must be allowed under Arizona law). The terms "business" and "trade" as used in this section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, 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 or does generate a profit; or (c) a license is required for such activity. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other out building shall be used on any portion of the premises at any time as a residence, either temporarily or permanently.

Section 2. ANIMALS. Occupants of the Properties shall be allowed to keep and enjoy pets within their Units, in compliance with the following:

(a) The Board shall have the authority to adopt Rules governing the keeping of pets within the Properties, including size limitations and prohibitions on "dangerous breeds," as defined in the Rules, and procedures for removal of animals that attack or bite individuals or other animals.

(b) No animals, birds, fowl, poultry, reptiles, insects or livestock, other than a reasonable number of domestic dogs, cats, fish, and birds in cages shall be permitted or maintained in any Unit and then only if they are kept therein solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be visible from a neighboring Unit or street.

(c) Dogs and other animals must be kept on a leash when not confined in the Owners' Unit, and must be under the control of a competent individual at all times in the Common Elements

(d) No Owner or renter/lessee shall permit its dog or animal to create unsanitary conditions anywhere on the Properties. Pet waste shall be picked up and disposed of immediately in appropriate disposal areas. Violating Owners may be charged reasonable fines at set forth in the Association's enforcement policy.

(e) All pets kept in the Properties shall have current rabies and other vaccinations and licenses required by the City. All pet owners shall be solely responsible for the care and behavior of such pet and must abide by all Rules pertaining to pets. The Owner of the Unit in which a pet is maintained will be ultimately responsible for compliance with all requirements and Rules pertaining to pets, including any fines levied with respect to same.

(f) Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purpose of this Section a particular animal or

bird is a generally recognized household pet, constitutes a "dangerous breed", is unnecessarily aggressive or a nuisance, or whether the number of animals or birds kept in any such Unit is unreasonable. The Board shall have the right to prohibit maintenance of any animal or bird which constitutes, in the opinion of the Board, any of the foregoing. Any decision rendered by the Board shall be enforceable as other restrictions contained herein.

(g) As used in this Declaration, the term "reasonable number" shall be deemed to limit the number of pets to: two (2) dogs, two (2) cats or two (2) birds each in any given Unit, with a total of three (3) pets per Unit. Occupants who own more than a total of three (3) pets at the time this Second Amended Declaration is adopted are allowed to keep such excess pets until the pet's demise. Upon the demise of such pet, such occupant shall not be permitted to acquire any additional pet.

Section 3. ANTENNAS. Unless governed by 47 C.F.R. § 1.400 (Over-the-Air Reception Devices Rule), as amended, repealed, or recodified, no antenna, satellite dish or other device for the transmission or reception of television, internet or radio signals or any other form of electromagnetic radiation or any associated equipment shall be erected, used or maintained outdoors adjacent to any Unit or on the Common Area, whether attached to a building or structure or otherwise, so as to be Visible From Neighboring Property or the street, unless approved in writing by the Board. Any device governed by 47 C.F.R. § 1.400 (Over-the-Air Reception Devices Rule), as amended, repealed, or recodified, shall comply with the applicable antenna installation rules of the Association and shall be mounted, to the extent reasonably possible, so as to not be Visible From Neighboring Property or the street.

Section 4. UTILITY SERVICE. Except as set forth in Section 3 above, no lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, internet and radio signals, shall be erected, placed or maintained anywhere in or upon any Properties unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Board. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Board.

Section 5. TEMPORARY OCCUPANCY. No temporary buildings or structure of any kind shall be used at any time for a residence on any Properties.

Section 6. PARKING AND MOTOR VEHICLES.

(a) The Board shall have the authority to adopt Rules governing vehicles and the parking thereof on the Properties by Owners, occupants, tenants and visitors. Any vehicle that is parked in violation of the provisions of this Declaration or the Rules may be towed at the owner's expense.

(b) Parking is permitted in marked spaces only.

(c) The maximum number of parking spaces (covered and uncovered) that the vehicles operated by the occupants (whether Owners and/or renters) of a given Unit may use at a given time is three (3). This includes the one (1) Assigned Parking Space and two (2) uncovered parking spaces.

(d) Except as set forth in the Rules, no boat, trailer of any kind (including utility or enclosed trailers), recreational vehicle, mobile home, camper, truck camper, motorcycle, motorbike, scooter, or other similar vehicle which does not fit within marked parking spaces, shall be parked or stored on any private drive or in any part of the Properties

(e) Parking in Assigned Parking Spaces is for use by Owners and occupants only, unless written permission is granted by the applicable Owner.

(f) Only automobiles in operating condition and currently licensed shall be parked within the Properties. Provided, however, that the provisions of this paragraph shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Board.

Section 7. TRASH CONTAINER AND COLLECTION. No garbage or trash shall be placed or kept on any portion of the Properties, including patios and parking spaces, except in covered containers of a type, size and style which are approved by the Board. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection, and then only the shortest time reasonably necessary to effect such collection. The Board shall have the authority to adopt Rules governing requirements for trash disposal and collection.

Section 8. CLOTHES DRYING FACILITIES. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed, or maintained on any property unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

Section 9. RESTRICTION ON FURTHER SUBDIVISION. No Unit within the Property shall be further subdivided or separated into smaller Units by an Owner, and no portion less than all of any such Unit nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Board. Only the entire Unit, together with the improvements thereon, may be rented, and then only to a single family and subject to provisions of this Declaration.

Section 10. SIGNS. No signs whatsoever which are Visible From Neighboring Property shall be erected or maintained on any Property except:

(a) Such signs as may be required by legal proceedings;

(b) Not more than two (2) residential identification signs each of a combined total face area of seventy-two (72) square inches or less;

(c) During the time of construction of any building or other improvement, one job identification sign not larger than eighteen (18) by twenty-four (24) inches in height and width and having a face area not larger than three square feet;

(d) Such signs the nature, number, and location of which have been approved by the Board in advance, and;

(e) Such signs (including, but not limited to, political signs and real estate signs) as must be allowed under law.

Section 11. NUISANCES. No nuisance shall be permitted to exist or operate upon any Property so as to be offensive or detrimental to any other Property in the vicinity thereof or to its occupants.

(a) No rubbish or debris of any kind (including pet waste) shall be placed or permitted to accumulate upon or adjacent to any Property and no odors shall be permitted to arise therefrom, so as to render any such Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Property in the vicinity thereof or to its occupants.

(b) No exterior speakers, horns, whistles, bells, chimes, or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any portion of the Properties.

(c) No garage, patio or yard sales shall be permitted. The Board in its sole discretion shall have the right to determine the existence of any nuisance.

Section 12. RENTING. In the interest of preserving property values of all Units within the Property, rentals of Units within the Property shall be limited as set forth herein.

(a) An Owner who purchased a Unit prior to January 23, 2008 and was renting that Unit as of January 23, 2008 for twelve (12) months out of the year, will be allowed to continue renting that Unit in such manner until such Unit is conveyed to a subsequent Owner. Following the conveyance to a subsequent Owner, rental of such Unit shall be restricted as set forth in section (b) herein.

(b) All other Owners who purchased their Unit after January 23, 2008 shall be permitted to rent their Unit for a period of between one (1) and six (6) months during any twelve (12) month period.

(c) Any agreement for the lease of a Unit must be in writing, must be for a period of at least thirty (30) days, must be for the entire Unit, including the Assigned Parking Space, and must be expressly subject to this Declaration, the Articles, the Bylaws, Rules, and any other documents governing the Association. Owners shall submit a rental registration form to the Association for each new tenant and each new lease, in a form prepared for the Association by

the Board of Directors. If an Owner fails to provide the required form to the Association in a timely manner as determined by the Board, the Association may impose reasonable monetary penalties as set forth in Arizona law, and any other remedies available under the Declaration and Arizona law.

(d) Any violation of the Declaration, Articles, Bylaws, Rules or any other documents governing the Association shall be a default under the lease. The Owner shall remain liable for compliance with the Declaration, Articles, Bylaws, Rules, and any other documents governing the Association, and shall be responsible for any violations thereof by his tenant or his tenant's family and guests. A copy of all notices shall be sent to the Owner.

(e) Each Owner shall provide a copy of the Declaration, Articles, Bylaws, Rules, and any other documents governing the Association to each tenant of his Unit. By becoming a tenant, each tenant agrees to be bound by the Declaration, Articles, Bylaws, and any other documents governing the Association, and recognizes that any violation of these documents is a default under the lease. If a tenant violates the provisions of any of the above documents, the Association may provide notice to the Owner of the tenant's violations, and require that the Owner evict the tenant for the violations. If the Owner fails to evict the tenant, the Association may impose reasonable monetary penalties against the Owner as determined by the Board, and may exercise any other remedies available under the Declaration and Arizona law.

(f) Pursuant to A.R.S. 33-1260.01, as may be amended or recodified, the residency of persons who are required to be registered pursuant to A.R.S. 13-3821 and who are classified as level two (2) or level three (3) sex offenders is prohibited. No Unit may be occupied by a level two (2) or three (3) sex offender at any time.

(g) Any Owner of a Unit that is being rented shall have the obligation to abate criminal activity of any occupant of such Unit as set forth in A.R.S. 12-991.

Section 13. PROHIBITING TIMESHARES AND OTHER FRACTIONAL INTEREST PLANS. No Unit may be used and/or occupied by any person pursuant to any timesharing plan, fractional ownership interest plan, fractional private residence club plan, membership residential privilege plan, or any other similar type of plan (such prohibited plans shall be collectively referred to herein as a "Timesharing Plan"). For purposes of this Section, "Timesharing Plan" means the joint or common ownership, use and/or occupancy of Apartment by three (3) or more Unrelated Persons during any 365 day period for the primary purpose of allocating periodic use or occupancy of such Unit among Unrelated Persons or their lessees, sublessees, assignees, or permittees on an ongoing basis over time pursuant to a timesharing plan, fractional ownership interest plan, membership plan, or similar arrangement, regardless of whether such arrangement constitutes a timesharing plan or timeshare interests under Arizona law or under the laws of any other particular state. Any type of joint use or occupancy plan that allows the use and/or occupancy of the Unit on an ongoing basis over time by three (3) or more Unrelated Persons during any 365 day period, whether or not the Unit is only owned by one person, and whether or not currency or other form of compensation, trade, or barter is provided in exchange for the use of the Unit, is prohibited. For purposes of this Section, "Unrelated Persons" means purchasers or holders of such rights of use or occupancy, whether by owning a fee title interest, or by

holding some other right or interest, or some other right of occupancy, whether or not any interest in the Unit is connected to said right, directly or indirectly, individually or through a corporation, partnership, limited liability company, trust or other entity, who are not related by blood, adoption or marriage. In calculating three (3) or more Unrelated Persons, a husband and wife and their children (including the children of either spouse) or a family trust or any other entity comprised exclusively of the same people shall collectively constitute only one Unrelated Person.

ARTICLE XII **GENERAL PROVISIONS**

Section 1. ENFORCEMENT.

(a) The Association, or any Owner, shall have the right, but not the duty, to enforce all Restrictions, Conditions, Covenants, Reservations, Liens and Charges, now or hereafter imposed by the provisions of this Declaration, which right may be enforced by any proceeding at law or in equity, including, but not limited to, imposition of reasonable monetary penalties, commencing an action to obtain an injunction to compel removal of any improvements constructed or altered in violation of this Declaration or to otherwise compel compliance with the documents governing the Association.

(b) Nothing herein shall be construed as meaning that damages are an adequate remedy where equitable relief is sought. Each remedy provided by this Declaration is cumulative and not exclusive. In the event the Association acts to enforce the documents governing the Association, regardless of whether suit is filed, the Association shall be entitled to recover, in addition to any other remedy, reimbursement for attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith including but not limited to the Association's administrative costs and fees, which shall be assessed against the Unit. If, however, a lawsuit is filed, and the Owner is the prevailing party in such lawsuit, the Owner shall not be required to pay the Association's attorneys' fees, court costs, costs of investigation and other related expenses incurred therewith. If any lawsuit is filed by any Owner to enforce the documents governing the Association, the prevailing party in such action shall be entitled to recover from the other party all attorneys' fees incurred by the prevailing party in the action.

(c) Commercial movers or towing agencies may be used at the cost to the violator. Every Owner or occupant of premises affected hereby expressly waives any and all rights to proceed against any private party employed to abate any violation or nuisance abated pursuant to this section, except for damages resulting from the negligence of such private party.

(d) 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.

(e) Owners who are in violation of this Declaration may be charged reasonable fines at set forth in the Association's enforcement policy. The enforcement policy may also include

additional provisions pertaining to notice and enforcement procedures, as determined by the Board.

Section 2. SEVERABILITY. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. AMENDMENT. The covenants and restrictions of this Declaration shall run with and bind the Properties, for the term of ten (10) years from the date this Second Amended Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time upon the approval of Owners holding at least sixty seven percent (67%) of the votes in the Association, and any amendment must be recorded.

Section 4. VIOLATION OF LAW. Any violation of any state, municipal, or local law, ordinance, or regulation, pertaining to the ownership, occupation or use of any property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 5. INSURANCE. The Association shall obtain and maintain, to the extent reasonably available, the following insurance:

- (1) Comprehensive general liability insurance insuring the Association, each member of the Board and each Owner against any liability for death, bodily injury and property damage arising out of or incident to the ownership or use of the Common Elements or arising out of or incident to the performance by the Association of its maintenance and other obligations hereunder. The Board shall periodically review the amounts of coverage afforded by such policy or policies and adjust such amounts of coverage as the Board deems appropriate, but in no event shall said policy or policies provide coverage of less than One Million Dollars (\$1,000,000.00) for death, bodily injury and property damage for any single occurrence. The policy or policies providing such insurance shall, by specific endorsement or otherwise, preclude denial by the insurer(s) providing such insurance of a claim under such policy or policies because of negligent acts or omissions of the Association or any Owner(s)
- (2) A multi-peril type policy covering the Common Elements and the structure of the Unit buildings within the Properties, excluding the Units, as a minimum, fire and extended coverage, and all other coverage in kinds and amounts customarily acquired or required for projects similar in construction, location and use, including, without limitation, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, damage caused as a result of Association-maintained water pipes, faulty shut-off valves, water damage from roof failure, damage to cement slabs from tree roots, and windstorm and damage, in an amount not less than 100% of the insurable value (based upon replacement

cost as determined at least once every two years by a qualified insurance appraiser selected by the Board).

- (a) The Association does not intend to carry insurance coverage for the following:
 - (i) Floor coverings of any kind, including but not limited to: carpeting, vinyl goods, ceramic tile, hardwood flooring. In the event of a loss, coverage will stop at the upper edge of the sub-flooring.
 - (ii) Wall coverings of any kind; no coverage is intended to be provided for dry wall or plastered surfaces, or for anything permanently attached to these surfaces. In the event of a loss, coverage stops at the inside edge of the vertical stud wall and the lowest edge of the ceiling joist or rafter.
 - (iii) Cabinetry, built-in appliances, or electrical/plumbing fixtures, including all HVAC equipment located inside or outside of the Unit.
- (b) It is the intent of the Association to provide, at a minimum, "bare walls coverage" as indicated above. Without regard to the Association's insurance coverage, the Association will pay for water damage resulting from Common Element problems, including but not limited to, roof failure, failure of unmodified inner wall pipes. Each Owner shall be responsible for covering all portions of the Unit not covered by the Association. The Association will provide the level of coverage that is in the best interest of the Association and the Owners, as determined by the Board of Directors. If, in the future, the Board of Directors determines that modifying the insurance coverage requirements of this provision would be in the best interest of the Association and the Owners, the Board of Directors may modify the insurance coverage upon providing the Owners with thirty (30) days written notice of the change to insurance coverage so that the Owners may obtain any additional coverage necessary.
- (c) The Board shall have the sole and final authority to establish Rules governing who is responsible for paying the deductible if a loss occurs. Such Rules may also include, among other things, procedures and requirements for notifying the Board in the event of damage. The Board may choose to split the cost of the deductible between two or more owners at its discretion. If an Owner is required to pay the amount of the deductible to the Association to perform any repair or reconstruction work, said amount shall be paid within sixty (60) days of its due date, as

established by the Association. Any unpaid deductible shall be collectible in the same manner as a delinquent assessment.

- (3) The Association may also obtain such other insurance including, but not limited to, fidelity coverage, workers' compensation insurance and directors' and officers' liability insurance, as the Board deems appropriate

Section 6. ASSOCIATION RULES. By a majority vote of the Board, the Association may, from time to time, and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the "Association Rules". The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon such adoption said Rules shall have the same force and effect as if they were set forth in and were a part of the Declaration.

Section 7. AD VALOREM TAXATION. Each Unit shall be assessed separately for all taxes, or other charges of or imposed by the State of Arizona, political subdivision, or other taxing or assessing authority. For purposes of such assessment, the valuation of the Common Elements shall be apportioned among the Owners based upon the fractional interest assigned to each of them by the provisions hereof. The Board shall furnish to the County Assessor or other responsible official of any such taxing or assessing authority all necessary information with respect to the apportionment of such assessments, and shall request that each Unit be carried on the tax records as a separate and distinct parcel of property. No forfeiture or sale of any Unit for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Unit.

Section 8. INTERPRETATION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the use of the Property as a residential community and for the maintenance of the Common Elements. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpreting or in construction.

[SIGNATURE PAGE TO FOLLOW]

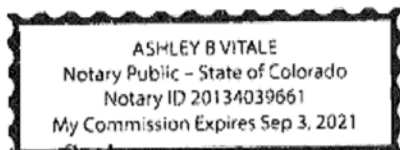
IN WITNESS WHEREOF, the President of the Association hereby certifies that the provisions contained with this Second Amended and Restated Declaration have been approved by the required percentage of the Owners.

LOS LAGOS II HOMEOWNERS ASSOCIATION NO. 1.

By *Jack A. Batten*
President

Colorado
STATE OF ~~ARIZONA~~)
Laurel) ss.
County of ~~Mohave~~)

On this 4th day of June, 2018, before me personally appeared *Jack Batten*, whose identify was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed this document.



Notary Seal

Ashley B Vitale
Notary Public exp 9-3-21