

SUN LAKES  
UNIT 23  
DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS is made this 24 day of January, 1985, by SUN LAKES MARKETING, an Arizona limited partnership, as present owner of the beneficial interest in Minnesota Title Company Trust No. 1546, being properly authorized so to act by the terms of the Trust, and Title Insurance Company of Minnesota, a Minnesota corporation, successor by merger to Minnesota Title Company, an Arizona corporation, as Trustee thereunder, hereinafter called "Trustee", solely as bare legal title holder and not personally, and acting at the proper direction of said Beneficiary, to establish the nature of use and enjoyment of that certain real property located in Maricopa County, Arizona, which is more particularly described in Exhibit A hereto (the "Premises"). Declarant and Trustee do declare the Premises to be subject to the express covenants, stipulations and restrictions set forth herein, all of which are to be construed as restrictive covenants running with the title to said real property, and do hereby impose and charge each Lot, for the benefit of Declarant and Trustee, their successors and assigns, with the certain exceptions, covenants, agreements, easements, restrictions, conditions and charges hereinafter set forth.

1. DEFINITIONS.

(a) "Articles" means the Articles of Incorporation of the Association which are filed in the office of the Arizona Corporation Commission, as said Articles may be amended from time to time.

(b) "Association" shall mean the Sun Lakes Homeowner's Association #2, Inc., an Arizona nonprofit corporation, its successors and assigns.

(c) "Board" shall mean the Board of Directors of the Association, acting as such.

(d) "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

(e) "Common Areas" shall mean all the general common areas as shown on the plat or plats of the Premises executed and recorded by the Declarant.

(f) "Declarant" shall mean Sun Lakes Marketing, a limited partnership, whether acting in its own capacity or through a trustee, and its successors and assigns, which successors or assigns acquire all right, title and interest of Sun Lakes Marketing, a limited partnership, in the Premises and in any other parcel then served by the Association.

(g) "Declaration" shall mean this entire document as the same from time to time may be supplemented and/or amended.

(h) "Owner" shall mean the record owner, whether one or more persons or entities, of equitable or beneficial title (or legal title if same has merged) of any Lot.

(i) "Premises" shall mean all the real property described in Exhibit A hereto.

(j) "Lot" shall mean any plot of land within the Premises shown upon any plat of any of the Premises signed and recorded by Declarant, with the exception of the Common Areas.

(k) "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.

## 2. USE OF LOTS.

(a) The Lots shall be for residential use only and construction is restricted to one high-class, single family dwelling per Lot. No other use, including commercial, professional or business activities, will be permitted on any Lot except as may be permitted by properly executed amendment or amendments to this Declaration as herein described, providing said amendment or amendments are not in conflict with the then current zoning ordinance.

(b) All dwellings erected upon a Lot shall be of new construction, and no buildings or structures shall be moved on to a Lot from other locations.

(c) No part of any dwelling shall be used for living purposes until the entire structure is nearing completion, nor shall any trailer, tent, shack, garage, barn or any other structure be used on a Lot as a residence, either temporarily or permanently, nor shall any structure or dwelling be moved onto the Premises from outside the Premises, except that a construction shed, used for the storage of tools, materials and equipment, may be maintained by the builder during the period of construction of the subdivision.

(d) Residential use of any Lot is specifically limited to adults. At least one resident in each household must be forty (40) years of age or older. No person who has not yet reached his or her nineteenth (19th) birthday shall reside permanently within or upon the Premises.

(e) The Board shall designate from time to time storage areas within the Premises (an RV Storage Area) where recreational vehicles such as camping trailers, boat trailers, travel trailers, boats, motor homes and pickup camper units ("Recreational Vehicles") may be stored and any fees to be payable therefor. No Recreational Vehicles shall be parked, placed, kept, maintained, constructed, reconstructed, or repaired within the Premises, or stored within the Premises outside of an RV Storage Area, except that a Recreational Vehicle may be stored on a Lot for a period not to exceed twenty-four (24) hours during any calendar month or for such longer period as may be approved by the Board. The Board, or a committee designated by the Board, shall, upon request determine whether or not any vehicle is a Recreational Vehicle and if such vehicle is in violation of this provision.

(f) Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant or its duly authorized agents, of structures, improvements or signs necessary or convenient to the development, sale, operation or other disposition of Lots and/or dwellings or other improvements on or within the premises.

(g) Each Owner shall be subject to the following restrictions and duties with respect to party walls.

(1) Every wall which is built as a part of the original construction and placed on the dividing line between Lots, or on a Lot setback line, shall constitute and be considered a party wall and as to such wall the Owners of the Lots on which it is located (in the case of a wall built on a dividing line between Lots), or the Owners of the Lots sharing the boundary line from which the wall is set back (in the case of a wall built on a Lot setback line) shall assume the obligations and be entitled to the rights and privileges of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls. In addition, each such Owner shall have an easement of continued use and enjoyment of, but shall not thereby be entitled without permission of the Board or of Declarant to locate any permanent improvements on or otherwise affect the drainage characteristics, composition or grade of, that portion of any adjoining Lot which may be located on his side of the party wall.

(2) If any party wall is damaged or destroyed through the act or acts of any Owner, or his agent, servant, guest, or member of his family, whether such act is willful, negligent or accidental, such Owner shall forthwith proceed to rebuild or repair the same to its prior condition without cost to any other Owner. The failure forthwith to institute rebuilding or repairing of such party wall shall be sufficient reason for the Board to rebuild or repair the same and charge the Lot of the responsible Owner under the provision of the Articles, Bylaws and this Declaration.

(3) Any party wall damaged or destroyed by some event other than that of an act of an Owner, his agent, servant, lessee, guest or family member, shall be rebuilt or repaired by both Owners having an interest in said party wall pursuant to Paragraph 2(g)(1) to the same condition as existed prior to the damage or destruction and so as to conform to any other requirements hereof at their joint and equal expense and as promptly as reasonably possible. The failure of said Owners to make such rebuilding or repairs as are reasonably necessary shall be sufficient reason for the Board to rebuild or repair said party wall and charge the Lots of both Owners, as provided in the Articles, Bylaws and this Declaration.

(4) Any Owner who proposes to modify, rebuild, repair or make additions to his own residence or structure upon his Lot in any manner which requires the extension, alteration or modification of any party wall, shall first obtain the written consent of the other Owner having an interest in said party wall pursuant to Paragraph 2(g)(1), in addition to meeting the requirements of these restrictive covenants, of the building codes, and of any applicable ordinances of any governmental body.

(5) In the event of a disagreement between Owners having an interest in a party wall pursuant to Paragraph 2(g) (1) with respect to the repair, reconstruction or maintenance of said party wall or with respect to sharing the cost of repairing, rebuilding or maintaining the same, then upon the written request of either Owner to the Board, the matter shall be submitted to the Board for arbitration under such rules as may be adopted by the Board. If no such rules are adopted or the Board refuses to act, then the matter shall be submitted to three arbitrators, one chosen by each of the Owners and the third by the two so chosen, or if they cannot agree within five (5) days, the third arbitrator shall be a judge of the Superior Court. A determination of the matter signed by any two of the three arbitrators shall be binding upon all persons.

(6) No private agreement of any Owners shall modify or abrogate any of these restrictive covenants nor the obligations, rights, duties and limitations set forth upon individual Owners.

(h) Window coverings other than those made of customary cloth materials shall not be permitted to remain beyond thirty (30) days after completion of any dwelling.

(i) No "For Sale" or "For Rent" signs of any size, type or shape shall be displayed on any Lot, Common Area or street nor in any dwelling without written permission from the Board.

(j) Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed, maintained or used within the Premises unless said facilities are concealed from all streets and not Visible from Neighboring Property.

(k) No Lot or Lots shall be re-subdivided except for the purpose of combining two or more entire Lots into one homesite.

(l) All dwellings or residences located on any Lot must be constructed by Declarant, or its nominee, and be consistent in quality of design and construction with other residences constructed within the Premises.

(m) No animals, birds, fowl, poultry or livestock other than a reasonable number of domestic dogs, cats, fish and birds in cages shall be maintained on any Lot and then only if they are kept thereon solely as domestic pets and not for commercial purposes. Dogs and other animals must be kept on a leash when not confined to a Lot. No Owner shall permit its dog or animal to create unsanitary conditions anywhere on the Common Areas. No animal or bird shall be allowed to make an unreasonable amount of noise, nor 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 Neighboring Property. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether a particular animal or bird is a nuisance and whether the number of animals or birds on any Lot is reasonable. The Board shall have the right to prohibit any Owner from keeping within the Premises any animal or bird which constitutes, in the opinion of the Board, a nuisance to any other Owner.

(n) No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Common Area, and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No outdoor burning of trash or other debris shall be permitted. No exterior speakers, horns, whistles, bells or other sound devices shall be located, used or placed on any Lot or Common Area. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

(o) No garbage or trash shall be placed or kept on any Lot or Common Area except garbage and trash resulting from use of the Premises for residential purposes, and all such garbage and trash shall at all times be placed and kept in plastic bags specified for such purpose. In no event shall such plastic bags be maintained so as to be Visible from Neighboring Property except to make the same available for collection.

(p) No owner shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

(q) Each Owner shall have the right to lease his dwelling provided said lease is subject to, and requires lessee to comply with, the covenants, conditions, restriction, limitation and uses contained in or issued pursuant to this Declaration, the Articles and/or the Bylaws.

(r) No original construction, additions, exterior painting, landscaping or decorative alterations, repairs, excavation, roof replacement or other work which in any way alters the exterior appearance of any Lot or any improvements thereon shall be commenced, erected, maintained, made or done without the prior written approval of the Board or any committee established by the Board for that purpose. The Board shall have the right to refuse to approve any plans or specifications which are not suitable or desirable, in its opinion, for aesthetic or other reasons and in so passing upon such plans, it shall have the right to take into consideration the suitability of the proposed structure or change, and of the materials of which it is to be built, the site upon which it is to be located, the harmony thereof with the surroundings and the effect thereof on the outlook from the neighboring Lots. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Board. All decisions of the Board shall be final, and no Owner or other party shall have recourse against the Board for its refusal to approve any such plans and specifications.

(s) No home having less than eight hundred (800) square feet of living area, exclusive of carports and porches, shall be permitted on any Lot.

(t) There shall be no exterior radio, TV, ham or C.B. antenna placed on any Lot or improvement located thereon, nor shall any other type of structure, mast, pole or other device be placed on any Lot without the prior written approval of the Board.

(u) No Lot shall be maintained or utilized in such a manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Arizona, the County of Maricopa or other governmental entity or agency having jurisdiction over or in the Premises or any part thereof.

### 3. PROPERTY RIGHTS.

Every Owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights of an Owner and right of an Owner to use the Common Areas for any period during which any assessment against his Lot remains unpaid and for a period not to exceed sixty (60) days for any infraction by an Owner of this Declaration.

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility, for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument is signed by a majority of the Board.

(c) The right of the Declarant, and of the Association as the eventual transferee thereof, to charge fees and establish regulations for the use of any golf courses and other improvements located within the Common Areas.

(d) It is recognized that not all Common Areas will be completed or improved prior to the sale of Lots.

### 4. THE ASSOCIATION

(a) The Association shall have such duties, obligations, powers and rights as are set forth herein and/or in the Articles and Bylaws.

(b) The Association, acting through the Board, shall be and hereby is empowered to decide all questions regarding enforcement of this Declaration and to take any and all actions needed, in its sole and absolute judgment, to enforce this Declaration.

(c) The Association, acting through the Board, shall have the right to contract for the services of and delegate its duties hereunder to any other corporation, person or partnership, provided, however, that the enforcement of this Declaration shall remain the sole responsibility of the Association, acting through the Board.

(d) All Owners shall automatically become members of the Association and shall be subject to the provision of this Declaration, the Articles and Bylaws.

### 5. COVENANT FOR ASSESSMENTS.

(a) Each Owner, by execution of a purchase contract or otherwise acquiring any interest in a Lot is deemed to covenant and agree, for himself, his heirs, successors and assigns, to pay to the Association all assessments, impounds and late payment penalties as provided herein and in the Articles and Bylaws. All assessments, impounds and late payment penalties, if any, together with interest,

costs and reasonable attorneys' fees, shall be a lien upon the Lot to which they are assessed, as well as a personal obligation of the Owner of said Lot at the time the assessment is levied. The personal obligation for delinquent assessments shall not pass to successors in title unless expressly assumed by them, or unless prior to the transfer of title as evidenced by the records of the County Recorder of Maricopa County, Arizona or other appropriate governmental agency, a lien for such assessment shall have been filed or recorded.

(b) The Association shall be entitled to enforce its rights hereunder by following the procedure provided for the enforcement of mechanics' and material-men's liens in the State of Arizona. No claim against the Association shall constitute a defense nor set-off in any action by the Association for non-payment of any amounts which may be assessed hereunder.

#### 6. LANDSCAPING AND MAINTENANCE CONTROL.

(a) The character of the landscaping to be placed on the front and/or side yards of each Lot must be such as to complement landscaping established in the Common Areas. Each Owner hereby agrees that exterior landscaping will be completed within sixty (60) days after completion of a dwelling upon said Owner's Lot, be of a quality compatible with the development and have the prior written approval of the Board.

(b) It shall be the responsibility of each Owner to keep said Owner's Lot neat and clean, lawn mowed, or landscaped in colored rock, desert landscaping, or other types of landscaping deemed by the Board to be reasonable and compatible with surrounding Lots, and to keep the improvements on said Lot in a good state of repair, so as not to destroy or impair the aesthetic qualities of the Premises.

(c) Until such time a dwelling is constructed upon a Lot, the Board or its agent designated for the purpose shall reserve the right to furnish the labor and/or materials necessary to bring any Lot and/or any improvements located thereon up to a standard approved by the Board, and upon demand the Owner of said Lot shall reimburse the Association for any expenses incurred in exercising said right.

(d) The amount that an Owner is obligated to pay under this Paragraph 6 shall constitute a lien on his Lot and shall be enforceable in the same manner as an assessment pursuant to Paragraph 5.

#### 7. RESERVATION OF RIGHTS BY DECLARANT.

(a) Sun Lakes Marketing, a limited partnership, shall have the right, in its discretion, to bring additional real property or properties, whether residential lots or common areas or both, within the area served by the Association, by recording with the appropriate authority, for each such parcel, a declaration of restriction which makes appropriate reference to the Articles and makes membership of the Association an incident of ownership of any part of the real property described thereon. The owner of any lot in any such parcel, whether the Declarant or a purchaser, shall be a member of the Association with the rights and duties of a member thereof.

(b) It is recognized that at the date hereof Lots and dwellings have not been sold or erected within the Premises, nor have all parcels eventually to be served by the Association been planned or subdivided and the Association may not be fully operative. In order that said Lots and dwellings be sold and erected, the Common Areas be protected and the Association become stabilized and fully operational, Sun Lakes Marketing, a limited partnership, or its designated agent, shall have, at its option, the sole and exclusive right to manage the affairs of the Association, to make contracts or agreements on behalf of the Association for maintenance of common areas and operation of the Association and to do all things as authorized by this Declaration, the Articles and Bylaws until such time as seventy-five percent (75%) of the lots within all parcels now or hereafter served by the Association, are sold, or Sun Lakes Marketing, a limited partnership, in its discretion, relinquishes such management to the members of the Association.

(c) Until such time as control of the Association has passed to the members thereof, all right, discretion, power and authority granted to said Association, including the right to collect assessments, shall, at the option of the Declarant, remain with the Declarant directly or through said Association.

(d) In furtherance of the foregoing, the Owner or Owners of a Lot shall be entitled to one vote for said Lot in any balloting of the members, with the exception that the Declarant shall be entitled to three votes for each Lot owned by it. The intent of this provision is to provide Declarant with control over the Association until at least seventy-five percent (75%) of the lots included within all parcels served by the Association from time to time are sold. The Declarant shall be entitled to three (3) votes for each lot owned regardless of when management is relinquished to the members of the Association or whether Declarant owns less than twenty-five percent (25%) of the lots.

(f) It is further recognized that because of the sequential development of the parcels served by the Association, management or control of the Association by the Declarant will be likely to continue after one hundred percent (100%) of the Lots are sold.

(g) Voting rights for each lot in each other parcel served by the Association shall accrue at the time the subdivision plat for such parcel is recorded.

#### 8. COMMON AREAS.

Upon completion and sale of all dwellings within every parcel now or hereafter served by the Association, or sooner at the sole discretion of Declarant, Declarant shall cause title to the Common Areas, to be transferred to the Association. Title to the golf course known as Palo Verde Country Club and to any and all related improvements, including without limitation any buildings and other recreational facilities, may upon such transfer be subject to liens securing indebtedness not in excess of fifty percent (50%) of the fair market value of the transferred assets, plus interest thereon. Declarant shall have no obligation to the Association or any Owner to pay any such indebtedness or interest thereon. If Declarant has transferred to the Association the golf course known as Cottonwood Country Club, but has not yet transferred the Palo Verde Country Club and related improvements to the Association, the Association shall upon request of Declarant



pay to Declarant any sums required from time to time to cover the losses incurred by Declarant in operating the Palo Verde Country Club and related improvements, and the Lots shall be subject to assessment to provide funds to the Association for said purpose.

9. DURATION, AMENDMENTS, TRANSFERS AND CONVEYANCES.

(a) The covenants herein contained run with the land and shall bind all persons in interest, all Owners, and their heirs, legal representatives, successors and assigns until January 1, 2010. Thereafter, said covenants shall be automatically extended for successive period of five (5) years each, unless thirty (30) days prior to the end of the initial term or any successive period of five (5) years, such covenants are amended to changed to provide otherwise or are terminated in whole or in part.

(b) Such amendments, changes or termination shall be effected by instruments in recordable form executed by Owners possessing a majority of voting rights held by Owners and shall be filed in the proper office of record.

(c) Any amendment to this Declaration which limits or terminates membership in the Association must be signed by two-thirds (2/3) of the members of the Board.

(d) Each party who acquires any interest in all or any part of the Premises after the date hereof agrees to look, for performance of, or relief deemed equitable for the enforcement of, the covenants, conditions and restrictions contained herein, only to Owners who are such when said performance and/or relief is sought, except as otherwise provided in Paragraphs 5 and 6 hereof.

(e) Deeds of conveyance of the Premises, or any part thereof, may contain the above restrictive covenants by reference to this document, but whether or not such reference is made in such deeds, or any thereof, each and all of such restrictive covenants shall be valid and binding upon the respective grantees.

(f) Violation of any one or more of such restrictive covenants shall continue as a violation of the respective grantees.

10. VIOLATION; REMEDIES.

(a) In the event of any violation or threatened violation of any of the restrictions, conditions or agreements contained herein, the Association or any owner of any property then served by the Association may bring an action at law or in equity, for an injunction, damages or such other remedy as may be available. In the event the Association or owner recovers judgment against any person for a violation or threatened violation of any of the covenants herein, the Association or owner shall recover from such person reasonable attorneys' fees.

(b) The failure by any owner or the Association to enforce any restrictions, conditions, covenants or agreements contained herein shall not give rise to any claim or cause of action against the Association or such owner, nor shall such failure to enforce be deemed a waiver or abandonment of this Declaration or any provision thereof.

11. SEVERABILITY.

If any provision of this Declaration or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Declaration or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

12. EASEMENT FOR CABLE TV AND SECURITY SYSTEM.

There is hereby reserved in Sun Lakes Cable, an Arizona corporation ("Sun Lakes Cable") a perpetual exclusive easement and right of way across and upon all Common Areas for the maintenance, construction, and repair of a cable television system and/or security system and appurtenant facilities. Sun Lakes Cable shall have the right to excavate, have, place, lay, construct, operate, use, maintain, repair, replace, reconstruct, enlarge, alter, improve, add to, relocate, and/or remove at any time and from time to time underground structures with required appurtenances necessary for the operation of said cable television system and/or security system and all miscellaneous equipment and material connected therewith. Sun Lakes Cable shall have the right of ingress to and egress from said easement by a practical route or routes, upon, over, and across the Common Areas or any portion or portions thereof, together with the right to clear and keep clear said easement and rights of way from explosives, materials, buildings, or other structures, implements, or obstructions without limiting the generality of the foregoing. . .

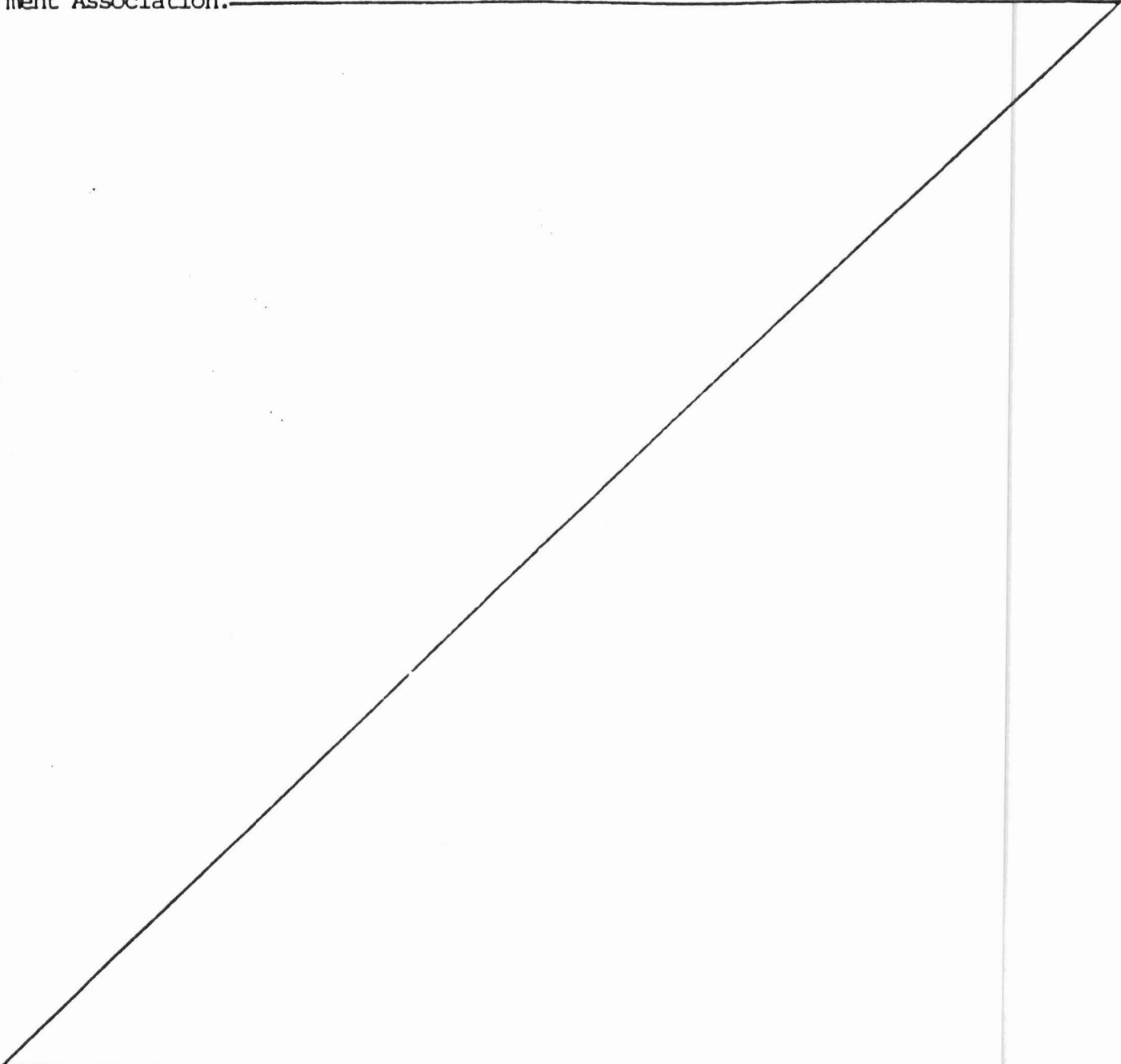
Sun Lakes Cable shall have the right to trim and cut trees, foliage, and roots upon and from within the above described easement and rights of way whenever, in Sun Lakes Cable's judgment the same shall be necessary for the convenient and safe exercise of the rights herein granted. All cable television system equipment or security system equipment installed by Sun Lakes Cable in and upon the herein described easement shall remain the personal property of Sun Lakes Cable and shall not be deemed a part of the realty. Sun Lakes Cable shall have the right directly or indirectly to assign its rights to this easement. Neither the Declarant, the Association, nor Sun Lakes Cable is obliged to provide a cable television system and/or security system in the Premises. If a cable television system and/or security system is built by Sun Lakes Cable or it assigns the type and quality of the system shall under the absolute discretion of Sun Lakes Cable, or its assigns. Notwithstanding any other provision of this declaration, this section may not be amended without the prior written consent of Sun Lakes Cable or its successors or assigns.

13. PRIVATE ROADWAYS.

All of the streets and roadways shown on the plat as part of the Premises, but not expressly dedicated to the public use, shall be private streets (the "Private Roadways"). Use of the private Roadways shall be limited to Owners and their families, guests, and invitees. Title to the Private Roadways shall be conveyed to the Management Association (as hereinbelow defined in Paragraph 14) at the same time, and subject to the same conditions, as the Common Areas are conveyed to the Association in accordance with Paragraph 8. The Private Roadways shall, except with respect to title thereto and maintenance thereof which shall be held and performed by the Management Association, be deemed to be Common Areas.

14. MANAGEMENT ASSOCIATION.

Declarant has incorporated, or will incorporate, a non-profit Arizona corporation, to be called Sun Lakes Unit 23 Management Association, Inc. (the "Management Association"), for the sole purpose of holding title to and maintaining the Private Roadways and the drainage system. In order to effectuate such purpose, the Management Association shall have all of the right enumerated in Paragraph 5 to levy and collect such assessments from Owners as may be necessary to provide for the maintenance of the Private Roadways and the drainage system and to create a reserve fund, in such amount as the Management Association may deem appropriate in its sole discretion, to provide for periodic maintenance, repair and replacement of the Private Roadways and the drainage system. The Management Association shall have the right to collect and enforce the payment of such assessments by action against any defaulting Owner or by lien against a Lot as provided in Paragraph 5. Each Owner shall automatically be a member of the Management Association.



IN WITNESS WHEREOF, the undersigned have caused their names to be hereunto affixed by their duly authorized agents this 27<sup>th</sup> day of January, 1985.

TITLE INSURANCE COMPANY OF MINNESOTA, a Minnesota corporation, as Trustee.

SUN LAKES MARKETING, an Arizona limited partnership, as Second Beneficiary under Trust No. 1546 duly authorized.

BY R.M. Rutledge  
Trust Officer

Sun Lakes Properties, Inc., an Arizona corporation, general partner.

BY [Signature]  
Its General Partner / President

STATE OF ARIZONA     )  
                                      ) ss.  
County of Maricopa    )

On this 22 day of January, 1985, before me the undersigned officer, personally appeared [Signature], who acknowledged himself to be the President of Sun Lakes Properties, Inc., General Partner for Sun Lakes Marketing, a limited partnership, and he as such officer being authorized so to do, executed the foregoing instrument for the purposes herein contained.

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

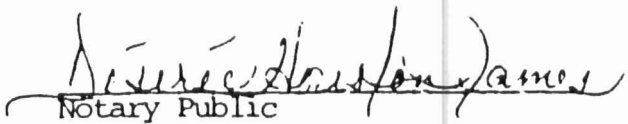
[Signature]  
Notary Public

My commission expires:  
3-9-85

STATE OF ARIZONA     )  
                                  )     ss.  
COUNTY OF MARICOPA   )

On this, the 22 day of January, 1985, before me, the undersigned officer, personally appeared R.H. RUTLEDGE, who acknowledged himself to be the Trust Officer of TITLE INSURANCE COMPANY OF MINNESOTA, a Minnesota Corporation, as Trustee, and that he, as such officer, being authorized so to do executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation as Trustee by himself as such officer.

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

  
Notary Public

My Commission Expires:  
June 22, 1988

EXHIBIT "A"

Lots 1 through 319, inclusive, and Tracts "A" through "F", inclusive, SUN LAKES UNIT TWENTY-THREE, according to Book 278 of Maps, page 28, records of Maricopa County, Arizona.



SUN LAKESUNIT ' 19DECLARATION OF RESTRICTIONS

THIS DECLARATION made this 17<sup>th</sup> day of February, 1981, by SUN LAKES MARKETING, a LIMITED PARTNERSHIP, hereinafter called "Declarant" as present owner of the beneficial interest in Minnesota Title Company, Trust No. 1546, being properly authorized so to act by the terms of the Trust, and Minnesota Title Company, as Trustee thereunder, hereinafter called "Trustee," solely as bare legal title holder and not personally, and acting at the proper direction of said Beneficiary, and desiring to establish the nature of use and enjoyment of the following described property, to-wit:

Lots 1 through 32, inclusive, SUN LAKES, Unit 19, according to the plat of record thereof in the office of the County Recorder, Maricopa County, Arizona, Book 229, Page 48, thereof;

do execute this Declaration of Restrictions and do hereby declare the above described premises subject to the express covenants, stipulations and restrictions, all of which are to be construed as restrictive covenants running with the title to said premises, and do hereby impose and charge each of said lots for Declarant and Trustee, their successors and assigns with the certain exceptions, covenants, agreements, easements, restrictions, conditions and charges hereinafter set forth.

1. DEFINITIONS.

(a) "Articles" shall mean the Articles of Incorporation of the Homeowner's Association which are filed in the office of the Arizona Corporation Commission, as said Articles may be amended from time to time.

(b) "Association" shall mean and refer to the Sun Lakes Homeowner's Association #2, Inc., an Arizona nonprofit corporation, its successors and assigns.

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

(d) "By-Laws" shall mean the By-Laws of the Association, as such By-Laws may be amended from time to time.

(e) "Common Areas" shall mean all the general common elements as shown on the recorded plat or plats and which will ultimately be owned by the Association for the common use and enjoyment by the owners of lots in the subdivision, including but not limited to the recreational facilities and golf course.

(f) "Declarant" shall mean Sun Lakes Marketing, a limited partnership, whether acting in its own capacity or through a trustee, and its successors and assigns, which successors or assigns acquire more than one lot for purposes of development.



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

(h) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable or beneficial title (or legal title if same has merged) of any lot.

(i) "Premises" refers to all the real property described as Lots 1 through 32 inclusive, Sun Lakes, Unit 19.

(j) "Lots" shall mean and refer to any plot of land shown upon any recorded subdivision of any of the premises with the exception of the common areas.

(k) "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.

## 2. USE OF LOTS.

(a) Real property shall be for residential use only and construction is restricted to one high-class, single family dwelling per lot. No other use, including commercial, professional or business activities will be permitted on any residential lot except as may be permitted by properly executed amendment or amendments to this Declaration as herein described, providing said amendment or amendments are not in conflict with the then current zoning ordinance.

(b) All dwellings erected upon said premises shall be of new construction, and no buildings or structures shall be moved from other locations.

(c) No part of any dwelling shall be used for living purposes until the entire structure is nearing completion, nor shall any trailer, tent, shack, garage, barn or any other structure be used as a residence, either temporarily or permanently, nor shall any structure or dwelling be moved onto the premises from outside the subdivision, except that a construction shed, used for the storage of tools and equipment, may be maintained by the builder during the period of construction of the subdivision.

(d) Sun Lakes is specifically limited to adults. At least one resident in the household must be forty (40) years of age or older. No person who has not yet reached their nineteenth (19th) birthday shall reside permanently in Sun Lakes.

(e) There shall be designated storage areas within Sun Lakes where recreational vehicles such as camping trailers, boat trailers, travel trailers, boats, motor homes and pickup camper units may be stored. None of the above shall be kept, placed, maintained, constructed, reconstructed or repaired on the common areas or streets,

nor shall be stored for 24 hours or longer on any lot within Sun Lakes without the prior permission of the Board. The Board, or a Committee designated by the Board, shall, upon request, determine whether or not any vehicle is a recreational vehicle and if such vehicle is in violation of this provision.

(f) Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant or its duly authorized agents, of structures, improvements or signs necessary or convenient to the development, sale, operation or other disposition of lots and/or dwellings.

(g) Each owner shall be subject to the following restrictions and duties with respect to party walls.

(1) Every wall which is built as a part of the original construction and placed on the dividing line between separate lots, or on the lot setback line, shall constitute and be considered a party wall and as to such wall each of the owners immediately adjacent shall assume the obligations and be entitled to the rights and privileges of these restrictive covenants and to the extent not inconsistent herewith, the general rules of law regarding party walls. In addition, each owner shall have an easement of continued use and enjoyment of that portion of the adjoining lot which may be located on his side of the party wall.

(2) If any party wall is damaged or destroyed through the act or acts of any adjoining owner, or his agent, servant, guest, or member of his family, whether such act is willful, negligent or accidental, such owner shall forthwith proceed to rebuild or repair the same to as good a condition as formerly without cost to the adjoining owner. The failure to forthwith institute rebuilding or repairing of such party wall shall be sufficient reason for the Board to rebuild or repair the same and charge the lot of the responsible owner under the provisions of the Articles of Incorporation and this Declaration.

(3) Any party wall damaged or destroyed by some act or event other than that produced by one of the adjacent owners, his agents, lessees, guests or family, shall be rebuilt or repaired by both adjoining owners to the same good condition as formerly, at their joint and equal expense and as promptly as reasonably possible. The failure of adjoining owners to make such rebuilding or repairs as are reasonably necessary shall be sufficient reason for the Board to rebuild or repair said party wall and charge the lots of both adjoining owners, as provided in the Articles of this Declaration.

(4) Any owner of a lot who proposes to modify, rebuild, repair or make additions to his own residence or any structure upon his lot in any manner which requires the extension, alteration or modification of any party wall, shall first obtain the written consent of the adjacent owner, in addition to meeting the requirements of these restrictive covenants, of the building codes, or similar ordinances of any governmental body affected.

(5) In the event of a disagreement between owners of the adjoining lots with respect to the repair, reconstruction or maintenance of a party wall or with respect to sharing the cost of repairing, rebuilding or maintaining the same, then upon the written request of either of said owners to the Board, the matter shall be submitted to the Board for arbitration under such rules as may be adopted by the Board. If no such rules are adopted or the Board refuses to act, then the matter shall be submitted to three arbitrators, one chosen by each of the owners and the third by the two so chose, or if they cannot agree with five (5) days, the third arbitrator shall be a judge of the County Superior Court. A determination of the matter signed by any two of the three arbitrators shall be binding upon all persons.

(6) No private agreement of any adjoining property owners shall modify or abrogate any of these restrictive covenants nor the obligations, rights, duties and limitations set forth upon the individual lot owners.

(h) The owner hereby agrees that window coverings other than those made of customary cloth materials shall not be permitted to remain beyond 30 days after the close of escrow.

(i) No "For Sale" or "For Rent" signs of any size, type or shape shall be displayed on any lot nor in any home without written permission from the Board.

(j) Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any property unless concealed from the street and shall not be visible from neighboring property.

(k) No lot or lots shall be re-subdivided except for the purpose of combining two or more lots into one homesite, providing, however, that no additional or smaller lot is created thereby.

(l) All homes on the lots shall be constructed by Declarant or its nominee.

(m) No animals, birds, fowl, poultry or livestock, other than a reasonable number of domestic dogs, cats, fish and birds in cages shall be maintained on any lot and then only if they are kept thereon solely as domestic pets and not for commercial purposes. Dogs and other animals must be kept on a leash when not confined on the owner's lot. No owner shall permit its dog or animal to create unsanitary conditions anywhere on the common properties. No animal or bird shall be allowed to make an unreasonable amount of noise, nor 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 lot or street. Upon the written request of any owner, the Board shall conclusively determine, in its sole and absolute discretion, whether a particular animal or bird is a generally recognized household pet or a nuisance or whether the number of animals or birds on any such property is reasonable.

The Board shall have the right to prohibit maintenance of any animal or bird which constitutes, in the opinion of the Board, a nuisance to any other Owner.

(n) No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any lot, and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No outdoor burning of trash or other debris shall be permitted. No exterior speakers, horns, whistles, bells or other sound devices shall be located, used or placed on any lot. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

(o) No garbage or trash shall be placed or kept on any lot 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 lots except to make the same available for collection and then only the shortest time reasonable necessary to effect such collection.

(p) No owner shall permit anything or condition to exist upon any lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

(q) The owner of each dwelling shall have the right to lease his dwelling provided said lease is subject to, and requires lessee to comply with, the covenants, conditions, restrictions, limitations and uses contained in this Declaration, and to the Association By-Laws and Rules issued by the Board.

(r) No additions, exterior painting, landscaping or decorative alterations, repairs, excavation, roof replacement or other work which in any way alters the exterior appearance of any lot or building shall be commenced, erected, maintained, made or done without the prior written approval of the Board or any committee established by the Board for that purpose. The Board shall have the right to refuse to approve any plans or specifications which are not suitable or desirable, in its opinion, for aesthetic or other reasons and in so passing upon such plans, it shall have the right to take into consideration the suitability of the proposed change, and of the materials of which it is to be built, the site upon which it is to be located, the harmony thereof with the surroundings and the effect thereof on the outlook from the adjacent neighboring lots. All subsequent additions to or changes or alterations in any building, fence, wall or other structure including exterior color scheme, shall be subject to the prior approval of the Board. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Board. All decisions of the Board shall be final, and no owner or other party shall have recourse against the Board for its refusal to approve any such plans and specifications.

(s) No home having less than eight hundred (800) square feet of living area, exclusive of carports and porches, shall be permitted on any lot.

(t) There shall be no exterior radio, TV, ham or C.B. antenna mounted on any residential lot or any other type of structure, mast, pole or other device on any lot within Sun Lakes without the written approval of the Board.

(u) No lot shall be maintained or utilized in such a manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Arizona, the County of Maricopa or other governmental agencies having jurisdiction over or in the premises.

### 3. PROPERTY RIGHTS.

Every owner shall have a right and easement of enjoyment in and to the Common Area Properties which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use the recreational facilities by an owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of this Declaration.

(b) The right of the Association to dedicate or transfer all or any part of the common area to any public agency, authority or utility, for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument is signed by a majority of the Board of Directors.

(c) It is recognized that not all common areas will be completed or improved prior to the sale of lots.

### 4. HOMEOWNER'S ASSOCIATION.

(a) Sun Lakes Homeowner's Association #2, Inc., a nonprofit corporation, organized under and by virtue of the laws of the State of Arizona governing nonprofit corporations, shall have such duties and obligations as are set forth in the Articles of Incorporation and By-Laws as such Articles and By-Laws may be subsequently amended.

(b) The governing body of the Association shall be empowered to determine and decide all questions regarding enforcement of these restrictions and assessments or charges necessary for maintenance of common areas, for the use and benefit of all homeowners, except as provided in the By-Laws.

(c) The Board of Directors of the Association shall have the right to contract for services or to transfer to any other corporation, person or partnership, all of its rights and obligations hereunder, but upon such transfer and the assumption of such obligations by the transferee, the enforcement of covenants shall remain the sole responsibility of the Association.

(d) All lot owners shall, by virtue of ownership, agree to become members of the Association and shall be subject to the provisions of the Articles, By-Laws and Rules as though fully set forth herein.

(a) Each owner, by execution of a purchase contract, is deemed to covenant and agree, for himself, his heirs, successors and assigns, to pay to the Association all assessments, impounds and late payment penalties as provided in the Articles and By-Laws. All assessments, impounds and late payment penalties, if any, together with interest, costs and reasonable attorney's fees, shall be a lien upon the lot. Each such assessment impound, late payment penalty, together with interest, costs and reasonable attorney fees shall also be the personal obligation of the person who is the owner of the Lot at the time the assessment was levied. The personal obligation for delinquent assessments shall not pass to successors in title unless expressly assumed by them, or unless prior to the transfer of title as evidenced by the records of the County Recorder or other appropriate governmental agency, a lien for such assessment shall have been filed or recorded.

(b) The Association shall be entitled to enforce its rights hereunder by following the procedure provided for the enforcement of Mechanics' and Materialmen's liens in the State of Arizona. No claim against the Association shall constitute a defense nor set-off in any action by the Association for non-payment of any amounts which may be assessed hereunder.

6. LANDSCAPING AND MAINTENANCE CONTROL.

(a) The character of the landscaping to be placed on the front and/or side yards of each lot must be such as to complement landscaping established in common areas. Each owner hereby agrees that exterior landscaping will be completed within sixty (60) days after close of escrow, be of a quality compatible with the development and must have the written approval of the Board.

(b) It shall be the responsibility of the owners to keep their Lots neat and clean, lawn mowed, or landscaped in colored rock or desert landscaping, or other types of landscaping deemed reasonable and compatible to surrounding Lots and the improvements on their Lots in a state of repair in such a way as not to destroy or impair the aesthetic qualities of Sun Lakes.

(c) The Board or its agent shall have the right to furnish the labor and/or materials necessary to bring any untidy Lot or Parcel up to a standard approved by the Board. In such event, the owner of said lot shall pay to the Association an amount equal to all direct and indirect costs and expenses incurred by the Association in furnishing such labor and/or materials or having the same furnished.

(d) The amount that the Owner of any such Lot is obligated to pay hereunder shall constitute a lien on such Lot or Parcel and shall be enforceable in the same manner as an assessment pursuant to Paragraph 5.

7. RESERVATION OF RIGHTS BY DEVELOPER.

(a) Developer shall have the right, in its discretion, to bring additional real property or properties, whether residential lots or common areas or both, within the area served by Sun Lakes Homeowner's Association #2, Inc., by recording with the appropriate authority,

for each such parcel, a declaration of restrictions which makes appropriate reference to these Articles and makes membership in the Association an incident of ownership of any part of said parcel. The owner of any residential lot in any such parcel, whether the Developer or a purchaser, shall be a member of the Association, with all of the associated rights and duties.

(b) It is recognized that at the date hereof the dwelling units within Sun Lakes Unit have not been erected or sold, nor have all units within Sun Lakes Homeowner's Association been planned or subdivided and the Association contemplated by the Articles of Incorporation is not operative. In order that said units be sold and the common elements be protected and that the Association becomes stabilized and operational, Developer or its designated agent, shall have at its option, the sole and exclusive right to manage the affairs of the Association, to make contracts or agreements on behalf of the Association for maintenance of common elements and operation of the Association and to do all things as authorized by this Declaration, the Articles and By-Laws until such time as seventy-five percent (75%) of the Lots within the geographical boundaries of the Sun Lakes Homeowner's Association #2, Inc., as presently or hereafter constituted, are sold, or the Developer, in its discretion, relinquishes such management to the Association.

(c) Until such time as control of the Association has passed to the Owners, all right, discretion, power and authority granted to said Association, including the right to collect assessments, shall, at the option of the Developer, remain with the Developer directly or through said Association.

(d) In furtherance of the foregoing the Owner or Owners of a Lot shall be entitled to one vote for each Lot owned in any balloting of the members, with the exception that the Developer shall be entitled to three votes for each Lot or Unit owned by it. The intent of this provision is to provide Developer with control over the Association until at least seventy-five percent (75%) of the Lots are sold. The Developer shall be entitled to three (3) votes for each Lot owned regardless of when the management is relinquished to the Association or whether Developer owns less than twenty-five percent (25%) of the Lots.

(e) It is further recognized that because of the sequential development of the units served by the Sun Lakes Homeowner's Association #2, Inc., management or control of the Association by the Developer will be likely to continue after one hundred percent (100%) of the Lots in Unit 19 are sold.

(f) Voting rights for each lot in other units of Sun Lakes Homeowner's Association #2, Inc., shall accrue at the time the subdivision plat for such unit is recorded.

8. TRANSFER OF COMMON AREAS.

Upon completion and sale of all dwellings within every unit of the Association and all units subsequently brought within the Association,

or sooner at the sole discretion of Declarant, Declarant shall cause to be transferred to the Association, title in and to the common areas.

DUCKETT  
15559  
Pg. 25

9. DURATION, AMENDMENTS, TRANSFERS AND CONVEYANCES.

(a) The covenants herein contained run with the land and shall bind all persons in interest, all owners of lots, blocks and parcels in said subdivision and their heirs, legal representatives, successors and assigns until January 1, 1990. Thereafter, said covenants shall be automatically extended for successive periods of five years each, unless thirty (30) days prior to the end of the initial term or any successive period of five years, such covenants are amended, changed or terminated in whole or in part.

(b) Such amendments, changes or terminations shall be effected by instruments in recordable form executed by a majority of the lot owners and filed in the proper office of record.

(c) Any amendment to this Declaration which limits or terminates membership in the Association must be signed by two-thirds (2/3) of the Directors of the Association.

(d) After the date hereof, each party who acquires any interest in all or any part of the property described herein, further agrees that upon such acquisition of any interest in all or part of the real property, said acquiring party shall look only to the other subsequent property owner or owners acquiring an interest in said property for any performance or relief deemed equitable for the enforcement of the covenants, conditions and restrictions contained herein.

(e) Deeds of conveyance of said property, or any part thereof, may contain the above restrictive covenants by reference to this document, but whether or not such reference is made in such deeds, or any thereof, each and all of such restrictive covenants shall be valid and binding upon the respective grantees.

(f) Violation of any one or more of such covenants shall continue as a violation of the respective grantees.

10. VIOLATION; REMEDIES.

(a) In the event of any violation or threatened violation of any of the covenants herein, the Association or any owner of any lot, block or parcel in the subdivision may bring an action at law or in equity, either for injunction, action for damages or such other remedy as may be available. In the event the Association or owner recovers judgment against any person for a violation or threatened violation of any of the covenants herein, the Association or owner shall recover from such person reasonable attorney's fees.

(b) The failure by any land owner or the Association to enforce any restrictions, conditions, covenants or agreements herein contained shall



not give rise to any claim or cause of action against the Association or such land owner, nor shall such failure to enforce be deemed a waiver or abandonment of this Declaration or any provision thereof.

11. SEVERABILITY.

If any provision of this declaration or the application of such provision to any person or circumstance shall be held invalid, the remainder of this declaration or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

IN WITNESS WHEREOF, SUN LAKES MARKETING, an Arizona Limited Partnership, has caused its name to be hereunto affixed by its duly authorized agents, this 17<sup>th</sup> day of February, 1981.

MINNESOTA TITLE COMPANY  
as Trustee for Sun Lakes  
Marketing, an Arizona  
Limited Partnership

SUN LAKES MARKETING, an Arizona  
Limited Partnership, as Second  
Beneficiary under Trust No. 1546  
duly authorized

By:

By:

Roger K. Merrick  
Roger K. Merrick  
Trust Officer

Edward J. Robson  
EDWARD J. ROBSON

STATE OF ARIZONA  
ss.  
COUNTY OF MARICOPA

On this 17<sup>th</sup> day of February, 1981, before me the undersigned officer, personally appeared EDWARD J. ROBSON, who acknowledged himself to be the President of Sun Lakes Properties, Inc., General Partner for Sun Lakes Marketing, a Limited Partnership, and he as such officer being authorized so to do, executed the foregoing instrument for the purposes herein contained.

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

Barbara J. Muzia  
NOTARY PUBLIC

My Commission expires: 2/13/84

STATE OF ARIZONA  
ss.  
COUNTY OF MARICOPA

On this 17th day of February, 1981, before me, the undersigned officer, personally appeared Roger K. Merrick, who acknowledged himself to be the Trust Officer of Minnesota Title Company, an Arizona corporation, and he being authorized so to do, executed the foregoing instrument for the purposes herein contained.

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

Kathleen P. Osborn  
NOTARY PUBLIC

My commission expires: 1-21-84

165

When recorded, mail to:  
Sun Lakes Homeowners Association No.2, Inc.  
25612 E. J. Robson Blvd.  
Sun Lakes, Arizona 85248  
Attn: Mr. James Poulos

RECORDED IN OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA			
SEP 7 '90 - 1 00			
HELEN PURCELL, County Recorder			
FEE	1200	PGS	17 DM
1	90 404174		

MOD RSTR (DF)

SUPPLEMENT TO SUN LAKES PHASE II DECLARATIONS OF RESTRICTIONS

THIS SUPPLEMENT TO DECLARATIONS OF RESTRICTIONS is made this 4<sup>th</sup> day of September, 1990, by SUN LAKES HOMEOWNERS' ASSOCIATION NO. 2, INC., an Arizona nonprofit corporation (the "Association").

R E C I T A L S:

A. The Association constitutes the "Association" that is referred to in each of the following described declarations of restrictions:

<u>UNIT</u>	<u>DATE RECORDED</u>	<u>RECORDING NO.</u>
10	1/17/79	Docket 13386, page 619
11	12/6/79	Docket 14076, page 592
11A	12/18/79	Docket 14101, page 270
12	8/1/79	Docket 13803, page 773
14	12/18/79	Docket 14101, page 286
15	2/13/80	Docket 14222, page 481
16	8/19/80	Docket 14825, page 477
16A	2/10/81	Docket 15015, page 352
17	11/2/81	Docket 15616, page 5
18*	9/30/82	Docket 16322, page 160
	*Rerecorded 10/15/82	Docket 16354, page 208
19	10/5/81	Docket 15559, page 1
20**	4/10/84	84-011985
** Amended & restated	4/25/84	84-173650
21	3/16/82	Docket 15894, page 385
22	6/5/84	84-242255
23	2/14/85	85-064217
24	3/6/86	86-107875
25	9/11/87	87-569275
27	6/20/86	86-310942
27A	3/11/87	87-008539
27B	2/8/89	89-058580
28	9/9/88	88-447913

The declarations of restrictions referred to above are collectively referred to herein as the "Declarations of Restrictions". The subdivisions that are subject to the Declarations of Restrictions are sometimes collectively referred to herein as Sun Lakes Phase II.

B. Paragraph 2(d) of each of the Declarations of Restrictions provides that at least one resident in each household within the property that is subject to the Declarations of Restrictions must be forty (40) years of age or older and that no person who has not yet reached his nineteenth (19) birthday shall reside permanently on the property. The provisions of paragraph 2(d) of the Declarations of Restrictions were lawful when the Declarations of Restrictions were executed and recorded.

C. The Fair Housing Amendments Act of 1988 (the "Act"), which was passed by the United States Congress, made it unlawful to discriminate in the sale or rental of dwellings based on "familial status"; that is, one or more individuals who have not attained the age of 18 years being domiciled with a parent or other person having legal custody. The Act contains an exemption permitting restrictions based on familial status in developments that satisfy the following three requirements:

1. The development must have significant facilities and services specifically designed to meet the physical or social needs of older persons;

2. At least 80% of the units must be occupied by at least one person 55 years of age or older; and

3. The owner or manager of the housing facility must publish and adhere to policies and procedures that demonstrate an intent by the owner or manager to provide housing for persons 55 years of age or older.

D. The Association believes that the Association and Sun Lakes Phase II have significant facilities and services specifically designed to meet the physical and social needs of older persons. Periodic surveys of the age of Sun Lakes Phase II residents taken since the Act was passed indicate that in excess of 90% of the dwellings within the Association's jurisdiction currently are occupied by at least one person 55 years of age or older. In accordance with the third requirement for the exemption referred to above, the Board of Directors of the Association passed a resolution prior to the effective date of the Act to confirm that it is the intent of the Association to provide "housing for older persons", which the Act defines to include housing that satisfies the requirements for the exemption referred to above. The Board of Directors resolution provided that the Board of Directors shall publish and adhere to policies and procedures that demonstrate such intent.

E. The Association, with the consent of a majority of the Owners of Lots (as defined in the Declarations of Restrictions) in each of the subdivisions that are subject to one of the Declarations of Restrictions and with the consent of Sun Lakes Marketing Limited Partnership, the "Declarant" under the

Declarations of Restrictions, desires to supplement the Declarations of Restrictions in order to publish as a matter of public record the intent that Sun Lakes Phase II provide housing for older persons.

S U P P L E M E N T:

For the reasons set forth in the Recitals, the Declarations of Restrictions are hereby supplemented with the following provisions:

1. Sun Lakes Phase II is intended for and operated for occupancy in at least 80% of its units by at least one person 55 years of age or older per unit. The Association is directed to maintain significant facilities and services specifically designed to meet the physical or social needs of older persons. The Association shall require that at least 80% of the units in Sun Lakes Phase II be occupied by at least one person 55 years of age or older and that all units be occupied by at least one person 40 years of age or older. The Association shall publish and adhere to policies and procedures which demonstrate an intent to provide housing for older persons. No person who has not yet reached his or her 19th birthday shall reside permanently at Sun Lakes Phase II. The Board, in its sole discretion, shall have the right and power to determine when a person resides "permanently" within Sun Lakes Phase II.

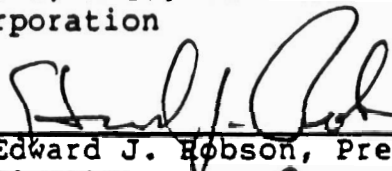
2. Nothing contained herein constitutes a representation or a warranty on the part of any person or entity that Sun Lakes Phase II satisfies or qualifies for the "housing for older persons" exemption from the familial status provisions of the Act.

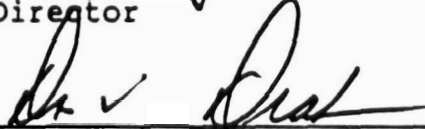
Whenever possible, each provision of this Supplement to Declarations of Restrictions shall be interpreted in such a manner as to be valid under applicable law and so as to be applicable to all of the property within Sun Lakes Phase II, but if any provision hereof shall be invalid or prohibited or inapplicable to any property within Sun Lakes Phase II, then such provision shall be ineffective to the extent of such prohibition, invalidation or inapplicability, which will not invalidate the remainder of such provision or the remaining provisions hereof or the applicability thereof to the remaining portions of the property within Sun Lakes Phase II.

IN WITNESS WHEREOF, this Supplement to Declarations of Restrictions is executed as of the date first above written.


ASSOCIATION:

SUN LAKES HOMEOWNERS ASSOCIATION  
NO. 2, INC., an Arizona nonprofit  
corporation

By   
Edward J. Hobson, President and  
Director

By   
Don Drake, Director

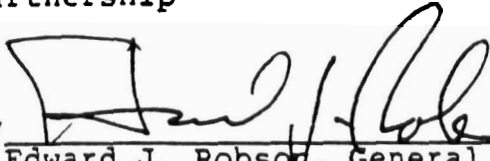
By   
Mike Osborn, Director

By   
Robert James, Director

By   
Roberta Sisk, Director

Sun Lakes Marketing Limited Partnership, the Declarant under each of the Declarations of Restrictions, consents to the foregoing publication of the intent to provide housing for older persons at Sun Lakes Phase II.

SUN LAKES MARKETING LIMITED  
PARTNERSHIP, an Arizona limited  
partnership

By   
Edward J. Robson, General Partner

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of Aug., 1990, by Edward J. Robson, President and Director of Sun Lakes Homeowners' Association No. 2, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

Sandra K. Evans  
Notary Public

My Commission Expires:  
My Commission Expires April 5, 1992

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of August, 1990, by Edward J. Robson, General Partner of Sun Lakes Marketing Limited Partnership, an Arizona limited partnership, on behalf of the limited partnership.

Sandra K. Evans  
Notary Public

My Commission Expires:  
My Commission Expires April 5, 1992

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of August, 1990, by Don Drake, a Director of Sun Lakes Homeowners' Association No. 2, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

  
Notary Public

My Commission Expires:

My Commission Expires April 5, 1992

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of August, 1990, by Mike Osborn, a Director of Sun Lakes Homeowners' Association No. 2, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

  
Notary Public

My Commission Expires:

My Commission Expires April 5, 1992



STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of September, 1990, by Robert James, a Director of Sun Lakes Homeowners' Association No. 2, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

*Sandra K. Evans*  
Notary Public

My Commission Expires:  
My Commission Expires April 5, 1992

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of September, 1990, by Roberta Sisk, a Director of Sun Lakes Homeowners' Association No. 2, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

*Sandra K. Evans*  
Notary Public

My Commission Expires:  
My Commission Expires April 5, 1992