

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
VISTA GRANDE TOWNHOUSES, INC.

This Amended and Restated Declaration of covenants, Conditions and Restrictions amends and restates the Declaration of Covenants, Conditions and Restrictions for Vista Grande Townhouses recorded on February 20, 1970 in Docket 6219 at Page 819. Pursuant to Article XI, Section 3 of that Declaration, this Restatement was approved by the Owners of at least 2/3rds of the Lots.

This Restated Declaration is binding on all owners of Lots within Vista Grande Townhouses and affects the following real property ("Property"):

Lots 1 through 58 as shown on the plat of record for Vista Grande Townhouses recorded in the Office of the Pima County recorder in Book 32 of Maps and Plats at Page 13.

The following Amended and Restated Declaration of Covenants, Conditions and Restrictions is binding upon and inures to the benefit of the present and future owners of the Lots and governs the use and ownership of the Property. All of such Property will be held, sold and conveyed subject to the easements, restrictions, covenants, and conditions contained in this Declaration. The provisions of this Declaration are for the purpose of protecting the value and desirability of all such real property. This Declaration runs with title to the property, is binding on all parties who have any right, title or interest in any of the Property, their heirs, successors and assigns and inures to the benefit of each Owner of a Lot within Vista Grande Townhouses.

This Amended and Restated Declaration amends and supercedes the following Declaration and all amendments thereto:

1. Declaration of Covenants, Conditions and Restrictions for Vista Grande Townhouses recorded on February 20, 1970 in Docket 6219 at Page 819, Pima County Recorder.
2. Amendment to Declaration of Covenants, Conditions and Restrictions for Vista Grande Townhouses recorded in Docket 7706 at Page 1217, Pima County Recorder.
3. Second Amendment to Declaration of Covenants, Conditions and Restrictions for Vista Grande Townhouses recorded in Docket 11979 at Page 2, Pima County Recorder.

ARTICLE I - DEFINITIONS

The terms used in this Declaration and the other Governing Documents will generally be given their natural, commonly used definitions unless otherwise specified. Capitalized terms are defined as follows:

Section 1.1. "Act" refers to the Arizona Planned Communities Act, A.R.S. §33

1801, et. seq, as amended from time to time.

Section 1.2. "Annual Assessments" refers to the annual assessments levied by the Board pursuant to this Declaration.

Section 1.3. "Articles" means the Articles of Incorporation of the Association which were filed in the Office of the Arizona Corporation Commission and as amended from time to time.

Section 1.4. "Assessments" mean all Annual Assessments, Special Assessments and Reimbursement Assessments payable to the Association.

Section 1.5. "Association" refers to Vista Grande Townhouses Association, Inc., its successors and assigns.

Section 1.6. "Board" means the Board of Directors of the Association.

Section 1.7. "Bylaws" mean the Bylaws of the Association, as amended or restated from time to time.

Section 1.8. "Common Area" means the real property owned by the Association for the common use and enjoyment of the Members of the Association, including, but not limited to, the following described real property and all recreational facilities, swimming pools, pumps, trees, sidewalks, pavement, streets, pipes, walls, conduit and public utility lines.

Section 1.9. "Declaration" means the Covenants, Conditions, and Restrictions set forth in this document, as amended or restated from time to time.

Section 1.10. "Eligible First Mortgagee" refers to a First Mortgagee that has provided written notice to the Association requesting that the Association provide it with certain information and requiring the Association to seek its consent to certain actions as more fully set forth in Article V.

Section 1.11. "First Mortgagee" means the holder of any mortgage or a trustee under a deed of trust, under which the interests of anyone of a Lot is encumbered and which mortgage has first and paramount priority, subject only to the lien of general or ad valorem taxes and assessments and such other matters as are recognized in such First Mortgage as permitted title exceptions. "First Mortgagee" means the holder of a First Mortgage.

Section 1.12. "Governing Documents" means this Declaration, the Bylaws, the Articles, the Architectural and Landscape Guidelines, and the Association Rules as amended from time to time.

Section 1.13. "Improvements" include any and all construction or alterations made to any Lot, including but not limited to all buildings and structures, driveways, parking areas, fences

walls, landscaping, recreational facilities, signs, excavation or site work, including without limitation grading, road construction, utilities, alterations or modifications thereto.

Section 1.14. "Lot" and "Townhouse" are synonymous and refer to the separately designated and legally described freehold estate of any plot of land and the improvements on the Lot as shown on the recorded subdivision Plat for Vista Grande Townhouses.

Section 1.15. "Member" means every person or entity who holds a membership in the Association.

Section 1.16. "Owner" refers to the record owner whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.17. "Person" means a natural person, a corporation, a partnership, a trustee or any other legal entity.

Section 1.18. "Plat" refers to the plat for Vista Grande Townhouses recorded in the Office of the Pima County Recorder in Book 32 of Maps and Plats at Page 13 in the office of the Pima County Recorder.

Section 1.19. "Property or Properties" means the real property described as Lots 1 through 58 as shown on the Plat.

Section 1.20. "Resident" means:

1.20.1. Each Tenant who resides on a Lot and the members of the immediate family of each such Tenant.

1.20.2. Each Owner who resides on a Lot and the members of the immediate family of that Owner; and

1.20.3. Such persons as the Board, in its absolute discretion, authorizes, including, without limitation, guests of an Owner or a Tenant.

Section 1.21. "Roadway" means those areas designated as roadways and private drives on the Plat.

Section 1.22. "Rules" refer to those rules and regulations adopted by the Board which govern the use and occupancy of the Lots and the Common Areas and such other matters as determined by the Board. The Association Rules may not discriminate among Owners, and cannot be inconsistent with the other Governing Documents. The Rules have the same force and effect as the restrictions set forth in this Declaration and are binding on the Owners and their successors in interest whether or not a copy of the Rules was actually received by the Owner. If there is a conflict between the Rules and any other Governing Documents, the provisions of the other Governing

Documents prevail.

Section 1.23. "Special Assessments" mean the assessments, if any, levied by the Board pursuant to Section 8.5.

Section 1.24. "Tenant" means any person who occupies property located within the Property under any type of leasing arrangement. The term "Lessee" is synonymous with the word "Tenant".

Section 1.25. "Visible From Neighboring Property" means, with respect to any given object, that such object would be visible to an individual whose eyes are six feet above the ground and who is standing at natural grade level on another Lot or the Common Areas.

ARTICLE II - MEMBERSHIP AND VOTING RIGHTS

Section 2.1. Each owner of a Lot is a member of the Vista Grande Townhouse Association. Membership in the Association is appurtenant to and may not be separated from ownership of any Lot.

Section 2.2. The Association has one class of voting membership. Each Member is entitled to one vote for each Lot owned by that Person. When more than one person owns a Lot, all of the Owners will be Members, but the vote for the Lot will be exercised by the Owners as agreed among such Owners, but in no event will there be more than one vote for each Lot owned.

ARTICLE III - PROPERTY RIGHTS

Section 3.1. Owners' Easements of Enjoyment. Each Owner has the right to an easement to enjoy the Common Area. This easement is appurtenant to and passes with the title to every Lot. This Declaration reserves and grants to each Owner, and Resident, a right and easement to use the Properties for the purposes of moving in and about the Lots and the Common Area. This easement may be used only in a reasonable manner and at reasonable times for the purposes stated, and under no circumstances is the easement to be construed to permit any interference with or restriction on, the use and enjoyment of an area, by the Owners other than for the purposes stated in this Section 3.1. It is expressly acknowledged that this paragraph is for the mutual benefit of all of the Owners and it is necessary for their protection. Such right and easement to use and enjoy the Common Area is subject to the following provisions:

3.1.1. The right of the Association to limit the number of guests of Owners and residents;

3.1.2. The right of the Association to establish rules and regulations for the use of any recreational or common facility situated in the Common Area and for the use and maintenance of any Lot;

3.1.3. The right of the Association in accordance with the Governing Documents to

borrow money for the purpose of improving and maintaining the Common Area and facilities and to mortgage the Common Area for that purpose, but the rights of any mortgagee are subordinate to the rights of the Owners to use and enjoy such Common Area;

3.1.4. The right of the Association to suspend the voting rights and right to use the recreational facilities by an Owner or Resident for any period during which any assessment against the Owner's Lot remains unpaid and for a period not to exceed 30 days or for so long as an Owner is in violation of any of the Governing Documents, whichever is longer;

3.1.5. 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 Owners provided, however, that no such dedication or transfer is effective unless written notice of the proposed action is sent to every Member not less than 30 days nor more than 60 days in advance, and unless such dedication or transfer is approved by the Owners entitled to cast two-thirds of the votes of the Membership, who are voting in person or by absentee ballot at a meeting called for that purpose;

Section 3.2. Delegation of Use. Any owner may delegate, in accordance with the Governing Documents, his/her right to enjoy the Common Area and facilities to the members of the Owner's family, tenants or contract purchasers who reside on a Lot.

Section 3.3. Leases. An Owner is entitled to lease the Lot. All leases must be in writing and at the request of the Board, must be provided to the Association. Leases must specifically provide that:

3.3.1. The lease is subject in all aspects to the provisions of the Governing Documents; and

3.3.2. The failure of the lessee to comply with the terms and conditions of the Governing Documents will constitute a material default of the lease.

ARTICLE IV - COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 4.1. Responsibility for Maintenance. The Association is responsible for the maintenance and upkeep of the improvements located in the Common Area and for doing all things necessary for the general benefit and welfare of the Owners. The Association will manage and maintain the Property in accordance with the Governing Documents. Any agreement for professional management or any other contract for services to the Association must provide for termination by either party without cause and without the payment of a termination fee in 90 days or less written notice.

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Section 4.2. Creation of a Lien and Personal Obligation to pay Assessments. Each Owner, upon recordation of a deed to a Lot, whether or not it is expressed in the deed, covenants and

agrees to pay to the Association:

- 4.2.1. Annual Assessments;
- 4.2.2. Special Assessments; and
- 4.2.3. Reimbursement Assessments.

Section 4.3. Payment of Assessments. All Assessments, together with late charges, interest, collection costs, reasonable attorney fees and costs, are a lien against the Lot on which such Assessments are charged. Each Assessment, together with late charges, interest, collection costs and reasonable attorney fees and costs are also the personal obligation of each Owner. Liability for delinquent assessments does not pass to an Owner's successor in title unless expressly assumed by them, although the lien remains against the Lot until paid in full. The amount and time for payment of the Assessments will be determined by the Board. The Assessment Lien is imposed and created by this Declaration and the recording of a notice specifying the amount of a delinquent Assessment Lien is not necessary to create or enforce the Assessment Lien; however, the Association has the right to record the lien to give notice to third-persons of the Association's claim against the Lot.

Section 4.4. Purpose of Annual Assessments. The Board will determine the amount of the Annual Assessments. The Annual Assessments will be used to promote the recreation, health, and welfare of the Owners and Residents, to enhance the quality of life within the Property, to preserve the value of the Property, to pay the costs of administration of the Association, to improve and maintain the Common Areas, private areas, and areas surrounding the Property boundaries, and to otherwise further the interests of the Association as the Board deems appropriate. Subject to the provisions of Section 4.6, the Board may, during an Assessment Period, revise the amount of the Annual Assessment in order to meet expenses which exceed the amounts previously budgeted by the Association and collect such increased Annual Assessment.

4.4.1. If the Board determines that the estimated total Annual Assessments for the current year are excessive in light of the actual expenses, the Board, in its discretion, may retain such excess as additional working capital, or reserves, reduce the amount of the Annual Assessments for the succeeding year, or abate collection of Annual Assessments for such period as it deems appropriate. No reduction or abatement of Annual Assessments because of any such anticipated surplus may diminish the quantity or quality of services.

4.4.2. The reserves included in the expenses which are collected as part of the Annual Assessments will be deposited by the Association in a separate bank account to be held for the purposes for which they are collected and will be segregated from and not commingled with any other funds of the Association, except to the extent that the Association's accountant deems it desirable to do otherwise based upon generally accepted accounting principals relating to nonprofit corporations, or homeowners' associations. Such reserves are a contribution to the capital account of the Association by the Owners. The responsibility of the Board is to provide for only those reserves that the Board in good faith

deems reasonable and neither the Board nor any member is liable to any Owner or Member, or to the Association, if such reserves prove to be inadequate.

Section 4.5. Uniform Rate of Assessment.

4.5.1. The amount of any Annual Assessment or Special Assessment against each Lot will be fixed at a uniform rate per Lot as determined by the Board.

4.5.2. The Assessments will commence on the first day following the conveyance of the Lot to an Owner. The Annual Assessment will be prorated according to the number of days and months remaining in the calendar year. Assessments will be collected on a periodic basis as determined by the Board from time to time. In the event that the Annual Assessment is payable in installments, the Board has the right to accelerate the balance of the year's Annual Assessment if the Owner is more than 30 days delinquent.

Section 4.6. Increases in the Annual Assessments.

Subject to the provisions of this Section, each year the Board, based upon an annual budget, will estimate the total expenses anticipated for the coming year and will determine the necessary level of reserve balances for ordinary and unexpected expenses, and will determine the Annual Assessment necessary to generate the required revenues for expenses and reserves. The Annual Assessment determined to be necessary in any given year may be set at any amount less than or up to the maximum Annual Assessment permitted for such year. The Annual Assessment may not be increased more than 10% above the previous year's assessment without the approval of 2/3rds of the Owners voting in person or by absentee ballot at a meeting called for that purpose.

Section 4.7. Special Assessments.

4.7.1. In addition to the Annual Assessments, the Board may levy Special Assessments for any of the following purposes: (1) constructing capital improvements in the Common Areas; (2) correcting an inadequacy in the current operating account; (3) defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of improvements in the Common Areas; or (4) paying for such other matters as the Board deems appropriate. The Board will determine the due date of any Special Assessment.

4.7.2. A Special Assessment must be approved by the Owners of 67% of the Lots who are voting in person or by absentee ballot at any meeting of the Association.

4.7.3. All amounts collected as Special Assessments will be deposited by the Association in a separate bank account to be held for the purpose for which it was collected. These funds will not be commingled with any other funds of the Association and are a contribution to the capital account of the Association by the Owners

Section 4.8. Reimbursement Assessments. The Association has the right to assess

a Reimbursement Assessment against any Owner as follows:

4.8.1. If a failure to comply with the Governing Documents has necessitated an expenditure of money by the Association to bring the Owner or his/her Lot into compliance with the provisions of the Governing Documents;

4.8.2. Fines levied by the Board for violations of the Governing Documents;

4.8.3. Disclosure fees, reproduction costs, purchase fees and transfer fees, as established by the Board, in the Board's sole discretion;

4.8.4. Any other charge designated as a Reimbursement Assessment in the Governing Documents;

4.8.5. Attorney fees, late fees, interest, and other costs or charges which are incurred in connection with the collection of Assessments or enforcement of the Governing Documents.

Section 4.9. Annual Assessment Period.

The Assessment Period is the fiscal year commencing on January 1 of each year and terminating on December 31 of that year. The Board may, in its sole discretion, from time to time, change the Assessment Period.

Section 4.10. Reserves and Working Capital Fund.

4.10.1. Reserves. The Association will establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and those portions of the Lots which the Association may be obligated to maintain, if any. The fund will be maintained out of the Annual Assessments.

4.10.2. Working Capital Fund. A working capital fund will be established into which each Owner of a Lot, at the time of recordation of a deed to the Lot, will pay a sum equal to 20% of the Annual Assessment. The funds in the working capital fund will be collected at the time of closing of the sale of each Lot and maintained in the Reserve Account for the use and benefit of the Association. Amounts paid into the working capital fund are not considered as advance payments of the Annual Assessments.

Section 4.11. Billing and Collection Procedures. The Board has the right to adopt procedures for billing and collecting Assessments. The failure of the Association to send a bill to an Owner does not relieve the Owner of liability for the payment of Assessments. Before foreclosing a Lien, the Board will give the Owner 30 days written notice. The notice must be addressed to the Owner at the address of the Owner on the records of the Association. It is the Owner's responsibility to inform the Association in writing of any change in the Owner's mailing

address. The Association is not obligated to refund any payments received by the Association if ownership of a Lot changes during an Assessment Period. Any successor Owner will be given credit for any prepayments that were not refunded to a prior Owner.

Section 4.12. No Exemption of Owner. No Owner is exempt from liability for the payment of Assessments because he/she does not use or enjoy the Common Areas, or has abandoned his/her Lot, or for any other reason, including any allegation that the Board is not performing its obligations under the Governing Documents.

Section 4.13. Collection Costs and Interest on Delinquent Amounts. In addition to any other amounts due or any other relief or remedy obtained against an Owner who is delinquent in the payment of any assessments, each Owner agrees to pay any additional costs, fees, charges and expenditures incurred by the Association in the process of collecting funds from any Owner. All additional charges will be included in any judgment in any suit to collect delinquent assessments or may be levied against a Lot as a Reimbursement Assessment. Additional charges include, but are not limited to, the following:

4.13.1. Late Charges. A late charge equal to 10% of the amount due or \$15.00, whichever is greater. An assessment is deemed to be delinquent if it is not paid within 15 days from the date it is due.

4.13.2. Attorney Fees. Reasonable attorney fees and costs incurred if an attorney is employed to collect any Assessment, including preparing a recorded Assessment Lien or filing suit or otherwise.

4.13.3. Collection Costs. Litigation expenses, collection costs and court costs incurred.

4.13.4. Interest. Interest on all sums due from the Owner, including delinquent assessments, costs of collection, attorney fees and late charges, at an annual percentage rate established by the Board; and

4.13.5. Other. Any other additional costs which the Association may incur in the process of collecting delinquent assessments or other sums due to the Association.

Section 4.14. Application of Payments. Unless the Owner directs otherwise, all payments received by the Association will be applied in the following order: first to any unpaid assessments, then to the unpaid late charges assessed on the unpaid assessments, then to reasonable collection fees, unpaid attorney fees and costs incurred in the collection of the unpaid assessments. Any remaining amounts will be applied to other unpaid fees, charges and monetary penalties or interest and late charges on any of those amounts.

Section 4.15. Effect of Nonpayment of Assessments; Remedies of the Association. In addition to all other remedies provided by law, the Association, or any authorized agent of the Association, may enforce the obligations of any Owner to pay the Assessments in any manner provided by law or by either or both of the following procedures:

4.15.1. By Suit. The Association may file a lawsuit against any Owner who is personally obligated to pay the delinquent assessments. Any judgment obtained in the Association's favor will include the delinquent assessments, any additional charges incurred by the Association, attorney fees and court costs, collection costs and any other amounts which a court may award. A proceeding to obtain a judgment for unpaid assessments may be maintained without the necessity of foreclosing or waiving the Association's lien.

4.15.2. By Lien. The Association's lien for any unpaid assessment arises when any assessment is not paid within 15 days of its due date. As more fully provided for in A.R.S. §33-1807 of the Act, the recording of the original Declaration for the Properties on February 20, 1970 constituted record notice and perfection of the Association's lien. The Association is not required to record a lien, but may do so to provide notice to third parties of its interest in a Lot. Except for the transfer of a Lot pursuant to a foreclosure proceeding, the sale or transfer of a Lot does not affect the Association's lien. The Association may commence and maintain proceedings to foreclose its lien in the same manner as the foreclosure of mortgages.

Section 4.16. Subordination of the Lien to First Mortgages: Sale or Transfer of Lots.

4.16.1. The Assessment Lien is prior and superior to all other liens, except (1) A recorded first mortgage on the unit; (2) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (3) the lien of any other mortgage or deed of trust which is recorded before February 20, 1970, which is the date the original Declaration was recorded. The Association may foreclose its lien in the same manner as the foreclosure of a mortgage.

4.16.2. The sale or transfer of any Lot pursuant to a foreclosure of a First Mortgage or any action in lieu of foreclosure, or a cancellation or forfeiture of an executory land sales contract, extinguishes the Assessment Lien for charges which became due before such occurrence. Assessments that were extinguished may be reallocated and assessed to all Lots as a common expense. No foreclosure, relieves any subsequent Owner of the Lot from liability for any Assessments or charges thereafter becoming due, nor from any Assessment Lien. In the event of foreclosure of a First Mortgage, the First Mortgagee is not liable for unpaid Assessments or other charges which accrued prior to the date the First Mortgagee acquired the Lot.

Section 4.17. Statement of Assessment Lien. Upon a written request from any Owner, the Owner's agent, or a lien holder, the Association will furnish the person who made the request with a written certificate, in a recordable form, signed by an officer or authorized agent of the Association stating the amount of any assessment which is due and any additional charges secured by the lien upon his/her Lot. The Board may impose a reasonable charge for the issuance of that certificate.

Section 4.18. Insurance.

4.18.1. Insurance on the Common Area. The Association will obtain a blanket insurance policy to be in force at all time insuring the Common Area. Such insurance will include liability insurance in the amount of at least \$1,000,000.00 and fire and extended coverage insurance in the amount that will cover the replacement costs of the structure and equipment and improvements in the recreational and pool areas.

4.18.2. Insurance on the Lots. The Association may, but is not obligated to, obtain a blanket insurance policy insuring the improvements on the Lot against loss or damage from fire or other hazards in an amount sufficient to cover the full replacement value of all such improvements, the premiums for which will be paid from the assessments collected from all of the owners. Any policy obtained by the Association which insures the Lot will provide that there is no contribution with or offset against any policies which an Owner may have in effect.

4.18.2.1. If the Board determines that it is not practicable, for either economic or for any other reasons, as determined by the Board in its sole discretion, to obtain such insurance, it will provide written notice to the Owners, advising such Owners that the Association does not intend to obtain such insurance on the Lot and that each Owner is required to carry insurance on the Lot at the owner's sole expense, in an amount sufficient to fully cover the replacement value of the Lot. Each Owner will, upon the request of the Association, furnish proof of such insurance to the Association on or before January 1, of each year. If the Owner fails to purchase adequate insurance, or fails to provide adequate proof thereof, the Association is entitled to purchase such insurance which insures the Lot and bill the Owner for the costs of such insurance. If Owner fails to reimburse the Association for the costs of such insurance within fifteen days of the date that the Association notifies the Owner of the costs of such insurance, the amount of such insurance will be collected from the Owner in the same manner as the collection of assessments.

4.18.2.2. If the Association elects to obtain fire and other hazard insurance on the Lot and there is a claim made and a loss paid as a result of the damage to any Lot, the deductible amount on such claim will be assessed against the Owner of the Lot on which the claim was made.

4.18.2.3. If a Lot is damaged or destroyed by fire or any other casualty, the Owner of such Lot is obligated to use the proceeds from any insurance to reconstruct the Lot at his/her sole expense within nine months from the date of the destruction or damage. The exterior appearance of the reconstructed Lot will conform in all respects to the original design of the Lot and the exterior and interior construction will comply with all applicable building codes and the provisions of the Declaration.

4.18.2.4. In addition to any insurance on the Lot, whether obtained by the Association or by the Owner, each Owner is responsible for obtaining at his/her own expense, any other insurance covering theft, damage or loss to any of the Owner's personal belongings or any other insurance which the owner deems necessary to protect him/herself or the Owner's belongings.

Section 4.19. Dereliction of Maintenance by Owners. If an Owner fails to maintain the Lot and the Improvements on the Lot in a manner satisfactory to the Association, the Association, through its agents and employees, has the right to enter onto the Lot and make repairs, maintenance, rehabilitation or restoration of the Lot and the exterior of Improvements on the Lot, as may be necessary, and the cost will become a Reimbursement Assessment.

ARTICLE V - MORTGAGE PROTECTION AND LIEN HOLDERS' RIGHTS

Section 5.1. Mortgage Protection. Notwithstanding and prevailing over any other provisions of the Governing Documents, the following provisions apply to each First Mortgagee of a Lot.

5.1.1. Liability for Assessments and Other Charges.

5.1.1.1. First Mortgagees are not personally liable for the payment of any Assessments nor obligated to comply with any provision of the Governing Documents except for those matters which are enforceable by injunctive or other equitable actions not requiring the payment of money. A First Mortgagee is not liable for any violation of the Governing Documents that occurred before the First Mortgagee acquired title.

5.1.1.2. When the First Mortgagee becomes the record Owner of a Lot, it will be subject to all of the Governing Documents in the same manner as any Owner.

5.1.2. Right to Exercise Rights of Owner. During the pendency of any proceeding to foreclose the First Mortgage, including any period of redemption, the First Mortgagee has the right to exercise any or all of the rights and privileges of the Owner of the mortgaged Lot, including but not limited to, the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

5.1.3. Right to Pay Charges on the Common Area. First Mortgagees are granted the right to jointly, or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area owned by the Association, and such First Mortgagees may, jointly or singly, pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Area and any First Mortgagees making such payments are entitled to reimbursement from the Association.

5.1.4. Priority. Nothing in this Declaration gives an Owner, or any other party, priority over any rights of a First Mortgagee of a Lot pursuant to the terms of such First Mortgagee's mortgage in the case of a distribution to an Owner of insurance proceeds or condemnation awards for losses to or a taking of any Lot of any part of the Common Area owned by the Association.

5.1.5. Other Rights. Upon written notice to the Association identifying the name and address of the Eligible First Mortgagee and the Lot number or address of the Lot encumbered by its mortgage, the Eligible First Mortgagee is entitled to:

5.1.5.1. Receive written notice from the Association of any default in the performance by the Owner of a Lot encumbered by the Mortgage in favor of such Eligible First Mortgagee of any obligation under the Governing Documents which is not cured within 60 days;

5.1.5.2. Inspect the books and records of the Association, by appointment, during normal business hours;

5.1.5.3. Receive an annual financial statement of the Association within 90 days following the end of any fiscal year of the Association;

5.1.5.4. Receive written notice of all meetings of Members of the Association;

5.1.5.5. Receive written notice of any condemnation loss or casualty loss affecting a material portion of the Property; and

5.1.5.6. Receive written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond.

5.1.5.7. Receive written notice of any condemnation loss or any casualty loss which affects a material portion of the Properties or any Lot on which the First Mortgagee holds a First Mortgage or deed of trust.

5.1.5.8. Receive prompt written notice of substantial damage to or destruction to the Lot which serves security for such mortgagee's loan or to all, or any portion of the Common Areas and facilities.

5.1.5.9. Receive written notice of any default by its mortgagor in the performance of the mortgagor's obligation as a Member of the Association that is not corrected within 30 days.

Section 5.2. Notices to the Association. Requests made to the Association by an Eligible First Mortgagee must be in writing addressed to the Secretary of the Association. All notices to the Eligible First Mortgagee must be given by the Secretary of the Association (or his/her designee) by depositing the notice in the United States mail, first class postage prepaid, and addressed to the Eligible First Mortgagee at its known place of business or such other address

furnished to the Association for that purpose. Notice will be deemed given upon deposit in the mail.

Section 5.3. Restriction on Transfer of Common Areas. Unless all of the Eligible First Mortgagee have given their prior written approval, the Association cannot, by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by such Association, for the benefit of the Owners. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Property by the Association will not be construed as being within the restriction imposed by this Section.

Section 5.4. Other Restrictions. Unless at least 75% of the Eligible First Mortgagee (based upon one vote for each such Eligible First Mortgagee) of Lots have given their prior written approval, the Association cannot:

5.4.1. Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot.

5.4.2. By act or omission change, waive the obligation, scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Townhouses, the exterior maintenance, the maintenance of party walls or common property owned by the Association.

5.4.3. Fail to maintain fire and extended coverage on insurable common property owned by the Association on a current replacement cost basis in an amount 100% of the insurable value (based on current replacement cost).

5.4.4. Use hazard insurance proceeds for losses to any common property owned by the Association for purposes other than the repair, replacement or reconstruction of such improvements.

5.4.5. By act or omission, seek to abandon or terminate this Declaration or the rights and duties created hereby.

5.4.6. By act or omission, seek to change or amend, in any material respect, the Governing Documents.

ARTICLE VI - PARTY WALLS

Section 6.1. General Rules of Law Apply. Each wall that is built as a part of the original construction of the homes on the Lots and placed on the dividing line between the Lots is a party wall, and to the extent consistent with the provisions of this Article V, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions apply.

Section 6.2. Sharing of Repair and Maintenance. The costs of reasonable repair

and maintenance of a party wall will be shared by the owners who use the wall in proportion to such use.

Section 6.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and the other Owners who use the wall, will contribute to the cost of restoration in proportion to such use. However, any Owner has the right to require a larger contribution from the other Owners under any rule of law regarding liability for negligence or willful acts or omissions.

Section 6.4. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article is appurtenant to ownership of the Lot and will pass to such Owner's successors in title.

Section 6.5. Arbitration. If there is a dispute between Owners regarding a party wall, or under the provisions of this Article, the matter will be submitted to the Board, whose decision will be final and binding on all Owners using the party wall.

ARTICLE VII - ARCHITECTURAL CONTROL

Section 7.1. Application of Architectural Control Provisions. This provision applies to any changes, modifications and alterations of the Lot and the Improvements on the Lot, exclusive of changes to the interior of the home on the Lot.

Section 7.2. Requirement of Approval by the Board. No building, fence, wall, pool barbecue pit, or other structure can be completed, erected or maintained on any Lot, nor is any exterior addition to or change or alteration permitted unless the plans and specifications showing the nature, kind, shape, height, color, materials, and location, have been submitted to and approved in writing by the Board. In granting approval, the Board will consider the harmony of the design and the location in relation to the structures and topography of the Improvements on the other Lots. This section specifically includes any change in color or the exterior portions of the Improvements on the Lot.

Section 7.3. Architectural Committee. The Board may form an Architectural Committee consisting of three or more representatives appointed by the Board.

Section 7.4. Changes to the Plans. No change or deviation from the approved plans and specifications can be made without the prior written consent of the Board or the Committee.

Section 7.5. Failure to Approve Plans. If the Board or the Committee fails to approve or disapprove of the plans within 30 days after the plans and specifications were received by the Board or Committee, it will be presumed that the Board or Committee disapproved the plans and no changes or alterations will be permitted.

ARTICLE VIII - EXTERIOR MAINTENANCE

In addition to maintaining the Common Areas, the Association will provide exterior maintenance on each Lot as follows: paint, repair, patch exterior building surfaces, walks, and other exterior Improvements except that such exterior maintenance does not include carports, roofs or the replacement of any part of the structure or the Improvements on the Lot, such as windows, doors or beams. The Association will accept responsibility for the maintenance of the lights over the carports and for the private streets, roads and Common Area within the Properties. If the Board determines that the need for maintenance or repair is caused through the willful or negligent act of an Owner, his/her family, guests, tenants or invites, the cost of the maintenance or repair will become a Reimbursement Assessment due from the Owner.

ARTICLE IX - USE RESTRICTIONS

Section 9.1. Animals. No animals, livestock or poultry of any kind can be raised, bred or kept on any Lot, unless allowed by the Rules adopted by the Board. Dogs, cats or other household pets maybe kept on the Lot, provided that they are not kept, bred, or maintained for any commercial purposes.

Section 9.2. Antennas. Except for those antennae that are permitted under the Federal Telecommunications Act 1996, no television, radio, or other electronic towers, aerials, antennae, including ham radio antennas, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication can be erected, constructed, placed or permitted on any Lot.

9.2.1 The Association is empowered to adopt rules governing the types of antennae that are permitted and to establish reasonable, nondiscriminatory restrictions relating to the location and safety of antennae structures.

9.2.2 To the extent that reception of an acceptable signal would not be impaired, an antenna permitted pursuant to rules of the Association may only be installed in a side or rear yard location, not visible from the street or (when reasonably feasible) from neighboring Lots integrated with the Townhouse and surrounding landscaping to prevent or limit such visibility. Antennae must be installed in compliance with all applicable laws and regulations.

Section 9.3. Business Activities. No trade or business may be conducted in or from any Lot except that an Owner or Resident residing in any Lot may conduct business activities so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve any person conducting such business who does not reside on the Properties or door-to-door solicitation of residents of the Properties; (d) the existence or operation of the business does not increase that Lot's use of Common Areas over that which is standard for a single family residence; (e) the existence or operation of the business does not require customers or delivery trucks to visit the residence; and (f) the business activity does not constitute a nuisance, or a hazardous or offensive use, or cause the owners to violate any other provisions of this Declaration, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. Leasing the Lot is not considered a business activity.

Section 9.4. Common Areas. The Common Areas will remain undivided and will at all times be owned by the Association. This restriction is necessary to preserve the rights of all the Owners regarding their use of the Common Areas and the Association's obligation to operate and manage the Common Areas.

Section 9.5. Fences and Walls. No fences or walls can be erected on a Lot, except for those that were installed at the time of the initial construction of the Properties, or as approved by the Board or Architectural Committee.

Section 9.6. Nuisances and Unsightly Objects. No unsightly objects can be placed on any Lot. Nuisances are not permitted, nor can the Lot be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Lot or any resident of the Lot.

Section 9.7. Owners' Appliances and Personal Property. All clotheslines, equipment, garbage cans, service yards, woodpiles, or storage piles must be screened by adequate planting or fencing so they are not visible from another Lot or the streets. All rubbish, trash or garbage must be regularly removed from a Lot and cannot be allowed to accumulate on the Lot. Clotheslines are only permitted in the patio areas on the Lots.

Section 9.8. Residential Use. The Lots are restricted to residential dwellings for single family residential use. All buildings or structures on a Lot must be new construction and no buildings or structures can be moved from another location to the Lot. No other building or structures other than Townhouses, which are residences units joined together by party walls, can be built on any Lot. No temporary structures, such as a trailer, recreational vehicle, tent, shack, garage, barn or other out building can be placed on any Lot at any time.

Section 9.9. Signs. Except as authorized under the Act, no advertising signs or billboards are permitted on any Lot. Signs indicating that the Lot is for sale are permitted so long as they meet the size requirements set forth in the Act. Damage to the Lot caused by the installation of posts to support for sale signs is the sole responsibility of the Owner of the Lot.

ARTICLE X - EASEMENTS

Section 10.1. Blanket Easements. A blanket easement is created by this Declaration, upon, across, over and under the Properties for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, telephone and electricity, and a cable system. By virtue of this easement, it will be expressly permissible for each Owner or public service utility company or municipality to erect and maintain the necessary poles, house sewer connections and other necessary equipment or lines on the Property and to affix and maintain electrical and/or telephone wires, circuits and conduits or house sewer connections above, across and under the Lots, including the roof and exterior walls of each Lot. Notwithstanding anything to the contrary contained in this Article, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties except as initially installed by the developer of the Properties or as approved by the Board. This easement will in no way affect any other recorded easements on the Properties.

Section 10.2. Easements on the Lot and Common Area. The Lots and the Common Areas are subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the original developer of the Properties. A valid easement for these encroachments and for the maintenance thereof, exists. In the event a Townhouse is partially or totally destroyed, and then rebuilt, the Owners of any Lots that are affected by the rebuilding agree that an encroachment not to exceed one foot on any part of the adjacent Lots or Common Areas due to construction will be permitted and that a valid easement for that encroachment and the maintenance thereof will exist.

ARTICLE XI - TOWNHOUSE ASSOCIATION

Section 11.1. Association. The affairs of the Association will be conducted by the Association.

Section 11.2. Rules. The Board has the power to adopt, amend or repeal such rules and regulations as it deems reasonable and appropriate (collectively the "Rules"), which are binding upon all persons subject to this Declaration and which will govern the use and/or occupancy of the Properties. The Rules may include the establishment of a system of fines and penalties for violations of the Governing Documents. Fines and Penalties may only be levied after the offending Owner has been given notice and an opportunity to be heard in accordance with the terms of the Governing Documents. The Rules will govern such matters as the Board deems to be in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area. The Rules may be amended at any special or regular meeting of the Board.

11.2.1. The Rules are incorporated by reference and have the same force and effect as if they were set forth in and were part of this Declaration and are binding upon all persons having any interest in, or making any use of, any part of the Properties, whether or not copies of the Rules are actually received by those Persons. The Rules, as adopted, amended or repealed, are available for the review of any Owner or the Owner's designee at the principal office of the Association. It is the responsibility of each person subject to the Rules to review and keep informed of any changes in the Rules. In the event of any conflict between any provision of the Rules and any provisions of this Declaration, or the Articles or Bylaws, the provisions of the Rules are superseded by the provisions of this Declaration, the Articles or Bylaws to the extent of any such conflict.

Section 11.3. Non-Liability of Officers and Directors and Indemnification. To the fullest extent permitted by law, neither the Board, nor any committees of the Association nor any member thereof, nor any officers, directors or employees of the Association, are liable to any Owner or to the Association or any other person for any damage, loss or prejudice suffered or claimed on account of any decision, course of action, act, inaction, omission, error, negligence or the like made in good faith and which the Board or such committees or officers reasonably believed to be within the scope of their respective duties or rights.

11.3.1. To the fullest extent permitted by law, every director, officer or committee member of the Association, will be indemnified by the Association. Every other person serving as an employee or direct agent of the Association, or otherwise acting on behalf of, and at the request of, the Association, may, in the discretion of the Board, be indemnified by the Association.

11.3.2. Any such indemnification will be limited to all expenses and liabilities, including attorney fees, reasonably incurred by or imposed upon such Person in connection with any proceeding to which he/she may be a party or in which he/she may become involved, by reason of the Person having served in such capacity on behalf of the Association or incurred in any settlement, whether or not that Person is a director, officer or member of a committee or serving in such other specified capacity at the time such expenses are incurred.

Section 11.4. Managing Agent. All powers, duties and rights of the Association or the Board, as provided by law, may be delegated to a managing agent under a management agreement; provided, however, that no such delegation will relieve the Association of its obligation to perform any such delegated duty.

Section 11.5. Disputes. In the event of any dispute or disagreement between any Owners or any other persons subject to this Declaration relating to the Properties or any question of interpretation or application of the provisions of the Governing Documents, this Declaration will control.

Section 11.6. Records and Accounting. The Association will keep, or cause to be kept, true and correct books and records of the accounts at the sole cost and expense of the Association in accordance with generally accepted accounting principles. Such books and records, together with current copies of the Governing Documents are available for inspection by all Owners and Eligible First Mortgagees of record at reasonable times during regular business hours. Copies of such documents may be obtained by any Member at the expense of that Member as authorized by the Act.

ARTICLE XII - GENERAL PROVISIONS

Section 12.1. Enforcement Rights.

12.1.1. Owner's Right to Enforce. Each Owner has the right to enforce the Governing Documents by filing a lawsuit against any other Owner or taking any other type of action against that Owner. In the event such an action is filed, the successful party is entitled to an award of reasonable attorney fees, litigation expenses and costs incurred.

12.1.2. Remedies in Enforcing. The Association may enforce the Governing Documents in any manner provided for in this Declaration or by law, including, but not limited to:

12.1.2.1. Imposing reasonable monetary penalties after notice and an opportunity to be heard is given to the Owner;

12.1.2.2. Suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than 15 days delinquent in paying any assessment or other charge owed to the Association;

12.1.2.3. Exercising self-help or taking action to abate any violation of the Governing Documents;

12.1.2.4. Requiring an Owner, at the Owner's expense, to remove any Improvement on the Owner's Lot in violation of the Governing Documents and to restore the Lot to its previous condition. After Notice stating a time within which the Owner must perform, if the Owner fails to take action, the Board or its designee has the right to enter the Lot, remove the Improvement in violation and restore the Lot to substantially the same condition as previously existed and any such action will not be deemed a trespass;

12.1.2.5. Without liability to the Association or Board, prohibiting any Person engaged by an Owner who fails to comply with the terms and provisions of the Governing Documents, from continuing or performing any further activities in the Properties;

12.1.2.6. Towing any vehicles that are in violation of the Governing Documents.

12.1.2.7. Filing a lawsuit to enjoin a violation of the Governing Documents, to compel compliance with the Governing Documents, to recover fines or money damages or to obtain such other relief to which the Association may be entitled.

12.1.3. No Obligation to Enforce. The Association is not obligated to take any enforcement action if the Board determines, in its sole discretion, that by virtue of the Association's finances, possible defenses, the time and expense of litigation or other enforcement action, the likelihood of a result favorable to the Association, or other facts deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Association.

12.1.4. Cumulative Rights. All rights and remedies of the Association under the Governing Documents or at law or in equity are cumulative, and the exercise of one right or remedy will not act as a waiver of the Association's right to exercise another right or remedy.

12.1.5. Delay in Enforcing. No delay or failure by the Association or any Owner in exercising any right under this Declaration or any of the other Governing Documents will operate as a waiver of such right or any other right, and no single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.

12.1.6. Claim for not Enforcing. No claim or cause of action will accrue against the Board, the Association or any Owner for their neglect or refusal to exercise such right of enforcement.

Section 12.2. Interpretation of the Covenants. Except for judicial interpretation, the Board, has the exclusive right to construe and interpret the provisions of this Declaration and all other Governing Documents. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions of the Governing Documents, will be final, conclusive, and binding as to all Persons and property benefitted or bound by this Declaration or other applicable Supplement Declaration.

Section 12.3. Severability. Any determination by a court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable will not affect the validity or enforceability of any of the other provisions.

Section 12.4. Amendment. This Declaration may be amended at any time, by a vote of the Owners of two-thirds of the Lots. Amendments must be evidenced by a document signed by the President and Secretary of the Association attesting that the requisite number of Owners has approved the amendment. Any amendment to the Declaration becomes effective when recorded in the Office of the Pima County Recorder.

Section 12.5. Term. The provisions, conditions, restrictions and covenants set forth in this Declaration run with title to the land and will continue and remain in full force and effect at all times and against all persons.

Section 12.6. 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 within the Property is a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 12.7. Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances will operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 12.8. Gender and Number. Whenever the context of this Declaration so requires, the words used in the masculine gender includes the feminine and neuter genders; words used in the neuter gender include the masculine and feminine genders. Words in the singular include the plural and words in the plural include the singular.

Section 12.9. Captions. All captions, titles or headings used in any of the Governing Documents are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions or to be used in determining the intent or context of the Governing Documents.

Section 12.10. Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, the Governing Documents or any resolution of the Board to be given to any Owner or Resident then, unless otherwise specified herein or in the resolution of the Board, such notice requirement is satisfied if notice of such action or meeting is published once in a newspaper in general circulation within Pima County, Arizona. This Section will not be construed to require, that any notice be given if not otherwise required and will not prohibit satisfaction of any notice requirement in any other manner.

Section 12.11. Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and any other Governing Documents, the provisions of this Declaration prevail.

Section 12.12. Attorney Fees.

12.12.1. If the Board hires an attorney to enforce any lien granted to it under the terms of this Declaration or to collect any assessments or other amounts due from an Owner or to enforce compliance with or recover damages for any violation nor noncompliance with the Governing Documents, the prevailing party in any such action is entitled to recover from the other party its reasonable attorney fees, collection fees and court costs incurred in any such action.

12.12.2. If any claim is filed with the Department of Building and Fire Safety under A.R.S. §41-2198, by either an Owner or by the Association, the successful party is entitled to an award of attorney fees and all expenses incurred in that matter, (whether those expenses are deemed to be taxable costs or not), from the administrative law judge handling the matter.

Section 12.13. Waiver. Failure by the Association or by any Owner to enforce any provision of the Governing documents is not a waiver of the right to do so thereafter.

The President and Secretary of Vista Grande Townhouses Association, Inc., attest that this Restated and Amended Declaration of Covenants, Conditions and Restrictions was approved at a meeting on July 12, 2008, by at least 67% of the Owners.

Dated this 12 day of July, 2008.

VISTA GRANDE TOWNHOUSES ASSOCIATION

By: [Signature]
President

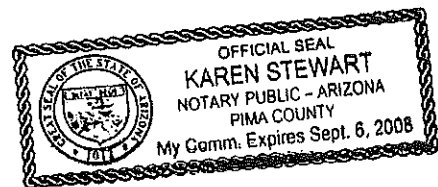
ATTEST: [Signature]
Secretary

State of Arizona)
) ss.
County of Pima)

SWORN TO AND ACKNOWLEDGED before me this 14 day of July, 2008, by John E. Bartosik, President and Janet L. Collins, Secretary of Vista Grande Townhouses Association, Inc.

[Signature]
Notary Public

My Commission Expires: Sept 6, 2008



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