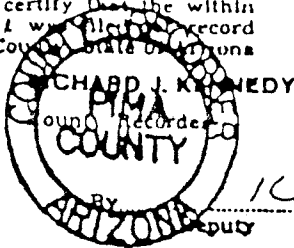


Witness my hand and Official Seal.

Indexed	Paged	Blotted

Form 4-78

I hereby certify that the within instrument was filed for record in Pima County, State of Arizona



No. 73156

Book - 7065 Page 72-90

Date: JUL 1 1983 8AM Request of: FIDELITY NATIONAL TITLE AG

Fee: 19.00

WHEN RECORDED MAIL TO:
Fidelity National Title
4903 E. Broadway #100
Tucson, Arizona 85711

Trust Dept.

THIS INSTRUMENT IS BEING RE-RECORDED DUE TO SCRIVENER'S ERROR TO DELETE B AND C OF COMMON AREA ON PAGE 5 SECTION 3.

RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

TANQUE VERDE ESTATES

THIS RESTATED DECLARATION made on the date hereinafter set forth by Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 10,143 hereinafter referred to as "Declarant."

W I T N E S S E T H :

WHEREAS, on July 22, 1980, Declarant caused to be recorded in the office of the County Recorder of Pima County, Arizona, in Docket 6326, Pages 1176-1224, inclusive, a document entitled "Declaration of Covenants, Conditions and Restrictions of Tanque Verde Estates" ("the Declaration") imposing certain covenants, conditions and restrictions against the following described property:

Lots 1 through 71 and common area Lot A being a resubdivision of Rio Verde Lot 1 and more particularly described in the subdivision plat of Tanque Verde Estates recorded in Book 32 of Maps and Plats at Page 97 in the office of the Recorder of Pima County, Arizona (hereinafter "the property").

WHEREAS, Declarant desires to amend the Declaration by restating said Declaration,

NOW THEREFORE, pursuant to Article VII, Section 7.02, of the Declaration recorded the 22nd of July, 1980, Declarant, being the owner of not less than fifty-one percent (51%) of the dwelling units as defined in the Declaration, and Declarant's Class B membership in existence, hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of

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conditions shall run with the property and shall be binding upon all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

The Declaration of Covenants, Conditions and Restrictions of Tanque Verde Estates recorded in the office of the County Recorder of Pima County, Arizona, in Docket 6326, Pages 1176-1224, inclusive, is hereby superseded in its entirety by this Restated Declaration of Covenants, Conditions and Restrictions of Tanque Verde Estates.

ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to TANQUE VERDE ESTATES HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Property" shall mean and refer to the property hereinabove described and designated on the plat.

Section 3. "Common area" and "common elements" shall be synonymous and shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association, including, but not limited to, all of the real property described in plat 32 and except the real property specifically designated as Lots 1 through 71 inclusive. The common elements shall include all recreational facilities located on the common area, swimming pools, pumps, trees, sidewalks, pavement, streets, pipes, walls, conduit and public utility lines.

Section 4. "Lot," "dwelling unit" and "unit" shall be synonymous and shall mean and refer to separately designated and legally described freehold estate of any plot of land numbered 1 through 71, as shown upon the plat of Tanque Verde Estates, a subdivision, and the townhouse unit constructed thereon, if any.

Section 5. "Roadways" shall mean those areas designated as roadways and streets on the plat.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Owner" shall mean and refer 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 property,

including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Declarant" shall mean and refer to Fidelity National Title Company, Inc., an Arizona corporation, as Trustee under Trust No. 10,143, its successors and assigns who acquire all remaining undeveloped lots for the purpose of development, their successors and assigns.

Section 9. "Mortgage" shall mean any mortgage, deed of trust, or other security instrument by which a dwelling unit or any part thereof is encumbered and the term "first mortgagee" means the holder of any mortgage under which the interest of any owner of a dwelling unit is encumbered and which mortgage has first and paramount priority, subject only to the lien of general or ad valorem taxes and assessments.

Section 10. "Plat" shall mean the plat recorded in the office of the Pima County, Arizona, Recorder in Book 32 of Maps and Plats at Page 97.

Section 11. "Walled patio area" shall mean any land area adjacent to a unit which is bordered on more than one side by a unit wall, other wall or fence.

Section 12. "Development period" shall mean that period of time until Declarant has conveyed title to each lot and dwelling thereon to individual purchasers.

ARTICLE II

Membership and Voting Rights

Section 1. Every owner of a lot shall be a member of the ASSOCIATION and such membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessments.

Section 2. The Association shall have two classes of voting membership.

Class A - Class A members shall be all owners, with the exception of the Declarant, and each Class A member shall be entitled to one vote for each lot in which he holds the interest required for membership. When more than one person holds the interest required for membership, all such persons shall be members, but the vote for such lot shall be exercised as they among themselves determine but in no event shall more than one vote be cast with respect to any lot.

Class B - The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each lot in which it holds a fee interest. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever is first to occur:

(a) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or

(b) On January 1, 1986.

ARTICLE III

Property Rights

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the common area and such easement 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 limit the number of guests of members and owners;

(b) The right of the Association to establish rules and to regulate the use of any recreational or common facility situated upon the common area;

(c) The right of the Association, subject to the provision of Article XI, Section 4, hereof, and in accordance with its Articles and By-Laws, to borrow money for the purpose of improving and maintaining the common area and facilities and in aid thereof to mortgage said property, and the rights of such mortgage in said properties shall be subordinate to the rights of the homeowners hereunder;

(d) The right of the Association to suspend the voting rights and right to use of 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 thirty (30) days for any infraction of its published rules and regulations; and

(e) The right of the Association, subject to the provisions of Article IX, Section 4 hereof, to dedicate or transfer all or any part of the common area to any public agency, authority, or utility for such purpose and on such

conditions as may be agreed to by the owners. No such dedication or transfer shall be effective unless an instrument signed by owners entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member not less than ten (10) nor more than fifty (50) days in advance.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws and rules and regulations of the Association, his right of enjoyment to the common area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

COE.
Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee title to the common areas known as Common Area A, ~~Block C~~, Tanque Verde Estates, a subdivision as recorded in the records of Pima County Recorder, Pima County, Arizona, to the Association, free and clear of all encumbrances and liens prior to the conveyance of the first lot.

ARTICLE IV

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant for each lot owned within the property, hereby covenants, and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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

promote the recreation, health, safety and welfare of the residents in the property and for the improvement and maintenance of the common area.

The Board of Directors of the Association shall provide that Association dues, charges or assessments shall include an amount as it shall deem adequate as and for reserve fund for maintenance, repairs and replacement of those elements of the common areas and common property owned by the Association that must be replaced on a periodic basis. All such dues, charges and assessments imposed by the Association shall be paid on a periodic basis in regular installments rather than by special assessments.

Section 3. Maximum Annual Assessment. Until January 1, 1985 the maximum annual assessment shall be established by the Board of Directors of the Association and shall not exceed Seven Hundred Twenty (\$720) Dollars per lot.

(a) From and after January 1, 1983, the Board may, without a vote of the membership of the Association, increase the maximum annual assessment during each fiscal year of the Association by an amount which represents the amount of increase if any, during the prior fiscal year in the Consumer Price Index for All Urban Consumers (all items), U.S. City Average (the "Index") published by the United States Department of Labor, Bureau of Labor Statistics for the previous annual period over the current year's index, or in the event said index ceases to be published, by any successor index recommended as a substitute therefore by the United States government.

(b) From and after January 1, 1985, the maximum annual assessments may be increased by an amount greater than the maximum increase allowed pursuant to Section 3(a) above, only with the approval of owners representing two-thirds (2/3) of the votes of each class of membership who are voting in person or by proxy at a meeting duly called for such purpose.

(c) The provisions of this Declaration regarding payment of assessments shall not apply to the Declarant or the owner of an undeveloped lot. In consideration of the foregoing, the Declarant agrees that if during the time period commencing the date hereof and ending on the date Declarant's Class B membership ceases, the total assessments collected are insufficient to meet the operating expenses of the Association, the Declarant shall pay the deficiency. After Declarant's Class B membership ceases, Declarant shall not be required to pay a deficiency nor shall undeveloped lots owned by Declarant be subject to an assessment.

Section 4. Special Assessments for Capital Improvements.
In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, and non-periodic repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Monthly Assessment. The monthly assessments provided for herein shall commence as to each lot on the first day of the month following the conveyance of a lot to an individual owner.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. Subject to the provisions of Article XI, Section 3, the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of his lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or

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

ARTICLE V

Party Walls

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the property and placed on the dividing line between the lots constitutes a party wall, and, to the extent not inconsistent with the provisions of this Article the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion of such use.

Section 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 if other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Right to Contribution Runs with Land. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 5. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VI

Architectural Control

No improvements, including without limitations dwelling unit, building, fence, wall or other structure shall be commenced, erected or maintained upon the property, nor shall any exterior addition to or change or alteration of any improvement be made until the detailed plans and specifications showing the nature, kind, shape, style, height, materials, color, and location of the same shall have been submitted to and approved in writing by the Architectural Committee or Board of Directors of the Association. Prior to the completion of the development period the Declarant or agent designated by Declarant shall act as the Architectural Committee. After termination of the development period the Board of Directors of the Association shall appoint an Architectural Committee composed of three or more representatives, one of whom shall be a member of the Board of Directors. The Architectural Committee shall have the exclusive right, exercisable in its sole discretion, to promulgate, from time to time, written rules, regulations and restrictions concerning any construction, change or alteration to be made on or concerning any improvements on the property and to amend such rules, regulations or restrictions so promulgated provided that in no event shall any waiver be effective unless in writing and signed by the chairman of the Architectural Committee and approved by the Board of Directors of the Association.

Any owner or potential purchaser of any lot shall, prior to submitting any plans and specifications to the Architectural Committee for approval, request in writing a copy of the current rules, regulations and restrictions promulgated by the Committee. In the event the Board of Directors or the Architectural Committee fails to approve or disapprove submitted plans and specifications within thirty (30) days after plans and specifications have been submitted, then the plans and specifications shall be deemed disapproved and no construction changes or alterations shall be permitted. The plans and specifications shall be submitted in duplicate with a payment a One Hundred Dollar (\$100) fee which shall be a non-refundable fee to cover costs and fees for inspection. The review fee shall be made payable to Tanque Verde Estates Homeowners Association.

ARTICLE VII

Exterior Maintenance

Section 1. Landscaping. The Association shall provide landscaping and landscaping maintenance on the common area. Landscaping of the dwelling units shall be provided and maintained by the Association; except that each lot owner shall be solely responsible for providing and maintaining landscaping within the individual walled patio areas on the owner's lot.

Section 2. Exterior Maintenance. The Association shall provide exterior structural maintenance on the exterior of the originally constructed dwelling units on each lot for purposes of this Section 2. "Original construction" shall not include any addition or modification of a dwelling unit which occurs after title has passed from the Declarant to the original purchaser, and "exterior maintenance" shall not include any glass surfaces, garage doors, roofs, or enclosed or partially enclosed patio areas. Except as stated above, the Association shall provide exterior structural maintenance as follows: paint and usual repair of exterior walls, downspouts, exterior building surfaces, concrete walks and other permanent exterior improvements. The Association shall be responsible for the control, maintenance, safety and liability of the private streets, roads on common area within the development. Each owner shall maintain the exterior post light located on common area in front of such owners unit and metered to such owners unit.

Section 3. In the event that the Board of Directors determines that the need for maintenance or repair has been caused through the willful or negligent act of the owner, his family or guests, or invitees, the cost of such maintenance or repairs shall be added to and become part of the assessment to which such lot is subject.

Section 4. Each owner of each lot hereby grants to the Association an easement over, across and upon each lot for the purpose of performing the maintenance duties and rights described in this Article.

ARTICLE VIII

Use Restrictions

Section 1. Each lot is hereby restricted to residential dwellings for single family residential use. All buildings or structures erected upon the property shall be

of new construction and no buildings or structures shall be moved from other locations onto the property, and no subsequent buildings or structures other than dwelling units shall be built on any lot. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other out building shall be used on any portion of the property at any time as a residence either temporarily or permanently.

Section 2. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for Declarant, its builder, successors or assigns who shall construct all or a portion of the dwelling units on the property to maintain during the period of construction and sale of said units upon such portion of the property as such builder may choose, except those lots on which residences have been completed and the lots conveyed to individual owners, such facilities as in the sole opinion of said builder may be reasonably required, convenient or incidental to the construction and sale of said units, including, but not limited to a business office, storage area, construction yards, signs, model units and sales offices.

Section 3. Dogs, cats and other household pets approved by the Rules and Regulations of the Association may be kept provided they are not kept, bred or maintained for commercial purposes. No other animals of any kind shall be raised, bred or kept on any lot. All dogs must be contained on a leash and not allowed to roam the common areas.

Section 4. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the premises, nor shall the premises be used in any way or for any purpose which may endanger the health or safety or unreasonably disturb the owner of any dwelling unit or resident thereof. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the premises. Provided, further, however the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of the builder, its agents and assigns during the construction and sale period, and of RTanque Verde Estates Homeowners Association, a nonprofit corporation incorporated or to be incorporated under the laws of the State of Arizona, its successors and assigns, in furtherance of its powers and purposes as herein set forth.

Section 5. All clotheslines, equipment, garbage cans, service yards, woodpiles, or storage piles shall be kept

screened by adequate planting or fencing so as to conceal them from the view of neighboring dwelling units and streets. All trash or garbage shall be stored in containers of a type, style and size installed by Declarant or approved by the Association. No trash, rubbish or garbage shall be allowed to accumulate on any lot. All clotheslines shall be confined to patio areas.

Section 6. Except in the individual patio areas, no planting or gardening shall be done, and no fences, hedges, walls or other improvements of any nature shall be erected or maintained upon said premises except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Association's Board of Directors or their designated representatives.

Section 7. The common elements shall remain undivided, and shall at all times be owned by the Association or its successors, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the common elements.

Section 8. No exterior television antennas, radio towers, or other device for the transmission or reception of radio or television signals, evaporative coolers, solar units, heating and cooling units shall be placed, allowed or maintained upon any portion of the property without prior written approval of the Board of Directors or Architectural Committee. If approved, the apparatus shall be screened from view so that the apparatus shall not be visible from either the street or adjacent units. The screening material and design shall be approved by the Architectural Committee or Board of Directors.

Section 9. Boats, campers, trucks, trailers, motor homes, recreational and other vehicles shall not be placed even temporarily upon the property unless stored within the enclosed garage of the owner's unit. The requirements of this section shall not include automobiles of the owner's guests or service people which do not remain on the property overnight.

Section 10. There shall be no interference with the established drainage pattern over any portion of the property or as shown on the plat unless adequate provision is made for proper drainage conforming to local governmental rules, regulations, ordinances and draining criteria and such drainage provision is approved by the applicable county or city governmental agencies and elected representative bodies. Notwithstanding the above, there shall be no blocking or altering of any designated or existing drainage way on common area whether or not such drainage way goes over or across any lot.

Section 11. The Board of Directors may adopt rules and regulations not inconsistent with this Declaration for the proper and efficient management use and operation of the common area and facilities for the benefit, safety, health, use or enjoyment of the common area and the common facilities.

ARTICLE IX

Easements

There is hereby created a blanket easement upon, across, over and under the property for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewers, gas, telephones, and electricity, and a master television antenna system. By virtue of this easement, it shall be expressly permissible for each individual 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 said property and to affix and maintain electrical and/or telephone wires, circuits and conduits or house sewer connections above, across and under the units, including the roof and exterior walls of each unit. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the property except as initially programmed and approved by the Declarant or thereafter approved by the Association's Board of Directors. This easement shall in no way affect any other recorded easements on the property.

Each unit and the common elements shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the original builder. A valid easement for said encroachments and for the maintenance of same, so long as they stand, shall and does exist. In the event a dwelling unit or common element is partially or totally destroyed, and then rebuilt, the owners of all lots agree that encroachments not to exceed one (1) foot of parts of adjacent dwelling units or common elements due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist.

ARTICLE X

General Provisions

Section 1. Enforcement. The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants,

reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 3. Revocation and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

This Declaration shall not be revoked unless fifty-one percent (51%) of all dwelling unit owners and all first mortgagees consent and agree to such revocation by written instruments duly recorded. This Declaration shall not be amended, except as otherwise herein provided, unless fifty-one percent (51%) of the dwelling unit owners and all first mortgagees consent and agree to such amendment by written instruments duly recorded. Any amendment to this Declaration may also be evidenced by a recorded certificate of the Secretary of the Association certifying that, at a meeting of the owners duly called fifty-one percent (51%) of the dwelling unit owners consented to such amendment, and that all first mortgagees have given written consent to such amendment, and that copies of such written consents are in the corporate records of the Association.

Notwithstanding the foregoing amendment procedure, Declarant expressly reserves the right to amend this Declaration, subject to the consent of all first mortgagees, at any time prior to the expiration of Declarant's Class B membership.

Section 4. First Mortgagees' Rights. First mortgagees are hereby 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 areas or other common property 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 areas or common property and any first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Nothing in this Declaration shall in any manner be deemed to give a dwelling unit owner, or any other party, priority over any rights of a first mortgagee of a dwelling unit pursuant to the terms of such first mortgagee's mortgage in the case of a distribution to a dwelling unit owner of insurance proceeds or condemnation awards for losses to or a taking of common areas or other common property owned by the Association.

Section 5. Interpretation. So long as the Federal Home Loan Mortgage Corporation shall be the holder of any first mortgage, this Declaration shall be interpreted in conformity with all rules, regulations and requirements of the Federal Home Loan Mortgage Corporation applicable to conventional mortgages, in effect as of the day of this Declaration, or as hereafter amended, and any provision hereof which is inconsistent therewith shall be deemed to be modified to conform thereto. If there is any conflict among or between this Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, or the Rules and Regulations of the Association, the provisions of this Declaration shall prevail; thereafter, priority shall be given first to such Articles of Incorporation, then to such By-Laws, and then such Rules and Regulations.

ARTICLE XI

Homeowners Association

Section 1. Association. The affairs of the Association shall be conducted by the Tanque Verde Estates Homeowners Association, a non-profit organization. The affairs of the Association shall be governed by the Board of Directors. The officers and members of the Board of Directors shall not be liable to the Association or lot owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith.

Section 2. Right of Inspection. The first mortgagee of any lot in the Tanque Verde Estates subdivision shall have the right at reasonable times to inspect the books and records of the Association.

Section 3. Right to Notice. Each first mortgagee shall, upon notice to the Association, be entitled to a written notification from the Association of any default in the performance by the owner of a dwelling unit encumbered by the mortgage in favor of such mortgagee of any obligation under this Declaration or under the Articles of Incorporation, By-Laws, Rules and Regulations of the Association which is not cured within sixty (60) days.

Section 4. Restrictions. Any provision contained in this Declaration to the contrary notwithstanding, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned or held) and two-thirds (2/3) of the dwelling unit owners (other than the Declarant, his successors and assigns) have given their prior written approval, the Association shall not be empowered or entitled to:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common areas or any common property owned by the Association, directly or indirectly (except that the Association shall have the right to grant easements for public utilities or for other public purposes consistent with the intended use of such common property);

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a dwelling unit owner;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance of the dwelling units, the exterior maintenance of dwelling units, the maintenance of common property party walks or common fences and driveways or the upkeep of lawns and planting areas of the subdivision;

(d) fail to maintain fire and extended coverage insurance on the common areas and common property on a current replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value (based on current replacement costs);

(e) use hazard insurance proceeds for losses to any common areas or common property for other than the repair, replacement or reconstruction of such common property.

Section 5. Management and Service Contracts. Any agreement for professional management of the subdivision, or any other contract providing for services of the Declarant shall not exceed three (3) years. Any such agreement shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

ARTICLE XII

Insurance Requirements

Section 1. Comprehensive General Liability and Property Insurance. Comprehensive general liability and property damage insurance covering all common areas and all other areas under the jurisdiction or control of the Association shall be purchased by the Association and shall be maintained in full force and effect at all times. Such insurance policy or policies shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a dwelling unit owner because of negligent acts of the Association or of other dwelling unit owners. The scope of coverage of such policy or policies must include all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use as Tanque Verde Estates. Coverage shall be for at least One Million Dollars (\$1,000,000) per occurrence of personal injury and/or property damage.

Section 2. Fire Hazard Insurance. Fire and other hazard insurance covering the entire subdivision, including all common areas, shall be purchased by the Association and shall thereafter be maintained in full force and effect at all times. Such policy or policies shall consist, at a minimum, or a multi-peril type policy covering the entire subdivision, providing, as a minimum, fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage lenders in Tucson, Arizona, on a replacement cost basis, in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost).

If the subdivision is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, flood insurance shall be maintained in the amount of the aggregate of all outstanding principal balances of mortgage loans encumbering dwelling units located within the subdivision, or the maximum limit of coverage available under the National Flood Insurance Act of 1968 as amended, whichever is less.

Each such policy must contain or have attached thereto, a standard mortgagee clause which provides that all proceeds paid thereunder shall be paid to the Association for the use and benefit of all mortgagees under mortgages encumbering any dwelling units, as their interest may appear, and such policy or policies must further provide that the insurance

carrier shall notify each first mortgagee named, at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy. Such policy or policies shall further provide that the interest of each mortgagee holding a mortgage on any dwelling unit in insurance proceeds shall not be invalidated by any action, neglect or inaction of the Board of Directors of the Association, owners of dwelling units or their tenant or agents. Such policy or policies shall further provide for waiver by the insurer of any policy provisions which would render the mortgagee clause invalid by reason of the failure of such mortgagee to notify the insurer of any hazardous use or vacancy in any dwelling unit and any policy requirement that the mortgagee pay the premium thereon.

Section 3. Other Insurance. The Association shall purchase and maintain in force fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees, or volunteers responsible for handling funds belonging to or administered by the Association. Such fidelity bonds or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is, in no event, less than 1 1/2 times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added, if the policy would not otherwise cover volunteers.

Section 4. Minimum Financial Rating Carrier. Each hazard insurance policy obtained by the Association pursuant to the foregoing shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class IV or better. Hazard insurance policies shall also be acceptable from an insurance carrier which has a financial rating by Best's Insurance Reports of Class V, provided that such insurance carrier has a general policyholder's rating of at least A. Each such carrier shall be specifically licensed or authorized by law to transact insurance business in the State of Arizona.

Policy shall be unacceptable where:

(1) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against a dwelling unit owner or the Federal Home Loan Mortgage Corporation, or the Federal Home Loan Mortgage Corporation's designee; or

(2) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or

(3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Federal Home Loan Mortgage Corporation or any dwelling unit owner from collecting insurance proceeds.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 30th day of JUNE, 19 83.

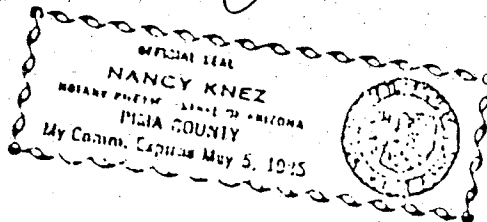
FIDELITY NATIONAL TITLE AGENCY, INC.
an Arizona corporation, as Trustee
under Trust No. -10;143 *and set in its*
Corporate Capacity
By *Arthur J. Adams*
Trust Officer

STATE OF ARIZONA)
) 88.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me, the undersigned Notary Public, by CYNTHIA L. EVANS, TRUST OFFICER FOR FIDELITY NATIONAL TITLE AGENCY, INC. this 30th day of JUNE, 19 83.

Nancy Knez
Notary Public

My commission expires:



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