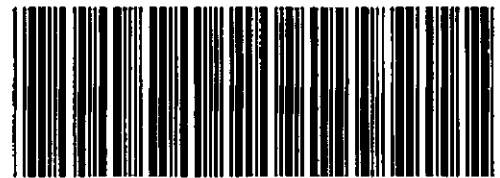


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OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
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HILLCREST IMPROVEMENT ASSOCIATION
SEVENTH AMENDED DECLARATION OF RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS:

That HILLCREST IMPROVEMENT ASSOCIATION, an Arizona nonprofit corporation, as Trustee, being the owner of all the following described premises situated within the City of Phoenix, County of Maricopa, State of Arizona, to wit:

The Southwest quarter (SW1/4) of the Southeast quarter (SE1/4) of Section Eight (8), Township Three (3) North, Range Three (3) East of the Gila and Salt River Base and Meridian (G&SRB&M), including Lots One (1) through One Hundred Seventeen (117), and Tracts A, B, C, D, E, F, G, and H inclusive, HILLCREST ONE, TWO, THREE, and FOUR, a subdivision of Maricopa County, Arizona, according to the plat of record thereof in the office of the County Recorder of Maricopa County, Arizona, in Book 115 of Maps, page 28 thereof, Book 119 of Maps, page 26 thereof, Book 137 of Maps, page 26 thereof, and Book 149 of Maps, page 44 thereof,

and desiring to establish the nature of the use and enjoyment of said parcel, lots and tracts, hereby declares that the following covenants, conditions, restrictions and reservations shall attach to the said real property, and every lot thereof with all improvements thereon, and shall constitute covenants running with the land.

1. The owners of Lots One (1) through One Hundred Seventeen (117), inclusive, of HILLCREST Subdivision shall own an undivided One-One Hundred Seventeenth (1/117th) interest of all common areas delineated as Tracts and as set forth in the respective plats of record covering said lots.
2. Anything in this Declaration to the contrary notwithstanding, at least one occupant of each lot must be 55 years of age or older; provided, however, this paragraph shall not apply to lots occupied by persons at least eighteen (18) years of age who occupied the lot prior to the effective date of this amendment, and if an occupant who is 55 years of age or older dies, the remaining occupant(s) of the lot, who is (are) at least eighteen (18) years of age, may continue to occupy the lot even though none of such persons are 55 years of age or older.
 - a. No person under 18 years of age may occupy a lot for more than thirty (30) days in any twelve-month period. For purposes of this subparagraph a, a person shall be deemed to occupy a lot for any day during which he or she stays overnight on the lot or is present on the lot for more than six hours.
 - b. The provisions of this Paragraph 2 are for the purpose of establishing the policies and procedures necessary for the property to qualify as housing intended and operated for occupancy by at least one person 55 years of age or older per lot under the Fair Housing Amendments Act of 1988, as amended, and the regulations promulgated thereunder. The Board of Directors is authorized to adopt such other policies and procedures which may be necessary from time to time in order for the property to meet all of the requirements for such exemption.
 - c. In the event of any change in the number or identity of persons occupying a lot as a result of transfer, sale, gift, lease, sublease, assignment, death, birth, marriage, separation or divorce, the Owner of the lot shall immediately notify the Board of Directors in writing and provide the Board of Directors with the names and ages of all occupants of the lot and such other information as the Board of Directors may reasonably request.

d. An Owner may request in writing that the Board of Directors make a temporary exception to the requirements of the first paragraph of Paragraph 2 or Subparagraph a of this paragraph with respect to such Owner's lot, provided that the granting of such a temporary exception would not jeopardize compliance of the property with the requirements for housing intended and operated for occupancy by at least one person 55 years of age or older per lot under the Fair Housing Amendments Act of 1988, as amended, and the regulations promulgated thereunder. The Board of Directors may grant such a temporary exception based on grave personal hardship of the Owner in question. The Board of Directors, however, shall be under no obligation to make any exception under any circumstances, and the granting of any requested exception shall be in the sole discretion of the Board of Directors. Any request for a temporary exception shall set forth the names and ages of all proposed occupants of the lot, the reason the exception is being requested, the length of time for which temporary exception is requested and the grave personal hardship upon which the request is based. Any Owner making such a request shall also provide the Board of Directors with such other information as they may request.

e. In order for the project to qualify as housing for older persons under the Fair Housing Amendments Act of 1988, as amended, at least eighty percent (80%) of the occupied lots must be occupied at all times by one person 55 years of age or older. In order for the Association to determine whether or not that requirement is being met at all times, each Owner shall, within ten days (10) days after being requested to do so by the Board of Directors, furnish to the Association an affidavit signed by the Owner verifying that at least one occupant of the Owner's lot is 55 years of age or older. In addition, if requested to do so by the Board of Directors, an Owner shall promptly furnish to the Association such documentary evidence as may be requested by the Association to verify the accuracy of the affidavits set forth in any verification submitted to the Association by the Owner.

3. Said premises shall be for residential use only and are restricted to single-family dwellings. No business uses or activities of any kind whatsoever shall be permitted or conducted upon said lots.

4. All improvements erected upon said premises shall be of new construction and no buildings or structures shall be moved from other locations onto said lots.

5. No animals, livestock or poultry shall be kept on the premises other than household pets. No signs of a commercial nature (except for one "For Rent" or one "For Sale" sign per lot) shall be allowed and no billboard, store, office or other place of business of any kind; and no institution or other place for the care or treatment of the sick and/or disabled shall be placed or permitted to remain on any of said lots; nor shall any theater, bar, restaurant, saloon or other place of entertainment be erected or permitted upon the premises or any part thereof; and no business of any kind or character whatsoever shall be conducted in or from any residence; nor shall any unsightly object or nuisance be erected, placed or maintained on any of said lots; nor shall any use or thing be permitted which may endanger the health of or unreasonably disturb the owner of any lot in the subdivision.

6. Each lot shall be maintained free of rubbish, trash or garbage, and the same shall be removed from the premises and not allowed to accumulate thereon; and garbage cans, incinerators, clotheslines and areas for the storage of equipment or woodpiles shall be kept screened by an adequate planting or fencing so as to conceal same from adjacent lots and streets.

7. All carports shall be kept free of debris and storage items. All garages shall be subject to the same restrictions if garage doors are to be left open for periods other than those needed for the entering or exiting of vehicles.

8. All screening, whether fences, hedges or walls, shall be erected or maintained upon the lots in HILLCREST Subdivision in accordance with the original construction or as approved by HILLCREST IMPROVEMENT ASSOCIATION, as hereinafter set forth.

9. HILLCREST IMPROVEMENT ASSOCIATION shall do all things necessary for the general benefit and welfare of the property owners in HILLCREST Subdivision, and shall manage and maintain the private drives, walks, parks, recreation areas (including swimming pool), and all other commonly owned lands in HILLCREST Subdivision and do all other necessary things as set forth in the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION.

10. a. The owner of record of each lot shall pay to HILLCREST IMPROVEMENT ASSOCIATION within thirty (30) days from the due date of the notice and invoice a sum equal to the total of the following:

- (1) The pro rata share of the actual cost to HILLCREST IMPROVEMENT ASSOCIATION of all maintenance, improvements and payment of taxes;
- (2) The pro rata share of the actual cost to HILLCREST IMPROVEMENT ASSOCIATION of recreational facilities as may be constructed and/or approved from time to time by the Association.
- (3) The pro rata share of the cost, as determined by the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION, for the establishment and maintenance of a reserve for repair, maintenance, improvements and payment of taxes.

b. The total of the items in Section 10a shall not exceed the amount levied in the previous year except by the written consent of fifty one percent (51%) of the owners of record in HILLCREST IMPROVEMENT ASSOCIATION. Notices and invoices for payment of any and all dues and assessments shall be rendered by the Treasurer annually or at any other regular interval as may be fixed by the Board of Directors. In the event any such invoice is not paid within thirty (30) days from the date the amount is due, a finance charge of 1 1/2% per month (annual percentage rate of 18%) shall be charged to the delinquent lot owner(s). The amount of the invoice, plus all finance charges, shall become a lien upon the lot or lots against which such assessment was levied. Such liens may be enforced and foreclosed as provided in the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION. Such liens shall be foreclosed in the manner provided by the statute for foreclosure of materialmen's liens. All costs incurred by HILLCREST IMPROVEMENT ASSOCIATION in regard to lien filing and collection shall be paid by the delinquent lot owner(s) before the lien will be released. In addition the delinquent lot owner(s) voting rights on all Association matters shall be suspended until the delinquency is paid in full.

c. A repair and replacement fund shall be established, which fund shall be separate and apart from the regular operating account funds of this Association. There shall be no commingling of the regular operating funds with these replacement reserve funds. This fund shall be used solely for the purpose of repairing or replacing major equipment items and infrastructure of the common grounds. All expenditures from this account shall require prior approval by the Board of Directors.

This reserve fund account shall be a dedicated fund and is to be established by using a designated amount each year from the annual assessment levied by the Board of Directors in accordance with Paragraph 10 hereof. This designated amount per owner shall be deposited directly into the replacement reserve account at the beginning of each year.

Every five years the needs of the Association shall be reviewed with the members of the Association to determine the adequacy of this reserve and it shall be adjusted accordingly to properly serve the future requirements of the Association.

11. Upon the failure of any owner(s) of a lot to maintain the premises and improvements thereon in a manner satisfactory to the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION, the Association is herewith granted the right for its agents and/or employees to enter upon such lot and to make such reasonable repairs, maintenance, rehabilitation or restoration of the premises and the exterior of any improvements located thereon as may be necessary, and the cost thereof shall be charged against the owner(s) of said lot by Invoice in the manner set forth in Paragraph 10 above and made a lien on said lot; and may be foreclosed, if necessary, as set forth above.

12. The Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION shall have, in addition to the other powers set forth in the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION, the authority to approve or disapprove any and all changes in occupancy or ownership of lots in HILLCREST Subdivision and the sale, transfer, lease or conveyance of such lots in the subdivision.

The following procedures/policies will govern as the Board of Directors carries out its responsibilities in connection with the sale, transfer, lease or conveyance of such lots:

- a. The owner(s) of a lot shall give the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION notice in writing within five (5) days after action has been initiated with respect to the intended sale, transfer, lease or conveyance of such lot.
- b. The owner(s) of a lot or the owner's agent shall take action to insure that application by the proposed transferee or lessee, on a form prescribed by the Board of Directors, is submitted to the Board of Directors as soon as possible.
- c. The Board of Directors shall have fifteen (15) days after receipt of the application to approve or disapprove of same. If said application is approved, a copy of the written approval of the Board of Directors will be filed with the title company handling the transaction.
- d. If the application is not favorably considered, the Board of Directors, within the prescribed fifteen-day (15) period, on behalf of HILLCREST IMPROVEMENT ASSOCIATION shall have the option to purchase or lease said lot upon the same terms as those upon which the owner(s) of said lot had proposed to sell, lease or convey. In event of such purchase by HILLCREST IMPROVEMENT ASSOCIATION, the Board of Directors shall dispose of said lot in the most advantageous manner as soon as possible.
- e. In the event the Board of Directors neither approves nor disapproves the proposed sale, transfer, lease or conveyance within said fifteen-day (15) period, the same shall be deemed to be approved.
- f. In the event the Board of Directors shall disapprove such proposed sale, transfer, lease or conveyance, but shall fail to exercise the option to purchase or lease said lot within the prescribed fifteen-day (15) period, the proposed sale, transfer, lease or conveyance shall be valid only upon compliance with the following provisions:

No sale, transfer, lease or conveyance shall be made until one of the following instruments is filed in the Office of the Recorder of Maricopa County and is incorporated in the instrument of sale, transfer, lease or conveyance by reference:

- (1) An affidavit by the owner(s) of record of the lot that the required Notice had been given to the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION as prescribed in Paragraph 12a herein; that an application had been submitted, as prescribed in Paragraph 12b herein; and that said Board of Directors had disapproved same, but had failed to exercise the option to purchase or lease said lot within the specified fifteen-day (15) period.
- (2) The written approval of the proposed sale, transfer, lease or conveyance of the owners of record of fifty one percent (51%) of the lots in HILLCREST Subdivision.

g. Anyone who becomes a renter or lessee of a home within the HILLCREST IMPROVEMENT ASSOCIATION shall abide by the provisions of the Declaration of Restrictions and all rules and regulations of the Association. The owner/landlord shall furnish a copy of the rules and regulations to the tenant/lessee prior to the inception of the lease/rental. The owner/landlord shall provide a signed statement from the tenant/lessee that tenant/lessee has read and understands the rules and regulations of HILLCREST IMPROVEMENT ASSOCIATION and agrees to be bound by them.

In addition there shall be a separate addendum to every lease/rental agreement wherein the owner/landlord and the tenant/lessee both agree to hold harmless and indemnify HILLCREST IMPROVEMENT ASSOCIATION, its members, officers and directors, against any and all loss sustained arising out of the lease/rental of the specified property. Further, the owner/landlord shall be responsible to HILLCREST IMPROVEMENT ASSOCIATION, its members, officers and directors, for any and all actions of his/her tenant/lessee.

Copies of the required signed statement from the tenant and the required indemnity addendum shall be filed with the Secretary of the Association as soon as they are signed by all parties thereto, but not later than thirty (30) days after the inception date of the lease. These required forms will be furnished by the Secretary of the Association to all parties of interest.

13. The following procedures/policies will obtain with respect to construction, improvements, painting and landscaping on lots in HILLCREST Subdivision:

a. No improvement, whether a building, fence, wall or other structure, shall be commenced, erected or maintained on any lot in HILLCREST Subdivision until the plans and specifications for same, showing all details, including shape, height, materials, floor plans, location, color of paint/materials and the approximate cost of same have been submitted to and approved by the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION and a copy thereof, as finally approved, has been returned to the owner(s) of subject lot. A copy of such approval will be included in the minutes of the meeting at which the application was approved by the Board of Directors.

b. All subsequent additions, alterations or improvements on any building, fence, wall or other structure shall be subject to the prior approval of the Board of Directors.

c. The Board of Directors shall have the right to deny approval of any plans or specifications which are not, in the Board's opinion, suitable or desirable for aesthetic or any other pertinent or cogent reasons.

d. The Board of Directors shall have the right to take into consideration the effect of any proposed structure or building and the materials of which same is to be built, upon the site where the building or structure is proposed to be constructed or erected; the suitability of same with the surrounding area; and the effect of such structure or building upon adjacent and neighboring properties.

e. All structures in HILLCREST Subdivision shall be painted with a nonglossy paint that is either pure white or a shading thereof in which the shading elements shall be limited to either Raw Umber or Raw Sienna/Yellow Oxide. The maximum quantity per gallon of either Raw Umber or Raw Sienna/Yellow Oxide shall be 12/48ths of an ounce if only one shading element is used. Similarly, if both elements are used in a paint formula, the maximum quantity of Raw Umber and of Raw Sienna/Yellow Oxide shall be 12/48ths of an ounce per gallon of each element. In event the owner(s) of a lot desires to use a factory-mixed exterior, flat paint and the formula for the shading elements therein is not available, approval of the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION shall be obtained before such paint is applied.

f. Any change in the color or materials used on trim work must be approved by the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION.

g. Any change in the concept of landscaping of that portion of a lot visible from the street must be approved by the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION.

14. Each lot owner shall be subject to the following provisions, limitations and restrictions with respect to party walls constructed within HILLCREST Subdivision.

a. Every wall built as a part of the original construction within HILLCREST Subdivision and placed on the dividing line between separate lots shall constitute and be considered a party wall. As to such wall, each of the owners immediately adjacent thereto shall assume the obligations and be entitled to the rights and privileges of these restrictive covenants and to the rights, duties and obligations set forth in the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION and the By-Laws of said corporation, and to the extent not inconsistent herewith, the general rules of law regarding party walls.

b. If any party wall is damaged or destroyed through the act or acts of any adjoining owner or his agent, servants, guests or members of his family, whether such act is willful, negligent or accidental, such adjoining owner shall forthwith proceed to rebuild or repair the same to as good a condition as formerly without cost to the other adjoining owner. The failure to forthwith institute rebuilding or repairing of such party wall shall be sufficient reason for the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION to rebuild or repair the same and charge the lot of the responsible owner under the provisions of the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION and Paragraph 11 herein.

c. Any party wall damaged or destroyed by some act or event other than that produced by one of the adjacent owners, his agents, servants, guests or family, shall be rebuilt or repaired by both adjoining owners to the same condition as formerly at their joint and equal expense and as promptly as reasonably possible. The failure of adjoining owners to effect such rebuilding or repairs as are reasonably necessary shall be sufficient reason for the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION to rebuild or repair said party wall and charge the lots of both adjoining owners, as provided in the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION and Paragraph 11 herein.

d. Any owner of a lot who proposes to modify, rebuild, repair or make additions to his residence or to any other structure on his lot in any manner which requires the extension, alteration or modification of any party wall shall first obtain the written consent of the adjacent owner. In addition, said owner must meet the requirements of these restrictions, covenants of the building codes, or similar ordinances of any governmental body having jurisdiction, and the requirements of the Articles of Incorporation and the By-Laws of HILLCREST IMPROVEMENT ASSOCIATION.

e. For the purposes of general maintenance, the wall which actually constitutes the residence shall be maintained by the owner of that residence, except in instances falling under the provisions of Paragraph 14b herein.

f. In the event of a disagreement between owners of adjoining lots with respect to the repair, reconstruction or maintenance of a party wall or with respect to sharing the cost of repairing, rebuilding or maintaining same, then upon the written request of either of said owners to the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION, the matter shall be submitted to the Board for arbitration under such rules as may be from time to time adopted by the Board. If no such rules are adopted or the Board of Directors refuses to act, then the matter shall be submitted to three arbitrators; one chosen by each of the owners and the third selected by the two arbitrators so chosen. If they cannot reach agreement within five (5) days, the dispute shall be referred to the Arbitration Service of the Better Business Bureau of Maricopa County for resolution.

g. No private agreement of any adjoining property owners shall modify or abrogate any of these restrictive covenants nor the obligations, rights, duties and limitations set forth upon the individual lot owners by reason of the Articles of Incorporation of HILLCREST IMPROVEMENT ASSOCIATION or the By-Laws thereof.

h. The covenants and agreements herein contained shall be binding upon the heirs, administrators, successors and assigns of the owners, but no person shall be liable for any act or omission respecting the covenants herein contained, except such as took place while such person was an owner in HILLCREST Subdivision.

15. Parking Regulations within HILLCREST Subdivision:

a. Camping/pleasure vans and campers shall not be parked overnight on the private streets, driveways or other exterior portions of private lots; nor shall extensive repairs on such vehicles be performed in said streets, driveways and exterior portions of private lots.

b. Trailers, motor homes (recreation vehicles) and boats shall not be parked overnight on private streets; nor shall they be parked on driveways or other exterior portions of private lots for more than seventy-two (72) hours at a time without specific approval in each instance from the Board of Directors; nor shall extensive repairs on such vehicles/boats be performed in said streets, driveways or exterior portions of private lots.

c. Commercial vans, pickup trucks and other types of commercial/industrial vehicles owned by HILLCREST residents or their houseguests shall not be parked overnight on private streets or any exterior portion of private lots, including driveways; nor shall extensive repairs on such vehicles be performed in said private streets, driveways or exterior portions of private lots.

16. All pets, including but not limited to dogs and cats, when not on their owner's lot, must be on a leash at all times. When pets are walked on common property, owners must clean up all waste material immediately.

17. The restrictive covenants, conditions, limitations and agreements herein contained shall run with the land and shall be binding upon all persons purchasing, leasing or occupying any lot or lots entitled to membership in HILLCREST IMPROVEMENT ASSOCIATION after the date upon which this instrument has been duly recorded. The covenants, restrictions, conditions and reservations herein contained may be enforced by the Board of Directors of HILLCREST IMPROVEMENT ASSOCIATION, by the owner of any lot in HILLCREST Subdivision or any one or more of said individuals; provided, however, that the violation or breach of any covenant, restriction, reservation and/or condition, or any right of re-entry by reason thereof, shall not defeat nor render invalid the lien of any mortgage or deed of trust made in good faith and for value upon said lot or lots, and except as hereinafter provided, each and all of said covenants, restrictions, reservations and conditions shall be binding upon and effective against any owner of said premises whose title thereto is acquired by foreclosure, trustee's sale or otherwise, and provided also that the breach of any of said covenants, restrictions, reservations and conditions may be enjoined, abated or remedied by appropriate legal proceedings, notwithstanding the existence of any lien, deed of trust or mortgage instrument. Any and all instruments of conveyance of any interest in all or part of the lot or lots of HILLCREST Subdivision shall contain reference to this instrument and shall be subject to the covenants, restrictions, reservations and conditions herein set forth as fully as though said terms and conditions of this instrument were therein set forth in full; provided, however, that the restrictive covenants, terms and conditions of this instrument shall be binding upon all persons affected by the same, whether the expressed reference is made to this instrument or not.

18. These presents may be amended at any time by the written consent of fifty-one percent (51%) of the lot owners entitled to be members of the HILLCREST IMPROVEMENT ASSOCIATION, and such amendment shall be binding upon all such lot owners, their heirs, administrators, successors and assigns.

