AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS FOR SORRENTO HOMEOWNERS ASSOCIATION

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this _____ day of ______, 2025, by the SORRENTO HOMEOWNERS ASSOCIATION, Inc., and Arizona non-profit corporation ("Association").

RECITALS

A. The Association represents the owners of certain property in Maricopa County, Arizona, which is more particularly described as follows:

Lots 1 through 131 inclusive, of SORRENTO, more particularly described in the records of Maricopa County, Arizona, Book 342, of Maps, Page 43 (the "Plat Map").

B. The Declaration of Covenants, Conditions and Restrictions - Sorrento was recorded on February 4, 1991, in Document No. 91-048532; the First Amendment to Declaration of Covenants, Conditions & Restrictions Sorrento was recorded on March 20, 1991, in Document No. 91-114242; official records of Maricopa County, Arizona (the "Declaration"), and subjected the real property described in the Declaration (and any amendment) to the Declaration and required that the property be held, sold, used, and conveyed subject to the easements, restrictions, covenants, and conditions, which run with the title to the real property subject to this Declaration.

C. The Declaration is binding on all parties having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner of any portion of the properties.

D. The members of the Association wish to amend and restate the Declaration as set forth herein.

E. The Declaration provides that the Declaration may be amended by an instrument signed by not less than two-thirds (2/3) of the Lot Owners. The Association has obtained the affirmative vote representing the above-mentioned requirements. Any amendment to this Declaration, past, present, or future, shall be subject to a presumption that sufficient notice of such amendment was provided to the Owners by the original

Declaration, and that such amendment was reasonable and foreseeable to the Owners at the time of purchase. This amendment to the Declaration does not create any new affirmative obligations for Owners of Lots within the Association; rather, the amendments set forth herein refine the Declaration, correct an error, fill in a gap, and/or change the Declaration in a particular way.

NOW, THEREFORE, the Declaration is amended and restated as follows:

ARTICLE I – <u>DEFINI</u>	IONS .				•	•		•	5-6
Section 1.1	"Architectural	Commi	ttee"		•	•		•	5
Section 1.2	"Architectural	Commi	ttee Ru	ıles"				•	5
Section 1.3	"Articles"				•	•		•	5
Section 1.4	"Association"				•	•		•	5
Section 1.5	"Board"					•		•	5
Section 1.6	"Bylaws"				•	•		•	5
Section 1.7	"Common Are	a.						•	5
Section 1.8	"Declaration"							•	5
Section 1.9	"Lot" .							•	5
Section 1.10	"Member"							•	5
Section 1.11	"Owner(s)"							•	5-6
Section 1.12	"Property" or	"Proper	ties"					•	6
Section 1.13	"Rules"							•	6
Section 1.14	"Visible from	Neighb	oring P	roperty	y"	•	•	•	6
ARTICLE II - <u>PROPE</u>	RTY RIGHTS AI	ND EASI	EMENT	<u>s</u>	•				6-8
Section 2.1	Owners' Ease	ments o	f Enjoy	ment.				•	6-7
Section 2.2	Delegation of	Use						•	7
Section 2.3	Owners' Ease	ment of	Enjoyn	nent Li	mitatio	ns.		•	7
Section 2.4	Utility Easeme	ents						•	7
Section 2.5	Drainage Ease	ement						•	8
Section 2.6	Change of Use	e						•	8
Section 2.7	Mortgage or C	onveyar	nce of (Comm	on Area	э.	•		8
ARTICLE III - <u>THE AS</u>	SOCIATION			•	•	•	•	•	8-9
Section 3.1	The Association	on						•	8
Section 3.2	The Board of D	Directors	s and C	Officers	5.				8

TABLE OF CONTENTS

Section 3.	.3 Powers and Duties	s of the Assoc	ciation.	•	•	•	8-9
Section 3.	.4 Rules and Regulati	ions					9
Section 3.	.5 Non-Liability of Of	ficials and In	demnific	ation.	•		9
ARTICLE IV - <u>ME</u>	MBERSHIP AND VOTIN	NG RIGHTS		•	•		10
Section 4	.1 Membership						10
Section 4.	.2 Voting Rights				•		10
ARTICLE V - <u>COV</u>	/ENANT FOR MAINTEN	NANCE ASSE	SSMEN	ſ <u>S</u> .	•	•	10-13
Section 5.	.1 Creation of the Lie	n and Persor	nal Obliga	ation of <i>l</i>	Asses	sments.	10
Section 5.	.2 Purpose of Assess	ments					10
Section 5.	.3 Maximum Annual /	Assessment.	•	•			11
Section 5.	.4 Special Assessme	nt for Capita	l Improve	ements.		•	11
Section 5.	.5 Notice and Quorur	m for Any Act	ion				
	Authorized	Under Sectio	ons 5.3 ai	nd 5.4.			11
Section 5.	.6 Uniform Rate of As	ssessment.		•			11
Section 5.	.7 Date of Commenc	ement of Ani	nual Asse	essment	ts; Du	e Date.	11
Section 5.	.8 Effect of Non-Payn	nent of Asses	ssments;	;			
	Remedies c	of the Associa	ation.	•			11-12
Section 5.	.9 Subordination of th	he Lien to Firs	st Mortga	ages.			12
Section 5.	.10 Capital Contributio			-			12-13
Section 5.	.11 Transfer Fee			•	•		13
ARTICLE VI - ARG	CHITECTURAL CONTR	OL .		•	•		13-15
Section 6.	.1 Organization, Powe	er of Appoint	ment and	d			
	Removal of	Members.					13-14
Section 6.	.2 Duties						14
Section 6.	.3 Meetings and Com	pensation.					14
Section 6.	.4 Architectural Com	mittee Rules					14
Section 6.	.5 Waiver						14
Section 6	.6 Time for Approval.		•				14
Section 6							15
ARTICLE VII - <u>US</u>	E RESTRICTIONS.		•		•	•	15-20
Section 7	.1 Residential Use.			•			15-16
Section 7	.2 Antennas			•			16
Section 7	.3 Utility Service.			•			16
Section 7.	.4 Improvements and	d Alterations.					16

Section 7.5	Trash Containers ar	nd Colle	ction.	•	•	•	•	16-17
Section 7.6	Machinery and Equi	pment.	•		•			17
Section 7.7	Restriction on Furth	er Subd	livision.					17
Section 7.8	Signs							17
Section 7.9	Animals							17
Section 7.10	Temporary Occupar	псу.						17
Section 7.11	Trailers, Boats, Airci	aft, and	l Motor	Vehicle	es.			17-18
Section 7.12	Nuisances/Constru	ction Ac	ctivities	•				18-19
Section 7.13	Clothes Drying Faci	lities.						19
Section 7.14	Mineral Exploration.		•		•			19
Section 7.15	Diseases and Insec	ts.						19
Section 7.16	Right of Entry							19
Section 7.17	Health, Safety, and	Welfare	••					19
Section 7.18	Leasing							19-20
ARTICLE VIII – <u>MAIN</u>	ITENANCE .	•	•		•			20-22
Section 8.1	Maintenance by Ass	sociatio	n.		•	•	•	20-21
Section 8.2	Maintenance By Ow	ner.	•		•	•	•	21
Section 8.3	Damage or Destruc	tion of C	Commo	n Area	by Owr	ners.		21
Section 8.4	Maintenance of Par	ty Walls	and Fe	nces.	•	•	•	21-22
ARTICLE IX – INSUR	<u>ANCE</u>		•	•				22-23
Section 9.1	Scope of Coverage.							23
Section 9.2	Certificates of Insur							23
Section 9.3	Repair and Replace							23
ARTICLE X - <u>GENER</u>		•	•	•	•	•	•	23-25
		•				•	•	23
	Improper Maintena			Lots.	•	•	•	23-24
	Attorneys' Fees and			•	•	•	•	24
	Severability.	•	•	•	•	•	•	24
Section 10.5	Amendment	•	•	•	•	•	•	24
Section 10.6	Notices	•	•	•	•	•	•	24
		•	•	•	•	•	•	24-25
Section 10.8	Waiver; Remedies (Cumula	tive.	•	•	•	•	25
Section 10.9	Topical Heading.	•	•	•	•	•	•	25
CERTIFICATION								26

ARTICLE I

DEFINITIONS

Section 1.1 "<u>Architectural Committee</u>" shall mean the Committee created pursuant to Article VII hereof.

Section 1.2 "<u>Architectural Committee Rules</u>" shall mean the rules adopted by the Architectural Committee.

Section 1.3 "<u>Articles</u>" shall mean the Articles of Incorporation of the Association, as such may be amended from time to time.

Section 1.4 "<u>Association</u>" shall mean and refer to SORRENTO HOMEOWNERS' ASSOCIATION, an Arizona non-profit corporation, its successors and assigns.

Section 1.5 "Board" shall mean the Board of Directors of the Association.

Section 1.6 "<u>Bylaws</u>" shall mean the Bylaws of the Association, as such may be amended from time to time.

Section 1.7 "<u>Common Area</u>" shall mean all real property (including the improvements thereon) owned or to be maintained by the Association for the common use and enjoyment of Owners. The Common Area to be owned or maintained by the Association is described as follows:

Tract A and landscape easements along Gila Springs Blvd. and Chandler Blvd. as designated on Exhibit "A".

Section 1.8 "Declaration" shall mean the covenants, conditions and restrictions set forth in this document, as such may be amended from time to time.

Section 1.9 "Lot" shall mean any numbered parcel of real property shown upon any recorded plat of the Property together with any improvements constructed thereon, with the exception of the areas designated as lettered tracts and areas dedicated to the public. Each lot shall be a separate freehold estate.

Section 1.10 "<u>Member</u>" shall mean any person, corporation, partnership, joint venture or other legal entity that is a member of the Association.

Section 1.11 "<u>Owner(s)</u>" shall mean the record owner, whether one or more persons or entities, of equitable or beneficial title in fee simple (or legal title if same have merged) of any Lot. "Owner" shall include the purchaser under & recorded agreement for sale of any Lot. The foregoing does not include persons or entities who hold an interest in

any Lot merely as security for the performance of an obligation. Except as stated otherwise herein "Owner" shall not include a lessee or tenant of a Lot.

Section 1.12 "<u>Property</u>" or "<u>Properties</u>" shall mean the real, personal, or mixed property described or located on Exhibit "A" which are subject to this Declaration.

Section 1.13 "**<u>Rules</u>**" shall mean the rules adopted by the Board, as such may be amended from time to time.

Section 1.14 "Visible from Neighboring Property" shall mean, with respect to any given object, visible to a person six feet tall, standing on any part of neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE II

PROPERTY RIGHTS AND EASEMENTS

Section 2.1 <u>Owners' Easements of Enjoyment</u>. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions.

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational or storage facilities or areas situated upon the Common Area;

(b) The right of the Association to suspend the voting rights and right to use of the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid.

(c) the right of the Association to suspend the right to use the Common Area for a period not to exceed sixty (60) days for any infraction of the Association Rules and consecutive sixty (60) day periods for so long as the infraction continues; and

(d) the right of the Association to limit the number of guests of members using the common areas;

(e) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by thirty percent (30%) of Members agreeing to such dedication or transfer has been recorded.

(f) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Areas and facilities, and in aid

6

thereof, to mortgage said property in accordance with Section 8.2(c) hereof. The rights of such mortgagee in said property shall be subordinate to the rights of the homeowners hereunder.

Section 2.2 <u>Delegation of Use</u>. Any Owner may delegate, in accordance with and subject to any restrictions contained in the Bylaws, his right of enjoyment to the Common Area and improvements thereon to his tenants, or occupants of his Lot, or guests.

Section 2.3 <u>Owners' Easement of Enjoyment Limitations</u>.

(a) An Owner's right and easement of enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot and such right and easement of enjoyment in and to the Common Area shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Owner's Lot, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the Common Area.

(b) Except as authorized by Section 2.1 (e), the Common Area shall remain undivided and no action for partition or division of any part thereof shall be permitted.

(c) Each Owner, his tenant, the occupant of his Lot, and his guests may use the Common Area in common with the Owners, invitees, tenants, and occupants of the other Lots in accordance with the purposes for which it is intended without hindering or encroaching upon the lawful right of such others and in accordance with the Association Rules established by the Board.

Section 2.4 <u>Utility Easements</u>. There is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable or communication lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment, and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated except as approved by the Board. This easement shall in no way affect any other recorded easements. This easement shall be limited to improvements as originally constructed and no common utility shall be permitted to pass over any improvement on the Lot other than the one it serves.

Section 2.5 <u>Drainage Easement</u>. There is hereby created a blanket easement for drainage of groundwater on, over and across the Common Area. No Owner shall obstruct, divert, alter or interfere in any portion of the Property. Each Owner shall at his own expense maintain the drainageways and channels on his Lot in proper condition free from obstruction.

Section 2.6 <u>Change of Use</u>. Upon (i) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Common Area is no longer in the best interests of the Owners, and (ii) the approval of such resolution by Members casting more than fifty-one percent (51%) of the votes entitled to be cast by Members who are present in person or by mail-in or absentee ballot at a meeting duly called for such purpose and who are entitled to use such Common Area under the terms of this Declaration, the Board shall have the power and right to change the buildings, structures and Improvements thereon in any manner deemed necessary by the Board to accommodate the new use, provided such new use shall be for the benefit of the Owners.

Section 2.7 <u>Mortgage or Conveyance of Common Area</u>. The Common Area shall not be mortgaged or conveyed without the prior consent of not less than two-thirds (2/3) or the Members.

ARTICLE III

THE ASSOCIATION

Section 3.1 <u>The Association</u>. The Association is an Arizona non-profit corporation charged with the duties and invested with the powers prescribed by Law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor the Bylaws shall, for any reason, be amended or otherwise modified or interpreted so as to be inconsistent with this Declaration.

Section 3.2 <u>The Board of Directors and Officers</u>. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Board may elect or appoint, in accordance with the Articles and the Bylaws.

Section 3.3 Powers and Duties of the Association. The Association shall have such rights, duties, and powers as set forth in the Articles and Bylaws, including, but not limited to the power to:

(a) Pay all real and personal taxes and assessments on the Common Area;

(b) Pay all electrical, water, gas and other utility charges or fees for services furnished to the Common Area;

(c) Pay for and keep in force at the Association's expense, adequate insurance against liability incurred as a result of death or injury to persons or damage to property on the Common Area. Such insurance shall be with companies acceptable to the Association in amounts and with adequate limits of liability desired by the Owners or required of the Owners pursuant to any other recorded document affecting the Property, such insurance to name the Association or the Owners or both as named insureds;

(d) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in accordance with the general purposes specified in this Declaration; and

(e) Serve as the sole judge as to the appropriate maintenance within the Common Area.

Nothing herein shall be construed so as to preclude the Association from delegating its powers set forth above to a project manager or agent or to other persons, firms or corporation.

Section 3.4 <u>**Rules and Regulations**</u>. By action of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the "Rules." The Rules may restrict and govern the use of the property provided, however, that the Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. The Rules shall have the same force and effect as if they were set forth herein and were a part of the Declaration and may be recorded.

Section 3.5 <u>Non-Liability of Officials and Indemnification</u>. To the fullest extent permitted by law, neither the Board, nor any committees of the Board nor any member thereof, nor any officers, directors, employees or managing agents of the Association, shall be 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 when the Board or such committees or officers reasonably believed to be within the scope of their respective duties or rights.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 4.1 <u>Membership</u>. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4.2 <u>Voting Rights</u>. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one (1) person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) ballot be cast with respect to any Lot. The vote or votes for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a ballot representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one (1) ballot is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1 <u>Creation of the Lien and Personal Obligation of Assessments</u>. 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, 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 attorney's fees, shall be a charge on the Lot and shall be a continuing lien thereon as well as the personal obligation of the person who was the Lot Owner at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Lot Owner's successors in title, unless expressly assumed.

Section 5.2 <u>Purpose of Assessments</u>. In order to promote civic and social betterment for the common good of the Members of Sorrento Homeowner's Association, the assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents and Owners of the Property and for the improvement and maintenance of the Common Area.

Section 5.3 <u>Maximum Annual Assessment</u>. The Board shall not impose an annual assessment that is more than ten percent (10%) greater than the immediately preceding fiscal year's assessment without the approval of the majority of the members of the Association.

Section 5.4 <u>Special Assessment for Capital Improvements</u>. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year for the exclusive purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto; provided, however, that any such assessments shall have the assent of two-thirds (2/3) of the votes of Members who are voting in person or by mail-in/absentee ballot at a meeting duly called for such purpose.</u>

Section 5.5 Notice and Quorum for Any Action Authorized Under Sections 5.3 and 5.4. Written Notice of any meeting called for the purpose of taking any action authorized under Sections 5.3 and 5.4 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 mail-in/absentee ballots entitled to cast thirty percent (30%) of all the votes 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 mor than sixty (60) days following the preceding meeting.

Section 5.6 <u>Uniform Rate of Assessment</u>. The annual assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis, as designated by the Board.

Section 5.7 Date of Commencement of Annual Assessments; Due Date. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as to the matters described therein.

Section 5.8 <u>Effect of Non-Payment of Assessments; Remedies of the</u> <u>Association</u>. Any assessment not paid within thirty (30) days after the due date shall bear 1) a monthly late charge as permitted by A.R.S. Section 33-1803, as it may be amended from time to time, and 2) interest from the due date at the rate of twelve percent (12%) per annum No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

The Association shall have the right, at its option, to enforce collection of any delinquent assessments together with lien fees, late charges, reasonable attorneys' and collection fees and any other sums due to the Association in any manner allowed by law including, but not limited to,

(a) bringing an action at law against the Owner personally obligated to pay the delinquent assessments and such action may be brought without waiving any lien securing any such delinquent assessments, or

(b) bringing an action to foreclose its lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage.

Section 5.9 <u>Subordination of the Lien to First Mortgages</u>. 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, foreclosure or trustee's sale, 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 or any assessments thereafter becoming due or from the lien thereof.</u>

Section 5.10 <u>Capital Contribution Fee</u>. Except as provided in the Subsection (a) below, each person or entity who/that purchases or otherwise becomes the Owner of a Lot, whether by Deed, by a Trustee's deed upon Sale, by a Deed in Lieu of Foreclosure, or any similar means, on or after the recording date of this Amended and Restated Declaration, shall pay to the Association, immediately upon becoming the Owner of the Lot, a Capital Contribution Fee in an amount equal to six (6) months of the then-present monthly assessment amount. The amount of the Capital Contribution Fee may be increased by the Board from time to time after this Amendment is recorded, provided any such increase is approved by a majority vote of all Members voting in person or by absentee ballot.

(a) No Capital Contribution Fee shall be payable with respect to: (i) the transfer or conveyance of a Lot by device or intestate succession; (ii) a transfer or conveyance of a Lot for estate planning purposes; or (iii) a transfer or conveyance to a corporation, partnership or other entity in which the grantor owns a majority interest, or (iv) any transfers or conveyances of a Lot as set forth in A.R.S. 33-1134(B), as it may be amended from time to time.

(b) All Capital Contribution Fees shall be deposited in a separate reserve account, not co-mingled with any other funds of the Association, and shall be deemed a contribution to the capital of the Association. Capital Contribution Fees shall be non-refundable and shall not be considered as an advance payment of assessments.

(c) Capital Contribution Fees shall be exclusively used by the Association as required by Arizona law for the construction or installation of buildings on the Common Area or for additions, repairs, maintenance or other improvements to existing buildings or other improvements on the Common Area elements. All of the expenditures of Capital Contribution Fees as herein provided are hereby deemed and shall be construed to touch and concern the land which is appurtenant to the title of each and every Lot as provided in the Declaration.

Section 5.11 <u>Transfer Fee</u>. Each person or entity who purchases a Lot shall pay to the Association immediately upon becoming the owner of the Lot a transfer fee in such amount as is established from time to time by the Board.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 6.1 Organization, Power of Appointment and Removal of Members. There shall be an Architectural Committee, organized as follows:

(a) <u>Committee Composition</u>. The Architectural Committee shall consist of three (3) regular members one of whom must be a member of the Board and who must chair the committee, and two (2) alternate members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership.

(b) <u>Alternate Members</u>. In the event of the absence or disability of one (1) or two (2) regular members of said Committee, the remaining regular member or members, even though less than a quorum, may designate either or both of the alternate members to act as substitutes for the absent or disabled regular member or members for the duration of such absence or disability.

(c) <u>Terms of Office</u>. Unless a member of the Architectural Committee resigns by giving of written notice to the Board or is removed, his term of office shall be for period of one (1) year or until the appointment of his successor. Thereafter, the term of each Architectural Committee member appointed shall be for a period of one year and until the appointment of his successor. Any new member appointed to replace a member who has resigned or has been removed shall serve such member's unexpired term. Any member who has resigned, been removed or whose term has expired may be reappointed.

(d) <u>Appointment and Removal</u>. The right to appoint and remove all regular and alternate members of the Architectural Committee at any time is hereby vested solely in the Board; provided however, that no member may be removed from the Architectural Committee by the Board except by the vote of fifty-one percent (51%) of all Board Members.

(e) <u>Vacancies</u>. Vacancies on the Architectural Committee, however caused, shall be filled by the Board.

Section 6.2 <u>Duties</u>. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules and procedures for appeal to the Board of Directors, and to carry out all other duties as imposed upon it by this Declaration.

Section 6.3 <u>Meetings and Compensation</u>. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. Subject to Section 6.1(b), the vote or written consent of any two (2) regular members, at a meeting or otherwise, shall constitute the act of the Committee, unless the unanimous decision of the Committee is otherwise required by this Declaration. The Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services.

Section 6.4 <u>Architectural Committee Rules</u>. The Architectural Committee may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote, rules and regulations, to be known as "Architectural Committee Rules". Such Rules shall interpret and implement this Declaration by setting forth the standards and procedures for Architectural Committee review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use within the Property.

Section 6.5 <u>Waiver</u>. The approval by the Architectural Committee of any plans, drawings or specification for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing specifications or matter subsequently submitted for approval.

Section 6.6 <u>Time for Approval</u>. In the event the Architectural Committee fails to approve or disapprove the plans and specifications, such will be deemed approved within sixty (60) days after their submission.

Section 6.7 Liability. Neither the Architectural Committee nor any member thereof shall be liable to the Association, any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, or similar documents whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the overall development of the Property, or (d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however, that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by him, and without willful or intentional misconduct, as would be applicable under local law, and except for those circumstances under which a member of the Board would have liability under Section 3.5. Without in any way limiting the generality of any of the foregoing provisions of this Section, the Architectural Committee, or any member thereof, may, but is not required to, consult with or listen to the views of the Association or any Owner with respect to any proposal submitted to the Architectural Committee.

ARTICLE VII

USE RESTRICTIONS

Section 7.1 <u>Residential Use</u>. All Lots shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Property, except that an Owner or other Resident of a Property may conduct a business activity on a Property 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 Property; (b) the business activity conforms to all applicable zoning ordinances or requirements for the Association; (c) the business activity does not involve persons coming on to the Lot other than on an infrequent basis nor does it involve the door-to-door solicitation of Owners or other Residents in the Association; and (d) the business activity is consistent with the residential character of the Association and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other Residents in the Association, as may be determined from time to time in the sole discretion of the Board. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended to or does generate a profit; or (c) a license is required for such activity. The leasing of a Property by the Owner thereof shall not be considered a trade or business within the meaning of this Section, provided, however, no lease shall be of less than an entire Lot and all Improvements thereon.

Section 7.2 <u>Antennas</u>. No antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained so as to be Visible From Neighboring Property, unless approved by the Board.

Section 7.3 <u>Utility Service</u>. All lines, wires, or other devices for the communication or transmission of electric current or power, including telephone and television signals, and/or internet service, shall be contained in conduits or cables installed and maintained underground or concealed in, under, or on buildings or other structures approved by the Architectural Committee. Temporary power or telephone structures incident to construction activities approved by the Architectural Committee.

Section 7.4 Improvements and Alterations. No improvements, alterations, repairs, excavation or other work which in any way alters the exterior appearance of the Property or the improvements located thereon from its natural or improved state shall be made without the prior approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, or other structure shall be erected, maintained, improved, altered, made or done (including choice of exterior color scheme and building materials) without the prior written approval of the Architectural Committee or any subcommittee thereof. Pursuant to its rulemaking power, the Architectural Committee shall establish a procedure for the preparation, submission and determination of applications for any such alteration or improvement. The Architectural Committee shall have the right, in its sole discretion, to refuse to approve any plans, specifications or grading plans, which are not suitable or desirable, for aesthetic or other reasons, and in so passing upon such plans, specifications and grading plans, and without any limitation of the foregoing, it shall have the right to take into consideration the suitability of the proposed building or other structure, and of the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings and the effect of the building or other structure as planned, on the outlook from adjacent or neighboring Property. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee.

Section 7.5 <u>Trash Containers and Collection</u>. No garbage or trash shall be placed or kept on any Property except in covered sanitary containers. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make to

same available for collection and, then, only the shortest time reasonable necessary to effect such collection. All rubbish, trash, or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot.

Section 7.6 <u>Machinery and Equipment</u>. No machinery or equipment of any kind shall be placed, operated or maintained upon the Property except usual and customary equipment and Machinery used in connection with the use, maintenance or construction of permitted improvements, and except that which the Association may require for the operation and maintenance of the Common Area.

Section 7.7 <u>Restriction on Further Subdivision</u>. No Lot shall be further subdivided or separated into smaller Lots or parcels by any Owner, and no portion less than all of any such Lot, shall be conveyed or transferred by any Owner, without the prior written approval of the Board. No Lot may be converted into a condominium or cooperative or other similar type of entity without the prior written approval of the Board. No further covenants, conditions, restrictions or easements shall be recorded against any Lot without the written consent of the Board being evidenced on the recorded instrument containing such restrictions and without such approval such restrictions shall be null and void. No applications for rezoning, variances, or use permits shall be filed without the written approval of the Board and then only if such proposed use is in compliance with this Declaration.

Section 7.8 <u>Signs</u>. No signs whatsoever which are visible from neighboring property shall be erected or maintained on any Lot except: 1) as allowed pursuant to A.R.S. \$33-1808, 2) signs required by legal proceedings, or 3) residence identification signs.

Section 7.9 <u>Animals</u>. No animal or fowl, other than a reasonable number of generally recognized house or yard pets, shall be (i) maintained on any Lot covered by this Declaration and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes; or (ii) be permitted to make unreasonable amount of noise, or create a nuisance. No structure for the care, housing or confinement of any animal or fowl, shall be maintained so as to be Visible From Neighboring Property.

Section 7.10 <u>Temporary Occupancy</u>. No temporary building, structure or vehicle of any kind shall be used as a residence either temporary or permanent. Temporary buildings or structures used during construction periods shall be removed immediately after completion of such construction.

Section 7.11 Trailers, Boats, Aircraft, and Motor Vehicles.

(a) No motor vehicle classed by manufacturer rating as exceeding 3/4 ton, mobile home, trailer, camper shell, boat, boat trailer or hang glider or other similar equipment or vehicle may be parked, stored, maintained, constructed, reconstructed, or repaired on any Lot, street, or Common Area, Visible From Neighboring Property within the Property, provided, however, the provisions of this section do not preclude the parking in garages or on driveways of (i) pickup trucks of less than 3/4 ton capacity (with or without camper shells) provided the height of such pickup truck and camper shell not exceed seven (7) feet, or (ii) mini motor homes or other recreation vehicles which do not exceed seven (7) feet in height or eighteen (18) feet in length, if those vehicles described in (i) and (ii) are used on a regular and recurring basis for basic transportation. However, parking of trailers, motorhomes, pickups with camper shells, boat/trailer or similar equipment or vehicle will be allowed on the street or driveway only during active loading and/or unloading of these vehicles. Overnight parking is not allowed.

(b) No automobile, motorcycle, motor bike, motorized hang glider, or other motor vehicle shall be constructed, reconstructed or repaired on any Lot, street, or Common Area within the Property and no inoperable vehicle may be stored or parked so as to be Visible From Neighboring Property, except in the event of an emergency.

(c) Motor vehicles and trailers that do not exceed nine (9) feet in height and do not have a manufacturer's rating of over one (1) ton may be parked in an Owner's back yard where accessibility allows, providing the vehicle is used on a regular and recurring basis.

(d) <u>Car Cover Usage</u>. Car covers may only be used when a vehicle is parked in the driveway. The cover must be of a color scheme that complements the exterior of the house. The car cover must be in good condition and free from tears, fading, or damage. The cover may only be used on a vehicle that is regularly driven and not for the purpose of long-term storage of a vehicle.

Section 7.12 <u>Nuisances/Construction Activities</u>. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to a Lot and no odors or loud noises shall be permitted to arise or emit therefrom, so as to create a nuisance, render any such Property or any portion thereof or activity thereon unsanitary, unsightly, offensive or detrimental to the Lot or person in the vicinity thereof. Without limiting the generality of any of the foregoing provisions, no speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used, or placed on any such Property. No motorcycles or motor driven vehicles (except lawn maintenance equipment) shall be operated on any walkways or sidewalks within the Property. The Board in its sole discretion shall have the right to determine the existence of

any violation of this Section and its determination shall be final and enforceable as provided for in Section 8.3 hereof. Normal construction activities shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods. Supplies or building materials and construction equipment shall be stored only in such areas and in such manner as may be approved by the Architectural Committee.

Section 7.13 <u>Clothes Drying Facilities</u>. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Property unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise not Visible From Neighboring Property.

Section 7.14 <u>Mineral Exploration</u>. No Property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

Section 7.15 <u>Diseases and Insects</u>. No Owner or resident shall permit any thing or condition to exist upon the Property which shall induce, breed or harbor infectious plant diseases or noxious insects.

Section 7.16 <u>Right of Entry</u>. During reasonable hours and upon reasonable notice to the Owner or resident of a Lot, and Member or authorized representative of the Architectural Committee or the Board shall have the right to enter upon and inspect any Lot or improvements thereon, except for the interior portions of any completed improvements, to determine if the improvements are in compliance with this Declaration. Any such persons shall not be deemed guilty of trespass by reason of such entry.

Section 7.17 <u>Health, Safety, and Welfare</u>. In the event uses, activities and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners or residents, the Board may make rules restricting or regulating their presence as part of the Association Rules or may direct to the Architectural Committee to make rules governing their presence on Lots as part of the Architectural Committee Rules.

Section 7.18 Leasing. No Owner may rent his/her Lot for a period of less than thirty (30) days; provided that any Owner, as of the date of adoption of this provision, may rent or lease the Owner's Lot for a term that is less than thirty (30) days, except that such right to rent or lease the Lot for a term that is less than thirty (30) days shall terminate upon the transfer of title of the Lot by the person(s) who are Owners at the time of adoption of this provision. All leases shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents, and any failure by the

lessee to comply with the terms of the Governing Documents, and any failure by the lessee to comply with the terms of the Governing Documents shall be a default under the lease.

It shall be the responsibility of the Lot Owner(s) to provide the tenants with current copies of the governing documents. Within thirty (30) days of adoption of this provision or thirty (30) days from the date of commencement of the tenancy, whichever is earlier, upon leasing a Lot, a Lot Owner shall provide the Association with the name and contact information for any adults occupying the property, the time period of the lease, including the beginning and ending dates of the tenancy, and a description and the license plate numbers of the tenants' vehicles.

ARTICLE VIII

MAINTENANCE

Section 8.1 <u>Maintenance by Association</u>. The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Common Area, and all Improvements located thereon, including all landscaping, trees, and plantings on Common Area. The Board shall be the sole judge as to the appropriate maintenance, repair and replacement of the Common Area, but the Common Area, and the Improvements located thereon, shall be maintained in good condition and repair at all times.

(a) No Owner, Resident or other Person shall construct or install any Improvements on the Common Area or alter, modify or remove any Improvements situated on the Common Area without the approval of the Board. No Owner, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair and replacement of the Common Area, and the Improvements located thereon. The Common Area shall not be used by Owners for storage of supplies, material or personal property of any kind.

(b) The Association shall have the right, at any time, to plant, replace, maintain and cultivate landscaping, shrubs, trees, and plantings on any Common Area and on such easements over an Owner's Lot as may have been granted to the Association, regardless of whether any Owner or the Association is responsible hereunder for maintenance of such areas. No Owner shall remove, alter, injure or interfere in any way with any landscaping, shrubs, trees, grass or plantings placed upon any Common Area without the prior written consent of its authorized agents shall have the right to enter upon or cross over any Lot, at any reasonable time, for the purpose of planting, replacing, maintaining or

cultivating such landscaping, shrubs, trees, grass or plantings in and shall not be liable for trespass for so doing.

Section 8.2 <u>Maintenance By Owner</u>. No improvement upon any Lot shall be permitted to fall into disrepair, and each such improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. Lots shall be maintained by their Owners free of weeds and debris; lawns shall be neatly mowed and trimmed; bushes shall be trimmed; and dead plants, trees, or grass shall be removed and replaced. No tree, shrub, or planting of any kind on any Property shall be allowed to overhang or otherwise to encroach upon any Common Area from ground level to a height of twelve (12) feet, without the prior approval of the Architectural Committee.

Section 8.3 <u>Damage or Destruction of Common Area by Owners</u>. In the event any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, or agents, such Owner does hereby authorize the Association to repair said damaged area, and the Association shall so repair said damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association, in the discretion of the Association. The amount necessary for such repairs shall, to the extent required under local law, be paid by said Owner, to the Association and the Association may enforce collection of same in the same manner as provided elsewhere in this Declaration for collection and enforcement of assessments.

Section 8.4 <u>Maintenance of Party Walls and Fences</u>. The rights and duties of Owners with respect to party walls or party fences shall be as follows:

(a) Each Owner of contiguous Lots who have a party wall or party fence shall both equally have the right to use such wall or fence, provided that such uses does not interfere with the use and enjoyment thereof by the other Owner.

(b) In the event that any party wall or party fence is damaged or destroyed through the act of an Owner, his agents, guests, or family members, it shall be the obligation of such Owner to rebuild and repair the party wall or party fence without cost to the other adjoining Lot Owner or Owners. Any disputes over an Owner's liability shall be resolved as provided in subsection (E) below.

(c) In the event that any party wall or party fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests or family members, it shall be the joint obligation of all Owners whose Lots adjoin such wall or fence to rebuild and repair such wall or fence,

such expense to be divided among the Owners in accordance with frontage of their Lot on the party wall or party fence.

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

(e) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a party wall or party fence or the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board, the decision of which shall be final and enforceable.

(f) Each Owner shall permit the Owners of adjoining Lots, or their representative, when reasonably required, to enter his Lot for the purpose of repairing or maintaining a party wall or fence or for the purpose of performing installations, alterations or repairs to the Property of such adjoining Owners, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate. An adjoining Owner making entry pursuant to the terms of this paragraph shall not be deemed guilty of trespass by reason on such entry.

(g) Surfaces of party walls or party fences which are generally accessible or viewable from only the adjoining Property may be planted against, painted, maintained and used by the adjoining Owners. If such surfaces are viewable from public streets or the Common Area, the color scheme shall not be changed without the written consent of the Architectural Committee.

(h) Any Lot which has a wall adjacent to the Common Area and which wall separates the Lot from the Common Area shall be considered to have a party wall with the Association and the provisions of this Section apply as though the Common Area were an adjacent Lot.

(i) The Owners of Lots with a wall adjacent to a street, or adjoining property, other than Lots or Common Area within the Property shall be solely responsible for repair and maintenance of such walls, and if repair is necessary, the repaired wall must match the size, color, and texture of the existing adjacent walls within the Property.

ARTICLE IX

INSURANCE

22

Section 9.1 <u>Scope of Coverage</u>. The Association shall maintain adequate insurance for the Common Areas, including liability in an amount no less than one million dollars (\$1,000,000), as well as directors and officers liability. Each Owner shall be responsible for coverage on his Lot for any improvements thereon.

Section 9.2 <u>Certificates of Insurance</u>. An insurer that has issued an insurance policy under this Article shall issue certificates or memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner, and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 9.3 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Area damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If the proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share for each Lot.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 <u>Enforcement</u>. The Association, or any Owner, shall have the right to enforce, by any proceeding a law or in equity, the provision 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 10.2 Improper Maintenance and Use of Lots. In the event any portion of any Lot is maintained so as to present a public or private nuisance, or substantially detract from or affect the appearance or quality of any surrounding Lot, or is uses in manner which violates this Declaration or in the event the Owner or resident of any Lot is failing to perform its obligation under this Declaration or the Architectural Committee Rules, the Board may, by resolution, make a finding to such effect, specifying the particular condition(s) that exist,

and pursuant thereto, give notice to the Owner of such Lot that unless corrective action is taken within fourteen (14) days, the Board may take, at such Owner's cost, whatever action is appropriate to complete compliance including, without limitation, appropriate legal actions. Charges incurred by the Association in making any repairs or maintenance shall be borne by the Owner and shall be paid to the Association on demand with interest of twelve percent (12%) or the prevailing interest rate, whichever is higher, accruing from the date of demand until paid in full. Any sum not paid hereunder by the Owner shall be treated as an assessment and collected in accordance with the procedures provided in Article V.

Section 10.3 <u>Attorneys' Fees and Costs</u>. In the event the Board employs an attorney or attorneys to enforce a lien or to collect any amounts due from a Lot Owner or to enforce compliance with or recover damages for any violation or noncompliance with the Governing Documents, the Association shall be entitled to recover its reasonable attorneys' fees and costs, whether or not a lawsuit was filed.

Section 10.4 <u>Severability</u>. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 10.5 <u>Amendment</u>. This Declaration may be amended by an instrument signed by not less than fifty-one percent (51%) of the Lot Owners. Any amendment must be recorded.

Section 10.6 <u>Notices</u>. Notices provided for in these Restrictions shall be in writing and shall be addressed to the last known address of the Lot Owner in the files of the Sorrento Homeowners' Association. Notices shall be deemed delivered when mailed by United States First Class, Registered or Certified Mail addressed to the Lot Owner at such address or when delivered in person to such Owner.

Section 10.7 <u>Condemnation</u>. Upon receipt of notice of intention or notice of proceedings whereby all or any part of the Property is to be taken by any governmental body by exercise of the power of condemnation or eminent domain, all Owners and first mortgagees shall be immediately notified by the Association thereof. The Association shall represent to the Owners in any condemnation or eminent domain proceeding authority for acquisition of any part of the Common Area of the Property and every Owner appoints the Association his/her attorney-in-fact for this purpose. The entire award made as compensation for such taking of Common Area, including but not limited to any amount awarded as severance damages, or the entire amount received an paid in anticipation and settlement for such taking, after deducting therefrom, in each case, reasonable and necessary costs and expenses, including but not limited to attorneys' fees, appraisers' fees

and court costs (which net amount shall hereinafter be referred to as the "Award"), shall be paid to the Association as trustee for the use and benefit of any Owners and their first mortgagees as their interests may appear. The Association shall, as it is practicable, cause the Award to be utilized for the purposes of repairing and restoring the Property, including, if the Association deems it necessary or desirable, the replacement of any improvements so taken or conveyed.

In the event of any taking of any Lot in the Property by eminent domain, the Owner of such Lot shall be entitled to receive the award for such taking, and after acceptance thereof Lot Owner and all of Lot Owners' mortgagees shall be divested of all interest in the Property if such Owner shall vacate Lot Owners' Lot as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Property or take other action. The remaining portion of the Property shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking. In the event of a taking by eminent domain of more than one Lot at the same time, the Association shall participate in the negotiations and shall propose the method of division of the proceeds of condemnation where Lots are not valued separately by the condemning authority or by the court. The Association should give careful consideration of the allocation of Common Interests in the Common Area in determining how to divide lump sum proceeds of condemnation. In the event any Lot Owner disagrees with the proposed allocation, Lot Owner may have the matter submitted to arbitration under the rules of the American Arbitration Association.

Section 10.8 <u>Waiver; Remedies Cumulative</u>. No failure or delay on the part of any person in exercising any right, power or privilege hereunder and no course of dealing between or among the Persons subject hereto shall operate as a waiver of any provision hereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any person subject hereto would otherwise have. No notice to or demand upon any person in any case shall entitle such person to any other or further notice or demand in similar or other circumstances or constitute a waiver of rights to any other or further action in any circumstance.

Section 10.9 <u>Topical Heading</u>. The marginal or topical headings of the paragraphs contained in this Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs of this Declaration.

Amended & Restated CC&Rs ____ day of _____, 2025 Page 24/24

CERTIFICATION

SORRENTO HOMEOWNERS ASSOCIATION, INC.

BY:_____(Signature)

_____ (Print Name)

ITS: President

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this ___ day of _____, 2025, by _____, the President of Sorrento Homeowners Association, Inc., an Arizona non-profit corporation, on behalf of the non-profit corporation.

Notary Public: _____

My commission Expires: _____

SORRENTO HOMEOWNERS ASSOCIATION, INC.

BY:_____(Signature)

_____ (Print Name)

ITS: Secretary

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this ___ day of _____, 2025, by _____, the Secretary of Sorrento Homeowners Association, Inc., an Arizona non-profit corporation, on behalf of the non-profit corporation.

Notary Public: _____

My commission Expires: _____