OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
98-0894498 10/06/98 01:05
MESA2 1 OF 1

Return to:
Continental Villas
c/o Tri-City Property Management
760 S. Stapley #3
Mesa, AZ 85204

CONTINENTAL VILLAS ASSOCIATION
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by Continental Villas Association, hereinafter referred to as "Declarant".

WITNESSETH

WHEREAS, Declarant is the beneficial owner of certain property in the City of Scottsdale, County of Maricopa, State of Arizona,

CONTINENTAL VILLAS a subdivision of part of
the Southwest quarter section 12, Township 2 North,
Range 4 East, Gila and Salt River Base and Meridian,
Maricopa County, Arizona, as recorded in Book 121,
Page 35, official records Maricopa County, Arizona.

AND WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth:

NOW THEREFORE, Declarant hereby declares that all of the properties 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 the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on 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.

ARTICLE I

DEFINITIONS

Section 1."Association" shall mean and refer to Continental Villas Association, its successors and assigns.

Section 2."Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3."Common Area" shall mean and refer to that owned by the Association for the common use and enjoyment of the members of the Association.

Section 4."Lot" shall mean and refer to any plot of land shown upon and recorded subdivision map of the Properties with the exception of the Common Area.

Section 5."Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6."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 Properties, including contract sellers, but excluding

those having such interest merely as security for the performance of an obligation.

ARTICLE II
ANNEXATION OF ADDITIONAL PROPERTIES

Annexation of additional property shall require the assent of two-thirds (2/3) of the members of a quorum, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days or more than 60 days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled (not under suspension) to cast sixty percent (60%) of the votes of all the votes of the 212 unit membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. In the event that two-thirds (2/3) of the membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

ARTICLE III
MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No member shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE IV
VOTING RIGHTS

Members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE V
PROPERTY RIGHTS

Section 1. Members' Easement of Enjoyment. Every member shall have a right and easement of enjoyment in and to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) the right of the Association to limit the number of guests of members;

(b) the right of the Association to charge reasonable admission and other fees to Members for the use of any recreational facility situated upon Common Area. Said fees shall be set by the governing board and shall be used solely to maintain and refurbish those areas;

(c) the right of the Association, in accordance with its Articles and By-laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, and the rights of such mortgages in said properties shall be subordinate to the rights of the homeowners hereunder. Said rights shall be subject to approval by two-thirds (2/3) vote of the Members;

(d) the right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 30 days for any infraction of its published rules and regulations; and

(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 members entitled to cast two-thirds (2/3) of the votes, 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 30 days nor more than 60 days in advance.

Section 2. Delegation of Use. Any member may delegate, in accordance with the By-laws, 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.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any Lot owned within the Properties, hereby covenants, and by acceptance of a deed or other conveyance, 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 fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection there of, as hereinafter provided, 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 such interest, costs, and reasonable attorney's 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 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 for the purpose of promoting the

recreation, health, safety, and welfare of the residents in the Properties and in particular for the improvement and maintenance of the Properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, and of the homes situated upon the Properties.

Section 3. Basis and Maximum of Annual Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Two Hundred Seventy-Six Dollars (276.00) per Lot.

(a) From and after January 1of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership in conformance with the rise, if any, of the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for the preceding month of July.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above that established by the Consumer Price Index formula by a vote of the members for the next succeeding two years and at the end of each such period of two years, for each succeeding period of two years, provided that any such change shall have the assent of two-third (2/3) of the votes of the Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 30 days not more than 60 days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Article of Incorporation.

(c) After consideration of current maintenance costs and future needs of the Association, Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

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 or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all owner occupied Lots and may be collected on a monthly basis.

Section 6. Quorum for Any Action Authorized Under Section 3 and 4. At the first meeting called, as provided in Section 3and 4 hereof, the presence at the meeting of Members or of proxies entitled (not under suspension) to cast sixty percent (60%) or of all the votes of the 212 unit membership shall constitute a quorum. Has been Admended

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number if months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject

thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. The Board may make a reasonable charge for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment may be subject to monthly late charges and bear interest from the date of delinquency at the maximum rate allowed by law. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessments. 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/her 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 mortgage or mortgages. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or any proceeding in lieu of foreclose under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became 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 lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

(a) all properties dedicated to and accepted by a local public authority; (b) the Common Area; and (c) all properties owned by charitable or nonprofit organization exempt from taxation by the laws of the State of Arizona. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as part of the original construction of the homes upon the properties and placed on the dividing line between the Lots shall constitute 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 to 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, 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. Weatherproofing. Notwithstanding any other Provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right of 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 6. 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 VIII
ARCHITECTUAL CONTROL

No building or fence, wall or other structure shall be commenced, erected, painted or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing as to harmony of external design, color, and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by the architectural committee composed by three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE IX
EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for carports, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include roofs, glass surfaces, patios or planting areas within three feet of the front building.

In the event that the need for maintenance or repair is 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 a part of the assessment to which such lot is subject.

ARTICLE X

USE RESTRICITONS

Section 1. Said premises are hereby restricted to residential dwellings for residential use. All buildings or structures upon said premises shall be of new construction and no buildings or structures shall be moved from other locations onto said premises, and no subsequent building or structures other than townhouses, being residence units joined together by party walls, shall be built on any parcel where the builder therefore programmed and constructed a townhouse. No structures of a temporary character, trailer, basement tent garage barn or other out building shall be used on any portion of the premises at any time as a residence either temporarily or permanently.

Section 2. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot, except dogs, cats, or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purposes; and provided further that they do not endanger the health or unreasonably disturb the Owner of any townhouse or resident thereof.

Section 3. No advertising signs (except on not more than five square feet "FOR RENT" or "FOR SALE" sign per parcel), 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 unreasonably disturb the Owner of any townhouse or any resident thereof. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the premises.

Section 4. All clotheslines, equipment, garbage cans, service yards, wood piles, or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view or neighboring townhouses and

streets. All rubbish, trash or garbage shall regularly be removed from the premises, and shall not be allowed to accumulate thereon. All clotheslines shall be confined to patio areas.

Section 5. Except in the individual patio areas, no planting or gardening shall be done, and no fence, hedges or walls 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 representative.

Section 6. 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 7. Without prior written approval and the authorization of the Board of Directors, no exterior television or radio antennas of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon the premises, nor upon any structure situated upon said real property, other than an aerial for a master antenna system, should any such master system or systems be utilized and require any such exterior antenna.

Section 8. Carports shall be used exclusively for the storing of operable motor vehicles, motorcycles, motorbikes and bicycles. They shall not be used to store household items, tools, garbage cans, woodpiles, storage sheds, supplies or permanently disabled or unregistered vehicles. Further, no extensive vehicle repairs shall be performed which shall endanger or annoy other townhouse Owners or residents.

ARTICLE XI
EASEMENTS

There is hereby created a blanket easement upon, across, over and under the above described premises for ingress, egress, installation,

replacing, repairing and maintaining all utilities, including, but not limited to water, sewers, gas, telephone and electricity and a master television antenna system. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary poles and other equipment on said property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said townhouses. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said premises except as initially programmed and approved by the said builder or the Association's Board of Directors. This easement shall in no way affect any other recorded easements on said premises.

Each townhouse 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 it stands, shall and does exist. In the event the multi-family structure is partially or totally destroyed, and then rebuilt, the owners of townhouses agree that minor encroachments of parts of the adjacent townhouse units or common elements due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

This section does not relieve any contractors, the Association or their employees of liability due to damage they caused to the property.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by an 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 an 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 judgement or court order shall in no wise affect any other provision which shall remain in full force and effect.

Section 3. 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 period 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. The covenants and restrictions of this Declaration may be amended by an instrument signed by not less than 2/3 of the Lot Owners (142). Any amendment must be properly recorded.

These Covenants, Conditions & Restrictions as amended in 1981 were retyped and properly recorded in October 1998 for distribution to all homeowners. This document supercedes any previously recorded and/or distributed Covenants, Conditions & Restrictions of Continental Villas Association

IN WITNESS WHEREOF, the undersigned, being an office of the Corporation herein, has hereunto set its hand and seal this 1ST day of OCTOBER, 1998

Robert L. Bowers

Continental Villas Association.

By Robert Bowers

Vice President

STATE OF ARIZONA)

) ss.

County of Maricopa)

On this 1ST day of OCTOBER, 1998, before me, the undersigned Notary Public, personally appeared Robert Bowers who acknowledged himself to be the Vice-President of Continental Villas Association, and that he as such officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

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

Kathryn K. Ziker

Notary Public

MY COMMISSION EXPIRES:

KATHYRN K. ZIKER
Notary Public - Arizona
Maricopa County
My Comm. Expires May 29, 2000

STATE OF ARIZONA)

) ss.

County of Maricopa)

Hold
Jim BEARD

When Recorded Return To:

CARPENTER HAZLEWOOD, PLC
1400 East Southern Ave., Suite 640
Tempe, Arizona 85282

CERTIFICATE OF SECOND AMENDMENT TO CONTINENTAL VILLAS ASSOCIATION DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This CERTIFICATE OF SECOND AMENDMENT TO CONTIENTAL VILLAS ASSOCIATION DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Amendment") is made as of this 16 day of October, 2005, by Continental Villas Association, Inc., an Arizona nonprofit corporation ("the Association").

WITNESSETH

WHEREAS, on October 6, 1998 that certain Declaration of Covenants, Conditions and Restrictions for Continental Villas was recorded at 98-0894498 in the offices of the Maricopa County Recorder (the "Declaration"); and

WHEREAS, on June 23, 2003, that certain Certificate of First Amendment to Continental Villas Association Declaration of Covenants, Conditions and Restrictions was recorded at 2003-0811944 in the offices of the Maricopa County Recorder; and

WHEREAS, Pursuant to the terms of Article XII, Section 3 of the Declaration, the Declaration may be amended by an instrument signed by Owners representing not less than 2/3 of the Lot Owners (142); and

WHEREAS, This Amendment has been approved and signed by Owners representing not less than 2/3 of the Lot Owners (142); and

NOW, THEREFORE, the Declaration is hereby amended as follows:

Article X, is hereby amended to add Section 9 as follows:

> Section 9. Leasing Restrictions After the recording of this Amendment, no Units within the Association may be leased within the first three (3) years of ownership by an Owner to a Third Party. For purposes of this provision, "Third Party" shall be defined as any person who is not an Owner, as that term is defined in the Declaration, or an Owner's immediate relative(s) by blood or marriage.
>
> Notwithstanding the above, all Owners of Unit(s) as of the date of recording this Amendment (whether the Unit is Owner-occupied or otherwise) shall be excluded from the above restriction and may continue to freely lease Unit(s) unless and until a Unit is sold or otherwise transferred to another, at which time the above prohibition will apply.
>
> All leases, subleases or other tenancy arrangements shall in no event be for a period of time less than sixty (60) consecutive days.

Except as expressly amended by this Amendment, the Declaration and previous amendments thereto shall remain in full force and effect. In the event of any conflict or inconsistency between this Amendment and the Declaration, this Amendment shall prevail.

IN WITNESS WHEREOF, Continental Villas Association, Inc., an Arizona nonprofit corporation, has executed this Amendment as of the day and year first above written.

CONTINENTAL VILLAS ASSOCIATION, INC.
an Arizona nonprofit corporation

By: Nancy Hilton
Its: President

State of Arizona)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 16 day of October, 2005, by NANCY HILTON, the President of Continental Villas Association, Inc., an Arizona nonprofit corporation, for and on behalf of the corporation.

Kathy S Sheller
Notary Public

My Commission Expires: 7/19/07

KATHY S. SHELLER
Notary Public - Arizona
MARICOPA COUNTY
My Comm. Exp. 07-19-07

VICE PRESIDENT'S ATTESTATION

I, Christine Murphy, being the duly elected Vice President of Continental Villas Association, Inc., hereby attest and certify that the foregoing Amendment has been approved by not less than 2/3 (or 142) of the Lot Owners by signed instruments, which are attached hereto.

By: Christine Murphy
Vice President, Continental Villas Association, Inc.

State of Arizona)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 16 day of October, 2005, by Christine Murphy, the Vice President of Continental Villas Association, Inc., an Arizona nonprofit corporation, for an on behalf of the corporation.

Kathy S Sheller
Notary Public

My Commission Expires: 7/19/07

KATHY S. SHELLER
Notary Public - Arizona
MARICOPA COUNTY
My Comm. Exp. 07-19-07

RETURN TO
E-Z MESSENGER

When recorded return to:

Ekmark & Ekmark, L.L.C.
6720 N. Scottsdale Road, Suite 261
Scottsdale, Arizona 85253

CERTIFICATE OF FIRST AMENDMENT TO CONTINENTAL VILLAS ASSOCIATION DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Continental Villas Association ("Association") hereby amends the Continental Villas Association Declaration of Covenants, Conditions and Restrictions, recorded on October 6, 1998, at recording number 98-0894498, of the records of Maricopa County, Arizona Recorder ("Declaration"), along with any amendments that may exist thereto, as follows:

Article VI, Section 6 of the Declaration is hereby amended in its entirety as follows:

"Section 6. Quorum for Any Action Authorized Under Section 3 and 4. At the first meeting called, as provided in Sections 3 and 4 hereof, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 4, and the required quorum at any such subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting."

The President of the Association hereby certifies that this amendment has been approved by not less than two-thirds (2/3) (or 142) of the Lot Owners by a signed instrument.

DATED this 20 day of JUNE, 2003.

Continental Villas Association

By: Robert J. Levin

Its: VICE-PRESIDENT

CONTINENTAL VILLAS ASSOCIATION
ACTION BY THE BOARD OF DIRECTORS

JANUARY 16TH, 2003

Pursuant to the authority contained in the Arizona Revised Statutes, the Board of Directors of the Continental Villas Association hereby adopts the following resolution at the meeting of the Board of Directors, convened on this date, for and as the actions of the Continental Villas homeowners, as of the date set forth above:

RESOLVED, to adopt the following.

The Board of Directors may adopt fine schedule and policy for violations of the CC&R's and Rules and regulations as from time to time for the Continental Villas Association

DATED as of the 16th day of January 2003.

Violations will be cumulative for the fiscal year. Beginning January 1.

1. Reminder/warning letter giving 10 days to comply.
2. Second warning letter giving 10 days to comply.
3. Third letter stating possible fine and amount $(25), giving notice to owner that they have a right to a hearing and must contact manager for date and time.
4. Fourth and subsequent letters stating fine amounts for continuing violations $(50) and total fines that can be assessed.
5. Upon board approval, legal action. Demand letter from attorney.
6. Homeowners will be notified by mail of all violations. All cost incurred will be for processing and collection of fines will be billed to Homeowner
7. The homeowners have the right to a hearing before the Board where decisions of the Board are final.
8. Board will direct Management Company as to waiving or assessing fines at each hearing or board meeting date for all pending fines.

I hereby certify that the above resolution(s) were duly adopted at a meeting of the ~~ABC~~ Continental Villas Homeowners association Board of Directors on the above date.

Continental Villas Association Secretary

The undersigned officer hereby certifies that the Secretary of the Continental Villas Association has signed the foregoing instrument.

Attest:

Continental Villas Association Vice President or Continental Villas Association President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 20TH day of JUNE, 2003, before me the undersigned Notary Public, personally appeared _____ who acknowledged to me that _he is the President of the Association and that _he executed the foregoing agreement on behalf of the Association for the purposes expressed therein.

Notary Public

GEORGE HASBUN
Notary Public - Arizona
Maricopa County
My Comm. Expires Dec 5, 2006

My Commission expires:

\\Ekmarksrv\Ekmark\HOA\Continental Villas\General Counsel\Amendment to CC&Rs re quorum requirement\Documents\Certificate of amendment 6-7-03.wpd