

N. Butzbach

N. BUTZBACH, FILED

17 MAR -3 AM 10:39

1 R. L. Whitmer
2 6333 N. Scottsdale Rd.
3 Casita 21
4 Scottsdale, Arizona 85250
5 602.531.2615

6 Pro Per

7
8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
9 **IN AND FOR THE COUNTY OF MARICOPA**

10 R. L. WHITMER,

11 Plaintiff.

12 v.

13 HILTON CASITAS HOMEOWNERS
14 ASSOCIATION, also known as
15 HILTON CASITAS COUNCIL OF
16 HOMEOWNERS, also known as
17 COUNCIL OF CO-OWNERS, also
18 known as HILTON CASITAS
19 COUNCIL OF CO-OWNERS; and
20 MICHAEL BENGSON, President of
21 the named Respondent;

22 Defendants.

CV2016-055080

AMENDED AND RESTATED
EXHIBITS FOR
EVIDENTIARY HEARING

(Assigned to the
Hon. Aimee L. Anderson)

EXHIBIT LIST FOR CV2016-055080

Exhibit No.	Identified By	Description	Stipulated in Evidence/ Objection
1	Plaintiff	The Declaration of Horizontal Property Regime for Hilton Casitas	
2	Plaintiff	Administrative Law Judge Decision No. 14F-H1415004-BFS	
3	Plaintiff	August 22, 2016 Hilton Casitas Board Email	
4	Plaintiff	2006 Safeguard Security Agreement	
5	Plaintiff	2016 Board Meeting Notices and Agendas	

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

6	Plaintiff	Hilton Casitas' Financial Worksheets from 6/2016 to 1/2007	
7	Plaintiff	February 20, 2017 Potocki Email with 2016 Financial Worksheet	
8	Plaintiff	2016 Billing Records for Legal Services from Robert Anderson	
9	Plaintiff	2016 Annual Budget for Hilton Casitas with Plaintiff's handwritten analysis	
10	Plaintiff	Emailed February 16, 2016 Board Meeting Notice & Agenda	
11	Plaintiff	January 5, 2017 M. Bengson Email to R. L. Whitmer	
12	Plaintiff	Minutes/notes of the February 16, 2016 board meeting	
13	Plaintiff	March 24, 2016 Potocki Email for March 31, 2016 Annual Meeting	
14	Plaintiff	March 24, 2016 Notice of Annual Meeting	
15	Plaintiff	March 24, 2016 Annual Meeting Agenda	
16	Plaintiff	Declaration of R. L. Whitmer	
17	Plaintiff	Declaration of Colleen London	
18	Plaintiff	Declaration of Zadok Eli	
19	Plaintiff	Declaration of Tim Shaffer	
20	Plaintiff	Declaration of Don Levin	
21	Plaintiff	2015 Annual Budget for Hilton Casitas with Plaintiff's handwritten analysis	
22	Plaintiff	Robert Anderson Billing Records - Oct. 22, 2014 to Dec. 31, 2014	
23	Plaintiff	2015 Annual Meeting Minutes	
24	Plaintiff	Robert Anderson Billing Record – March 20, 2015, page two	
25	Plaintiff	Hilton Casitas Council of Co-Owners Bylaws	
26	Plaintiff	2016 Annual Meeting Minutes	
27	Plaintiff	2015 Annual Meeting Assessment Ballot	

1	28	Plaintiff	Attorney Mark Bainbridge October 21, 2014 Resignation Letter	
2	29	Plaintiff	February 17, 2015 Bengson email to casita owners	
3	30	Plaintiff	ARS §33-551 et seq	
4	31	Plaintiff	2017 Maricopa County Parcel 174-15-022 Summary	
5	32	Plaintiff	December 2016 Larry Roberson Letter to Casita Owners	
6	33	Plaintiff	February 23, 2017 Annual Meeting Notice Letter and enclosures	

Dated this 3rd day of March, 2017.


R. L. Whitmer

ORIGINAL filed this
3rd day of March, 2017, with the
Clerk of the Court;
and a COPY mailed this same date to:

Augustus Shaw
Nicole Payne
Shaw & Lines Law Firm
4523 E. Broadway Rd.
Phoenix, AZ 85040
Attorneys for the Defendants

Plaintiff's Exhibit 1

When recorded return to :
Paul Wentworth
Snell & Wilmer
400 Security Building
Phoenix, Arizona

DET 9448 PAGE 790

02-R MISC.
129439

149
50

DECLARATION OF HORIZONTAL PROPERTY REGIME

for

HILTON CASITAS

* * *

STATE OF ARIZONA)
County of Maricopa } ss

I hereby certify that the with-
in instrument was filed and re-
corded at request of

INTRANSAMERICA TITLE INSURANCE COMPANY

MAY 22 1972 - 10 10

In Book 9448

on Page 790-846

Witness my hand and official
seal the day and year aforesaid.

Paul M. Winston

County Recorder

By [Signature]
Deputy Recorder

79

	<u>Page</u>
ARTICLE V. ARCHITECTURAL CONTROL. -----	13
Section 5.1 Submission of Plans for Construction -----	13
Section 5.2 Installations, Alterations, Additions, Replacements and Maintenance -----	15
ARTICLE VI. COUNCIL OF CO-OWNERS. -----	15
Section 6.1 Function -----	15
Section 6.2 Membership -----	16
Section 6.3 Additional Provisions -----	16
Section 6.4 Voting -----	16
Section 6.5 Suspension of Voting Rights -----	17
Section 6.6 Council's Rights and Powers as Set Forth in Bylaws -----	17
Section 6.7 Council's and Corporation's Rights of Enforcement -----	18
Section 6.8 Operation and Maintenance of the General Common Elements -----	18
Section 6.9 Construction of Additional General Common Elements -----	19
Section 6.10 Surety Bond -----	19
ARTICLE VII. INSURANCE. -----	20
Section 7.1 Duty to Purchase -----	20
Section 7.2 Premiums -----	21
ARTICLE VIII. COMMON EXPENSES. -----	22
Section 8.1 Personal Obligation -----	22
Section 8.2 Establishment and Basis of Common Expenses-----	22
Section 8.3 Insurance Premiums and Expenses -----	24
Section 8.4 Refund Obligation -----	25
Section 8.5 Waiver of Use -----	25
ARTICLE IX. COMMON EXPENSES CONSTITUTE LIEN. -----	25
Section 9.1 Creation of Lien -----	25
Section 9.2 Enforcement of Payment of Common Expenses--	26
ARTICLE X. LIABILITY FOR ASSESSMENTS AND COMMON EXPENSES AFTER CONVEYANCE. -----	27
Section 10.1 Voluntary Conveyance -----	27
Section 10.2 Foreclosure -----	28

	<u>Page</u>
ARTICLE XI. COMPLIANCE WITH DECLARATION, BYLAWS AND DECISIONS. -----	28
Section 11.1 Compliance -----	28
Section 11.2 Maintenance of Legal Action -----	29
Section 11.3 Expenses of Enforcement -----	29
ARTICLE XII. PROPERTY RIGHTS. -----	30
Section 12.1 Owners' Easements of Enjoyment -----	30
Section 12.2 Delegation of Use -----	31
ARTICLE XIII. USE RESTRICTIONS. -----	32
Section 13.1 Residential Use -----	32
Section 13.2 Construction -----	32
Section 13.3 Temporary Structures -----	32
Section 13.4 Business or Offensive Activities -----	32
Section 13.5 Animals; Pets -----	33
Section 13.6 Trash; Unsightly Items -----	33
Section 13.7 Trucks, Boats, Cycles, Campers -----	34
Section 13.8 Signs -----	34
Section 13.9 Antennas -----	35
Section 13.10 Renting -----	35
Section 13.11 Other Unlawful Use -----	35
Section 13.12 Rebuilding or Restoration -----	35
ARTICLE XIV. PARTITION. -----	36
Section 14.1 Partition Disallowed -----	36
ARTICLE XV. RESTRAINT UPON ASSIGNMENT OF SHARES IN ASSETS--	36
Section 15.1 Separate Assignment Prohibited -----	36
ARTICLE XVI. CONVEYANCES SUBJECT TO A RIGHT OF FIRST REFUSAL. -----	36
Section 16.1 Corporation's and Council's Rights -----	36
Section 16.2 Mortgages Not Affected by Right of First Refusal -----	36
ARTICLE XVII. MANAGER. -----	37
Section 17.1 Employment -----	37

	<u>Page</u>
ARTICLE XVIII. SUBSTITUTION OF CORPORATION IN PLACE OF COUNCIL.	38
Section 18.1 Procedure	38
ARTICLE XIX. LIABILITY OF THE CORPORATION.	39
Section 19.1 Limitation on Liability	39
ARTICLE XX. PARTY WALLS.	40
Section 20.1 Controlling Law; Definitions	40
Section 20.2 Damage by One of the Adjoining Owners	41
Section 20.3 Damage by Some Other Cause	41
Section 20.4 Alterations	41
Section 20.5 Arbitration	42
Section 20.6 Council's Rights	42
Section 20.7 Private Agreements	42
ARTICLE XXI. TAXES AND UTILITY CHARGES.	43
Section 21.1 Responsibility of Owners	43
ARTICLE XXII. RESTORATION OF OWNER'S UNIT.	43
Section 22.1 Individual Assessment	43
Section 22.2 Notice	44
ARTICLE XXIII. GENERAL PROVISIONS.	45
Section 23.1 Binding Effect; Term	45
Section 23.2 References to Declaration	45
Section 23.3 Amendment or Termination	46
Section 23.4 Default Under Ground Lease	47
Section 23.5 Financing	47
Section 23.6 Waiver or Abandonment	49
Section 23.7 Severability	49
Section 23.8 Construction	49
Section 23.9 Rules and Regulations	50
Section 23.10 Mergers	50
Section 23.11 Corporation's Exclusive Rights	50
Section 23.12 Change of Circumstances	51
Section 23.13 Gender and Number	51
Section 23.14 Captions and Titles	51
Signature Page	51

DECLARATION OF HORIZONTAL PROPERTY REGIME
for
HILTON CASITAS

THIS DECLARATION OF HORIZONTAL PROPERTY REGIME for
HILTON CASITAS is made as of the 18th day of March,
1972 by N. J. SMALL and HAZEL M. SMALL, husband and wife, and
LINCSCOTT HOTEL CORPORATION, an Arizona corporation.

W I T N E S S E T H :

Recitals:

W. J. SMALL and HAZEL M. SMALL, husband and wife
("Smalls"), as fee owners, leased approximately 20 acres of
land (the "20 acres") to LINCSCOTT HOTEL CORPORATION, an
Arizona corporation (the "Corporation"), pursuant to that
certain Lease (the "Ground Lease") dated April 10, 1970, a
memorandum of which was recorded on June 19, 1970 in Docket
8186, pages 741 to 743 inclusive, as amended by Amendment to
Lease Agreement dated December 22, 1970, and recorded on
December 23, 1970 in Docket 8454, pages 705 to 708 inclusive,
records of Maricopa County, Arizona.

The Ground Lease provides that all or portions of
the 20 acres may be subjected to a horizontal property regime
(a condominium arrangement) under Arizona Revised Statutes,

§§ 33-551 through 33-561 (hereinafter called the "Horizontal Property Regime Act"), and the Corporation desires to develop and sell condominiums ("Casitas") on approximately 8 of the 20 acres leased to it (said 8 acres hereinafter being referred to as the "Property"). The Corporation subsequently also may desire to subject some additional lands to such horizontal property regime.

Accordingly, the Smalls and the Corporation desire to submit the Property, which is situated in Maricopa County, Arizona and is more specifically described as follows:

Hilton Casitas, according to the Plat thereof recorded in Book 149 of Maps, page 50, records of Maricopa County, Arizona

to a horizontal property regime and to certain easements, assessments, liens, covenants, conditions and restrictions (such easements, assessments, liens, covenants, conditions and restrictions hereinafter collectively being referred to as "Restrictions"), all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property.

Covenants:

NOW, THEREFORE, the Smalls and the Corporation hereby submit and subject the Property to a horizontal property regime pursuant to the Horizontal Property Regime Act, and in furtherance thereof make and declare the following Restrictions, and hereby declare and agree that the Property

is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to said Restrictions, which Restrictions shall constitute covenants and conditions running with the land and shall be binding upon and inure to the benefit of all persons having or acquiring any interest in and to the Property, and their respective heirs, executors, administrators, successors and assigns.

ARTICLE I

DEFINITIONS

Section 1.1. "Building" shall mean and include all of the buildings erected or to be erected on the Property.

Section 1.2. "Casita" shall mean the entire estate in the Property held by an Owner, including the subleasehold estate of the space within which the Unit is or will be located (as shown on the Plat of Hilton Casitas and the Profile Elevation Schedule thereon), the Unit constructed or to be constructed within that space, the exclusive right to use and occupy the numbered tract (as shown on the Plat) on which the Unit is constructed, and an undivided fractional interest in the General Common Elements as provided in this Declaration.

Section 1.3. "Common Elements" shall mean the General and Limited Common Elements as defined in this Declaration.

Section 1.4. "Council" shall mean the Council of Co-owners as defined in the Horizontal Property Regime Act, and consists of all of the Owners of the Casitas.

Section 1.5. "Declaration" shall mean this Declaration of Horizontal Property Regime, and any and all amendments hereof or supplements hereto.

Section 1.6. "General Common Elements" shall consist of (a) Tracts 1 to 29 inclusive as shown on the Plat of Hilton Casitas, (b) the concrete foundations and concrete slabs of the Building and patio slabs situated on Tracts 1 to 29 inclusive, and (c) Tracts A through G, including any and all private roadways, guard house, walls, landscaped areas and other amenities located thereon. However, each Owner of a Unit shall have an easement for the exclusive use of the numbered tract on which his Unit is located.

Section 1.7. "Limited Common Elements" consist of the block work and partitions separating Units.

Section 1.8. "Owner" shall mean the record owner of a Casita. Except as otherwise indicated in this Declaration, the term "Owner" shall include the Corporation in its capacity as the owner of an unsold Casita (i.e., the owner of an unsold Unit located in a space which has not been subleased, together with a fractional interest in the General Common Elements).

An Owner does not include a person or entity who holds an interest in a Casita merely as security for the performance of an obligation.

Section 1.9. "Property" shall mean "property" as defined in the Horizontal Property Regime Act, and initially includes:

Hilton Casitas, according to the Plat thereof recorded in Book 149 of Maps, Page 50, records of Maricopa County, Arizona, and all improvements and structures now or hereafter situated thereon.

From and after the addition of each new parcel of land subjected to the Restrictions of this Declaration pursuant to Article II hereof, the term "Property" also shall include each such new parcel of land and the improvements and structures thereon.

Section 1.10. "Unit" shall mean "apartment" as defined in the Horizontal Property Regime Act, and shall consist of an entire dwelling unit situated on a numbered tract within the space subleased or to be subleased by the Corporation to an Owner. A Unit includes the exterior walls and roof, but excludes the concrete foundation, concrete slab and patio slab, and excludes any block wall or partition separating it from an adjoining Unit. Each space within which each Unit is located is more particularly shown on the Plat of Hilton Casitas and the Profile Elevation Schedule thereon.

ARTICLE II

ANNEXATION

Section 2.1. Corporation's Right to Annex New Lands: The Corporation, in its sole discretion and at its election, shall have the exclusive right to extend from time to time, in the manner set forth in Section 2.2, the area of the Property subjected to this Declaration. Any and all new lands annexed and added to the Property, and the Owners thereof, shall be subject to and bound by the Restrictions in this Declaration. The lands annexed to the Property may be anywhere within the following described area situated in Maricopa County, Arizona:

The northerly 1353.80 feet of the West half of the Southwest Quarter of Section 11, T2N, R4E, G&SRB&N, EXCEPT the northerly 678.64 feet thereof (which area consists of approximately 20 acres south of the Property).

Section 2.2. Procedure for Annexing New Lands: The procedure for annexing new lands to the Property shall be as follows: The Corporation shall give written notice to the Council of such election to annex new lands and shall record in the office of the County Recorder of Maricopa County, Arizona, a supplement to this Declaration (hereinafter called "Supplemental Declaration") signed by the Corporation (and signed by any other persons whose signatures may be required by law); the Supplemental Declaration

shall (i) describe the new land being annexed to and made part of the Property, (ii) state that such land and the improvements and structures thereon, and the owners and others having an interest in such land, shall be subject to and bound by all of the Restrictions in this Declaration, and (iii) set forth the necessary adjustments in fractional interest of ownership of the General Common Elements appurtenant to each of the Units within the Property (i.e., including both the newly added Units and the previously covered Units). Upon recordation by the Corporation of such Supplemental Declaration, the annexation of such additional land to the Property shall be automatically effective.

ARTICLE III

THE PROPERTY

Section 3.1. Number of Units. At the time of recordation of this Declaration the Property consists solely of Hilton Casitas, according to the Plat thereof in Book 149 of Maps, page 50, including the twenty-nine (29) Units to be located thereon. (It is understood that the Property and total number of Units may be increased in accordance with the Corporation's right to annex additional lands as set forth in Article II). Units are more specifically

described in Section 3.4 hereof, and are located in the spaces set forth on the Plat of Hilton Casitas and the Profile Elevation Schedule thereon.

Section 3.2. Location: The location of the Building (and each of the individual buildings which in the aggregate comprise the Building) and Units and the description of the land utilized for each of them is set forth on the recorded Plat.

Section 3.3. Cubic Content Space of Building: The cubic content space of the Building shall consist of and be measured by the entire space between the following boundaries:

Horizontal Boundaries

The upper boundary shall be the plane of the top elevations of each of the individual buildings as shown on the Profile Elevation Schedule, and the lower boundary shall be the top of the concrete slab of each of the individual buildings as shown on the Plat and Profile Elevation Schedule.

Vertical Boundaries

The vertical boundaries shall be the exterior of the outside walls of each of the individual buildings, as shown on the Plat and Profile Elevation Schedule.

Section 3.4. Cubic Content Space of Unit: The cubic content space of each Unit located within the Building shall consist of and be measured by the entire space between the following boundaries:

Horizontal Boundaries

The upper boundary shall be the plane of the top elevation of the individual building in which the Unit is located, as shown on the Profile Elevation Schedule, and the lower boundary shall be the top of the concrete slab of the individual building as shown on the Plat and Profile Elevation Schedule.

Vertical Boundaries

The vertical boundaries shall be the exterior of the outside walls, and the interior surface of any walls separating Units in an individual building, the lines of which are shown on the Plat and Profile Elevation Schedule.

Section 3.5. General Common Elements: The General Common Elements consist of Tracts 1 to 29 inclusive, the concrete foundation and concrete slab of the Building and patio slabs, and Tracts A through G and the improvements, landscaping and other amenities located on Tracts A through G.

Section 3.6. Fractional Ownership: (a) The fractional interest which each Unit bears to the Property, subject to the provisions set forth in Article II regarding the annexation of additional land, is one twenty-ninth (1/29). The sum of all such fractional interests in the Property is one. (b) The fractional interest in any Limited Common Elements (as defined in Sections 1.7 and 20.1) shall be an undivided one-half with respect to each of the adjoining Units.

Section 3.7. Ownership of Common Elements: Each Owner of a Unit shall have a subleasehold of the space in which the Unit is situated, together with an undivided subleasehold interest in and to the General Common Elements in the Property in the fractional proportion specified in Section 3.6, subject to the adjustments contemplated in Article II.

ARTICLE IV

EASEMENTS

Section 4.1. In Favor of Individual Owners: There is hereby reserved and created an easement in favor of each Casita Owner upon, across, over and under the numbered tract (which is part of the General Common Elements) on which each such Owner's Unit is situated for such Owner's exclusive use and occupancy of said numbered tract. It is further declared and agreed that any improvements, structures, landscaping or other items (except those defined as General Common Elements in Section 3.5)

constructed, erected or placed upon, across, over or under each such numbered tract shall be deemed to be owned solely by the Owner of the Unit on such tract, and no other Owner shall have any right, title or interest therein.

Section 4.2. In Favor of the Corporation, Its Agents, Contractors and Employees: There is hereby reserved and created a blanket easement in favor of the Corporation, its agents, contractors and employees, upon, across, over and under all of the Property for all reasonable acts necessary to be undertaken by the Corporation, its agents, contractors and employees in constructing the Units and other improvements on the Property.

Section 4.3. In Favor of Public Utilities and the Council, Its Agents, Contractors and Employees: There is hereby reserved and created a blanket easement in favor of public utilities and the Council, its agents, contractors and employees, upon, across, over and under all of the General Common Elements within the Property, for ingress, egress, installation, replacing, repairing and maintaining (1) all utilities, including but not limited to water, gas, telephones and electricity, (2) all sewer facilities, (3) a master television antenna system, (4) any air conditioning and heating conduits, lines and ducts (except the numbered tracts and improvements thereon), and (5) all other facilities, equipment and structures which are located on such General Common Elements (except the numbered tracts and improvements

thereon) for the general use and benefit of the Owners. By virtue of this easement, it shall be expressly permissible for the utility companies or any other entities furnishing any of the aforesaid services to erect and maintain the necessary poles, lines, conduits and ducts and other necessary equipment on such General Common Elements and to affix and maintain the same on, above, across and under such General Common Elements, whether the same are now or hereafter erected and existing, including replacements thereof. The foregoing easement is not intended to permit the interference with the Owner's use and enjoyment of any numbered tract or the Unit or other improvements thereon. Notwithstanding anything to the contrary in this Section 4.3, all such installations, alterations, additions, replacements and maintenance in, upon, under or over such General Common Elements shall be subject to the provisions of Article V. This easement shall in no way affect any other recorded easements on the Property.

Section 4.4. Encroachments: Each numbered tract and the Unit thereon, and the General Common Elements shall be subject to an easement for encroachments (in favor of adjacent Owners or the Council, whichever is appropriate) created by construction, fireplaces and chimneys, exterior decorative

walls and structures, settling and overhangs and the like, as designed, constructed or permitted by the Corporation. An easement in favor of the same persons (and including the agents, contractors or employees of the Council, when the easement is in favor of the Council) exists for purposes of repair and maintenance of any such encroaching construction. In the event any Unit or other structure is partially or totally destroyed, and then rebuilt, minor encroachments due to construction (as described above) shall be permitted, and a valid easement in favor of the Owners or the Council, its agents, contractors and employees for said encroachments, and the repair and maintenance of such encroaching construction, shall exist.

ARTICLE V

ARCHITECTURAL CONTROL

Section 5.1. Submission of Plans for Construction: Except as hereinbelow set forth, no building, Unit, fence, wall, antenna, tower or structure of any kind or character shall be commenced, erected, placed or maintained on the Property unless and until plans and specifications (including but not limited to grading and landscape plans) showing the location kind, material, approximate cost, area, height, color, shape and design thereof first shall have been submitted to and approved by the Corporation, and a copy thereof as finally

approved is lodged permanently with the Corporation. Failure of the Corporation to reject in writing said plans and specifications within thirty (30) days from the date the same were submitted shall constitute approval of said plans and specifications, provided the building, Unit or other structure to be built or placed on the Property shall be governed by all of the Restrictions in the Declaration and that each such building, Unit or other structure shall be in harmony with existing buildings, Units and structures within the Property. The Corporation shall have the right to deny or refuse approval of any plans or specifications which, in its opinion, are not suitable or desirable for aesthetic or any other reasons. In this regard the Corporation shall have the right to take into consideration all matters mentioned above (i.e., location, kind, material, etc.), as well as the effect any proposed building, Unit or structure may have upon the site where it is proposed to be constructed or placed, and the suitability of the same with respect to the surrounding area and the effect thereof (including but not limited to harmony of external design and location) upon adjacent areas and Casitas as a whole. The restrictions and conditions set forth in this Section shall not be applicable to the Corporation or to any original construction or landscaping undertaken by the Corporation within the Property. The restrictions and conditions set forth in

this Section 5.1 shall be applicable to the Council and to all Casita Owners.

Section 5.2. Installations, Alterations, Additions, Replacements and Maintenance: All exterior additions, changes, alterations or redecorations (including but not limited to painting of exterior surfaces and all such activities by utility companies or any other entities furnishing services to the Property) of any building, Unit, fence, wall, landscaping, antenna, tower or structure of any kind or character on the Property shall be subject to the prior approval of the Corporation under the same conditions set forth in Section 5.1 above.

ARTICLE VI

COUNCIL OF CO-OWNERS

Section 6.1. Function: Unless otherwise specifically provided in this Declaration, the function of the Council shall be limited to the maintenance, repair, management, operation and administration of the General Common Elements pursuant to the provisions of this Declaration. For the purposes of this Article VI, and particularly but not necessarily limited to Section 6.8 hereof, the term "General Common Elements" shall include only Tracts A through G and the improvements, landscaping and other amenities thereon, and the front yards of

Tracts 1 through 29 (any side and rear yards and the concrete foundations, building slabs and patio slabs on the numbered tracts are excluded).

Section 6.2. Membership: Membership in the Council shall consist of all the Casita Owners. The Corporation shall be deemed the Owner of each Casita until each such Casita is sold (i.e., the Unit is sold and the space occupied by such Unit is subleased). Any person, upon acquiring and recording a Sublease, and Deed for the Unit, and/or other instrument-establishing title to a Casita, shall be the Owner of such Casita and shall automatically become a member of the Council and shall remain a member thereof until such time as his ownership of such Casita ceases for any reason, at which time his membership in the Council shall automatically cease.

Section 6.3. Additional Provisions: Membership in the Council shall be subject to all of the provisions of this Declaration and the Council's Bylaws, as the same may be amended from time to time.

Section 6.4. Voting: Each Owner of a Casita shall have one vote. In the event any Casita is owned by two or more persons, whether by joint tenancy, tenancy in common, community property, or otherwise, the membership as to such Casita shall be

joint and a single membership for such Casita shall be in the names of all, and they shall designate to the Council, in writing, one of their number who shall hold the membership and have the power to vote said membership, and, in the absence of such designation and until such designation is made, the Board at any time, or from time to time, shall make such designation.

Section 6.5. Suspension of Voting Rights: In the event any Owner shall be in arrears in the payment of any amount due under any of the provisions in this Declaration or any amount legally imposed by the Council upon the Owners for a period of fifteen (15) days, or shall be in default in the performance of any of the terms of this Declaration for a period of fifteen (15) days, said Owner's right to vote as a member of the Council shall be suspended and shall remain suspended until all payments are brought current and all defaults cured.

Section 6.6. Council's Rights and Powers as Set Forth in Bylaws: In addition to the rights and powers of the Council set forth in this Declaration, the Council shall have such rights and powers as are set forth in its Bylaws and any Articles of Incorporation which may be adopted. Such rights and powers may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law,

provided such Bylaws (and/or Articles) are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. A copy of the Bylaws of the Council (and Articles of Incorporation, if the Council is incorporated) shall be available for inspection at the office of the Council during reasonable business hours.

Section 6.7. Council's and Corporation's Rights of Enforcement: The Council (as the agent and representative of the Casita Owners) and the Corporation, or either of them, shall have the right to enforce the Restrictions set forth in this Declaration.

Section 6.8. Operation and Maintenance of the General Common Elements: Operation and maintenance, including but not limited to repair, replacement, and restoration of the General Common Elements, and any additions and alterations thereto, shall be the responsibility and expense of the Council, and shall be in accordance with the provisions of the Horizontal Property Regime Act, this Declaration and the Articles of Incorporation (if any), Bylaws, and rules and regulations of the Council. Specifically, but without limitation, the Council or its agents shall:

(1) Keep all General Common Elements within the Property in a neat, clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to the Property or the use thereof.

(2) Restore, rebuild and repair the General Common Elements and all defects therein, and preserve and maintain said General Common Elements in good and attractive condition.

(3) Provide for the installation and maintenance of a security system or systems, in a form approved and desired by the Council, which system may (but need not) include a gate to the Property and/or a guardhouse.

Section 6.9. Construction of Additional General Common Elements: Upon the affirmative vote of 75% or more of the Owners, the Council may erect and construct on the General Common Elements of the Property, subject to the architectural control provisions of Article V hereof, such additional buildings and structures as are desired and contemplated by the Council.

Section 6.10. Surety Bond: Before commencing or permitting any rebuilding, restoration or repairs of existing General

Common Elements, and before commencing or permitting the construction of new General Common Elements, the Council shall obtain and deposit with the Corporation herein a bond or certificate thereof naming as obligees the Corporation and collectively all other Casita Owners as their interests may appear, in a sum equal to 100% of the estimated cost of such construction and with a corporate surety authorized to do business in Arizona, guaranteeing completion of such construction free and clear of all mechanics' and materialmen's liens, or, at the discretion of the Corporation, provide for other guaranteeing arrangements mutually satisfactory to the Corporation and the Council.

ARTICLE VII

INSURANCE

Section 7.1. Duty to Purchase: Except as otherwise may be required or permitted by the Corporation, the Council shall purchase all insurance policies upon or with respect to the Property and/or the Casitas for the benefit of the Corporation, the Casita Owners and their respective mortgagees, as their respective interests may appear, such insurance policies to include, without limitation, the following coverage:

(1) Casualty. All structures and improvements upon the Property, including but not limited

to the Units, shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Council with the approval and concurrence of the insurer or insurers. Such coverage shall afford protection against (i) loss or damage by fire and other hazards covered by a standard form of extended coverage endorsement and (ii) such other risks as from time to time shall be customarily covered with respect to buildings and properties similar in construction, location and use as those on the Property, including, but without limitation, vandalism and malicious mischief coverages.

(2) Public Liability. Public liability and property damage in such amounts and with such coverages as shall be determined by the Council.

(3) Workmen's Compensation. Such workmen's compensation insurance as may be necessary.

(4) Other Insurance. Such other insurance as the Council shall from time to time determine to be desirable.

Section 7.2. Premiums: Premiums on all insurance policies purchased by the Council shall be paid in accordance with

the provisions set forth in Section 8.3 herein. Any Casita Owner may obtain, at his own expense, such additional insurance coverage as he may deem necessary or appropriate.

ARTICLE VIII

COMMON EXPENSES

Section 8.1. Personal Obligation: All charges, costs and expenses whatsoever incurred by the Council for or in connection with the administration of the Property, including but not limited to operation of the Property and maintenance, repair, replacement and restoration of the General Common Elements, any additions and alterations thereto, all labor, services, materials, supplies and equipment therefor, and all liability whatsoever for loss or damage arising out of or in connection with the General Common Elements or any accident or fire on the General Common Elements or any nuisance thereon shall constitute common expenses of the Property. The Casita Owners shall be personally and severally liable for their respective proportionate shares (as determined in accordance with Section 3.6 hereof) of the common expenses.

Section 8.2. Establishment and Basis of Common Expenses:
The Owner of each Casita, for himself, his heirs, executors,

administrators, successors and assigns covenants and agrees that each Casita shall be subject to an annual assessment in an amount to be determined by the Council, which shall be such Casita's pro rata share (as determined in Section 3.6 hereof) of the following aggregate costs:

(1) The actual cost to the Council of all taxes, insurance, repairs, maintenance, management and related charges and expenses necessary to carry out the purposes of the Council as set forth in this Declaration, the Bylaws, and any Articles of Incorporation.

(2) Such sum as the Council shall determine to be fair and prudent for the establishment and maintenance of a reserve for repair, maintenance, taxes, insurance, management and administrative costs and other charges as specified herein.

(3) The actual cost to the Council of all expenses and related charges necessary to carry out any construction of additional buildings and structures pursuant to Section 6.9 herein.

The pro rata share of the annual common expenses chargeable to each Casita shall be collected by the Council at monthly, semi-annual or such other regular intervals (but not less than once a year) as may be fixed by the Council.

Section 8.3. Insurance Premiums and Expenses:

(a) Except only as provided in Section 8.3(b) herein, all charges, costs and expenses whatsoever incurred by the Council for or in connection with the purchase of all insurance policies provided for in Section 7.1 herein shall constitute common expenses of the Property (as provided in Section 8.1 herein) to be collected by the Council from each Casa Owner in the manner provided for in Section 8.2 herein.

(b) Notwithstanding any other provision in this Declaration, the Council shall have the authority to allocate such expenses attributable to the cost of insurance among the Owners on such other basis that the Council determines will result in fair and equitable treatment of the Owners. Any such allocation of insurance costs (which allocation may be unequal among the Owners) shall be computed solely by the Council, and the Council may rely upon the insurable values established by the insurer in making its determination for equitable allocation among all the Owners.

(c) If the Council shall be unable to make a determination as contemplated in Section 8.3(b)

herein, then the expenses attributable to the cost of insurance shall be allocated by the Council among the Owners in the manner provided in Section 8.2 herein.

Section 8.4. Refund Obligation: The Council shall not be obligated to spend in any year all the assessments received by it in such year, and may carry forward as surplus any balances remaining. Nor shall the Council be obligated to apply any such surpluses to the reduction of the amount of the annual assessment in the succeeding year, but may carry forward from year to year such surplus as the Council in its discretion may determine to be desirable for the greater financial security of the Council and the effectuation of its purposes.

Section 8.5. Waiver of Use: No Owner may exempt himself from liability for his contribution toward the common expenses, or except himself from membership in the Council, by waiver or abandonment of the use or enjoyment of any of the General Common Elements or his Unit.

ARTICLE IX

COMMON EXPENSES CONSTITUTE LIEN

Section 9.1. Creation of Lien: All sums assessed by the Council and all expenses incurred in enforcing the collection

of such sums as set forth in Section 11.3 herein shall be a charge on the land and shall be a continuing lien (hereinafter called the "Assessment Lien") upon the Casita against which such assessment is made. Such Assessment Lien on the Casita shall be a lien prior to all other liens except (1) liens for taxes and assessments lawfully imposed by governmental authority against such Casita, and (2) liens of mortgages (or deeds of trust) of bona fide lending institutions against such Casita.

Section 9.2. Enforcement of Payment of Common Expenses:

If any Owner fails to pay any sums assessed by the Council against his Casita, the Council may enforce payment by taking either or both of the following actions, concurrently or separately (and by exercising either of the remedies hereinbelow set forth, the Council does not prejudice or waive its right to exercise the other remedy):

(a) Bring an action at law against the Owner for a money judgment for his share of the common expenses;

(b) Foreclose the Assessment Lien against the Casita in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including any right to recover any deficiency); the

Council shall have the power to bid on the Casita at the foreclosure sale and to acquire, hold, lease, mortgage, sell or convey the same; and the Casita may be redeemed after foreclosure sale as provided by law. Anything hereinabove to the contrary notwithstanding, the remedies above set forth for the Council are not exclusive, and the Council may take any and all other remedies available to it at law or in equity.

ARTICLE X

LIABILITY FOR ASSESSMENTS AND COMMON EXPENSES AFTER CONVEYANCE

Section 10.1. Voluntary Conveyance: In a voluntary conveyance and/or assignment, the grantee (and assignee of a sublessee's interest) of a Casita shall be jointly and severally liable with the grantor (and assignor of a sublessee's interest) for all unpaid assessments and common expenses against the grantor for the grantor's share of such assessments and expenses up to the time of the grant, conveyance and/or assignment. Such liability of the grantee shall be without prejudice to his right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Council setting forth the amount of unpaid assessments against the grantor and such grantee shall not be liable for, nor shall the Casita conveyed

be subject to a lien for, any unpaid assessments against the grantor in excess of the amount herein set forth.

Section 10.2. Foreclosure: Where the mortgagee of a mortgage of record, beneficiary under a deed of trust, or other purchaser of any Casita obtains title to such Casita as a result of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses and assessments by the Council chargeable to such Casita which became due prior to the acquisition of title to such Casita by such acquirer. Such unpaid shares of common expenses and assessments shall be deemed to be common expenses collectible from all of the Casita Owners including such acquirer, his successors and assigns. The acquirer shall be liable, however, for the share of the common expenses and assessments charged by the Council to such Casita which become due after the acquisition of title to such Casita by such acquirer.

ARTICLE XI

COMPLIANCE WITH DECLARATION, BYLAWS AND DECISIONS

Section 11.1. Compliance: All Casita Owners, their tenants, families, servants and guests, or any other person who may in any manner use the Property or any part thereof, shall be bound by and comply strictly with the provisions of this

Declaration, the Bylaws and any Articles of Incorporation of the Council, and all agreements, decisions, determinations, rules and regulations of the Council, as lawfully made or amended from time to time. Failure to comply with any of the same shall be grounds for an action for damages or injunctive relief, or both, and to the extent the same constitute a first and prior lien (except as provided in Section 9.1) on the interest of such Owner in the Casita and should any obligation of an Owner not be paid or performed when due, such lien shall be subject to foreclosure as provided in Section 9.2.

Section 11.2. Maintenance of Legal Action: All actions requiring such compliance shall be maintained by the Council, or if it fails to act or perform its obligations within fifteen (15) days after written notice from the Corporation to the Council, then the Corporation may maintain any such action, or, in a proper case, an aggrieved Casita Owner may maintain an action.

Section 11.3. Expenses of Enforcement: Any Owner against whom the Council takes any enforcement action shall pay to the Council (regardless of whether suit is brought) promptly on demand all costs and expenses (including reasonable attorneys' fees) incurred by or on behalf of the Council in collecting any delinquent assessments against such Casita, foreclosing its Assessment Lien therefor or enforcing any provisions of this Declaration, or

Bylaws of the Council, or enforcing any agreements, decisions, determinations, rules or regulations against any such Owner or any occupant of such Casita. If for any reason the Council is unable to collect any or all of such costs and expenses incurred in any enforcement action against an Owner, such costs and expenses shall be divided among all the Casita Owners, who shall pay such costs and expenses in proportion to their fractional ownership in the Property as set forth in Section 3.6. In the event the Corporation takes any enforcement action against an Owner, the Corporation shall be entitled to collect from the Owner the same costs and expenses as are permitted to be collected by the Council pursuant to this Section.

ARTICLE XII

PROPERTY RIGHTS

Section 12.1. Owners' Easements of Enjoyment: Every Owner shall have a right and easement of enjoyment in and to the General Common Elements (which in this Article exclude the numbered tracts), and such easement shall be appurtenant to and shall pass with the title to each and every Casita. Such right and easement of enjoyment shall be subject to reasonable rules and regulations as from time to time are promulgated by the Council which rules and regulations may include but shall not be limited to:

(a) The right of the Council to limit the number of guests of Owners using or enjoying any recreational facilities on the General Common Elements;

(b) The right of the Council to control and regulate use of any private roadways and/or parking areas included in the General Common Elements; and

(c) The right of the Council to regulate and change the type, nature and extent (including the hours) of use of the General Common Elements.

It is understood that each Owner also has an easement for the exclusive use of the numbered tract on which his Unit is located, and that such easement is and shall be appurtenant to and shall pass with the title to each such Casita.

Section 12.2. Delegation of Use: Subject to the Bylaws and rules and regulations of the Council, any Owner may delegate his right of enjoyment to the General Common Elements to members of his family, his tenants or other persons who reside in his Unit.

ARTICLE XIII

USE RESTRICTIONS

Section 13.1. Residential Use: All of the Casitas in the Property shall be known and described as, and limited in use to, residential use; provided, however, that nothing herein shall prevent such Casitas, or any part or parts thereof, from being rented.

Section 13.2. Construction: All buildings, Units and other structures on the Property shall be of new construction (and then only as may be acceptable to the Corporation pursuant to Article V hereof). No buildings, Units or structures shall be moved from any other location onto the Property, nor shall any buildings, Units or structures be removed from the Property.

Section 13.3. Temporary Structures: No structures of a temporary character (except a temporary construction shed and/or sales office, acceptable to the Corporation, used for the original construction and sale of Casitas on the Property) shall be permitted on the Property, and no trailers, tents, shacks or barns shall be permitted on the Property either temporarily or permanently.

Section 13.4. Business or Offensive Activities: No noxious or offensive activity may be carried on or permitted on any part of the Property, nor shall anything be done thereon

which may be or become an annoyance or nuisance to the neighborhood; nor shall any part of the Property be used by an Owner for business (except for rental of his Casita), professional, commercial, rest home (including but not limited to care or treatment of the physically or mentally sick or disabled), religious or institutional purposes. This Section does not apply to the construction or business activities of the Corporation, or the activities of the Council in furtherance of its powers and purposes as set forth in this Declaration.

Section 13.5. Animals; Pets: Only commonly accepted household pets may be kept in the Units, provided that such commonly accepted household pets are not kept, bred or maintained for any commercial purposes. No other animals, fish or birds of any kind shall be raised, bred, or kept on any part of the Property.

Section 13.6. Trash; Unsightly Items: All clothes lines, garbage cans, equipment, service areas, woodpiles, storage piles and storage areas shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring Casitas, property and streets. All rubbish, trash, or garbage shall be removed from the Property and shall not be.

burned on, or allowed to accumulate on, the Property. No incinerators, except those approved in writing by the Corporation, shall be permitted on the Property.

Section 13.7. Trucks, Boats, Cycles, Campers: Except for trucks or vans belonging to persons doing work on the Property during daylight hours (or at other times during emergencies), cars, station wagons, trucks, buses, vans, trailers, boats, cycles, antique cars, campers, and similar type vehicles or equipment shall be kept or parked only in parking areas designated by the Corporation for such vehicles or equipment, unless specific written approval is first obtained from the Corporation with respect to some other place and/or manner of keeping or parking such vehicles or equipment. If the Corporation or Council determines that a vehicle (including but not limited to a motorbike or motorcycle) is creating loud or annoying noises by virtue of its operation within the Property, such determination shall be conclusive evidence that such operation of the vehicle is a nuisance to the neighborhood and such operation shall, upon notice by the Corporation or Council to the owner or operator thereof, be prohibited within the Property.

Section 13.8. Signs: No sign (other than an address sign) of any nature whatsoever shall be permitted on any building, Unit

or the General Common Elements, unless specific written approval for a particular sign is first obtained from the Corporation.

Section 13.9. Antennas: Except as otherwise expressly approved in writing by the Corporation, all radio, television and other antennas of every kind or nature shall be placed and maintained upon the Property (or the improvements located thereon) so that no portion thereof shall be visible from the neighboring property or the streets.

Section 13.10. Renting: Each Casita, or any portion or portions thereof, may be rented.

Section 13.11. Other Unlawful Use: No activity or use of any part of the Property shall be undertaken or permitted by an Owner which will increase the rate of insurance upon the Property.

Section 13.12. Rebuilding or Restoration: If any Unit is damaged or destroyed, the Owner of such Unit shall forthwith proceed to rebuild, repair or restore the same, or cause the same to be rebuilt, repaired or restored, to as good a condition as formerly. If the Owner fails to rebuild, repair or restore his Unit promptly, then the Corporation and/or the Council shall have the right to do so pursuant to all of the terms and conditions set forth in Article XXII hereof.

ARTICLE XIV

PARTITION

Section 14.1. Partition Disallowed: No right shall exist to partition or divide any part of the Property except as provided in the Horizontal Property Regime Act.

ARTICLE XV

RESTRAINT UPON ASSIGNMENT OF SHARES IN ASSETS

Section 15.1. Separate Assignment Prohibited: The share of a Casita Owner in the funds and assets of the Council cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his Casita.

ARTICLE XVI

CONVEYANCES SUBJECT TO A RIGHT OF FIRST REFUSAL

Section 16.1. Corporation's and Council's Rights: The sale, lease, transfer or assignment of a Casita by the Owner shall be subject to a right of first refusal in the Corporation, and if the Corporation fails to exercise such right, then the Council shall have the right to exercise such right of first refusal, all as more specifically set forth in the Bylaws. Such right of first refusal shall be exercised (if at all) pursuant to procedures established by the Council in its Bylaws.

Section 16.2. Mortgages Not Affected by Right of First Refusal: In the event of any default on the part of any

Casita Owner under any first mortgage held by an institutional lender, which entitled the holder thereof to foreclose the same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of Section 16.1, and the purchaser (or grantee under such deed in lieu of foreclosure) of such Casita shall be thereupon and thereafter subject to the provisions of this Declaration. If the purchaser following such foreclosure sale (or grantee under deed given in lieu of such foreclosure) shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the Casita free and clear of the provisions of Section 16.1, but its grantee shall thereupon and thereafter be subject to all of the provisions thereof. The foregoing references to "mortgage" shall include a deed of trust, and references to "foreclosure sale" shall, in the context of a deed of trust, be deemed to refer to a sale by the trustee.

ARTICLE XVII

MANAGER

Section 17.1. Employment: The Council may employ a responsible individual, corporation, partnership or other entity as Manager to manage and control the General Common Elements, with all the administrative functions and such other powers and

duties and for such fees as the Council may establish, subject to prior approval of any such management contract by a majority of the Owners. No Manager shall be employed without prior written consent of the Corporation. In any event, the Council may grant to the Manager in any such contract, for such term as the Council deems appropriate, all or any portion or portions of the rights, powers, duties and obligations of the Council set forth in this Declaration and/or the Bylaws.

ARTICLE XVIII

SUBSTITUTION OF CORPORATION IN PLACE OF COUNCIL

Section 18.1. Procedure: In the event the Council at any time shall fail to perform the obligations set forth in this Declaration, and such failure shall continue for fifteen (15) days after written notice thereof to the Council by the Corporation, the Corporation, at its option, shall have the right to assume all or any part of the rights, powers and duties (including but not limited to levying the annual assessment) given to the Council in this Declaration, and if the Corporation elects to assume all or any part of said rights, powers and duties, the Council thereupon shall have no further rights, powers and duties, except those thereafter expressly released by the Corporation to the Council. The Corporation shall have the right to either employ a Manager pursuant to Article XVII, or, at the Corporation's sole discretion, assume all rights, powers and duties of the Council,

charging the individual Owners a management fee equal to the fee normally charged by a Manager. Should the Corporation elect to exercise the rights, powers and duties of the Council without the employment of a Manager, the management fee charged by the Corporation shall constitute part of the common expenses of the Property.

ARTICLE XIX

LIABILITY OF THE CORPORATION

Section 19.1. Limitation on Liability: The Corporation shall be held harmless from all fines, suits, claims, demands and actions of any kind or nature of anyone whomsoever, by reason of any breach or violation of any law on the part of any Owner, or any agents, servants, employees or tenants of Owner.

The Corporation shall not be liable for any theft, vandalism, disturbance, riot, unauthorized entrance or other similar occurrence which may take place on or about the Property. The Corporation in no event shall be liable for any accident or injury (including death) to any person or damage to property which shall occur in any manner whatsoever on or about the Property or arise out of the condition, maintenance, repair or use of the Property, except for any accident, injury or damage resulting solely from acts of the Corporation, its agents or employees. The Owners, through the Council, and as a common expense, shall indemnify and hold the Corporation harmless from and against any and all liability, damages, suits

and claims of every kind and nature, including reasonable attorneys' fees, made or brought by or on behalf of any person on account of any such accident, injury or damage not excepted as aforesaid. Each Owner further waives any and all right or claim he or any person claiming under him may have against the Corporation on account of any accident or injury (including death) to any person or damage to property which shall occur in any manner whatsoever on or about the Property or arise out of the condition, maintenance, repair, operation, control, regulation or use of the General Common Elements within the Property (including without limitation the roads within, adjacent to or in the vicinity of the Property), except for any accident, injury or damage resulting solely from the acts of the Corporation, its agents or employees.

ARTICLE XX

PARTY WALLS

Section 20.1. Controlling Law; Definitions: Every wall which is a Limited Common Element and constitutes a dividing line between separate Units shall constitute a "party wall." The Owners shall be subject to the limitations and restrictions set forth in this Article with respect to party walls. With respect to each such wall, each of the adjoining Owners shall have the obligations and be entitled to the benefits of the provisions in this Article and, to the extent applicable and not inconsistent herewith, the general rules of law regarding party walls.

Section 20.2. Damage by One of the Adjoining Owners: If any party wall is damaged or destroyed through the act or acts of any one adjoining Owner, or any of his guests, tenants, licensees, agents, servants or members of his family (whether such act is willful, negligent or accidental), the Council shall forthwith proceed to rebuild or repair the same to as good a condition as formerly and shall assess the cost therefor to said adjoining Owner without cost to the other adjoining Owner.

Section 20.3. Damage by Some Other Cause: If any wall is damaged or destroyed by some act or event other than that produced by one of the adjoining Owners, his guests, agents, tenants, licensees, servants, or members of his family (including ordinary wear and tear and deterioration from lapse of time), then the Council shall proceed forthwith to rebuild or repair the same to as good condition as formerly, and shall assess both adjoining Owners equally for the cost therefor.

Section 20.4. Alterations: Any Owner of a Unit who proposes, at his own cost, to modify, rebuild, repair or make additions in any way or manner to his own Unit which requires the extension, alteration or modification of any party wall, shall first obtain the written consent of the Council and the adjoining Owner, in addition to meeting the requirements of these Restrictions and of any applicable building codes or similar ordinances.

Section 20.5. Arbitration: In the event of a disagreement between Owners of adjoining Units with respect to the repair, reconstruction or maintenance of a party wall or with respect to sharing the cost of repairing, rebuilding or maintaining the same, then, upon the written request of either of said Owners to the Council, the matter shall be submitted to the Council for arbitration under such rules as from time to time may be adopted by the Council. If no such rules are adopted for such purpose or the Council refuses to act, then the matter shall be submitted to the Corporation.

Section 20.6. Council's Rights: Upon failure to forthwith institute rebuilding or repairing of such party wall as required under Section 20.2 and 20.3 (or as established by the Council or Corporation under Section 20.5), and after giving thirty (30) days' notice to the Owners involved, the Council shall have the right, at its option, to rebuild or repair such party wall and charge the responsible Owner or Owners therefor. Said charge shall be the personal obligation of the responsible Owner or Owners, shall be secured by the Assessment Lien against such responsible Owner's or Owners' Casitas, and shall be collected pursuant to the provisions of Section 9.2.

Section 20.7. Private Agreements: No private agreement of any adjoining Owners shall modify or abrogate any of these

party wall restrictions or the obligations, rights, duties and limitations set forth in this Article upon the individual Casita Owners.

ARTICLE XXI

TAXES AND UTILITY CHARGES

Section 21.1. Responsibility of Owners: Each Owner shall pay all real estate taxes, charges and assessments against his Casita and/or Unit, and shall pay all charges for water, electricity, telephone and other utilities, and for sewer services, used or consumed in his Unit when the same become due and payable. Owner also shall pay for any installation of such utilities if installed during his term of ownership of such Unit.

ARTICLE XXII

RESTORATION OF OWNER'S UNIT

Section 22.1. Individual Assessment: In the event the Owner of a Unit fails to maintain the exterior of the Unit and other improvements and the yard and landscaping on the numbered tract on which his Unit is situated in an attractive, neat and clean condition, and generally in a manner satisfactory to the Council and the Corporation (and each of them), the Council and/or the Corporation through their respective agents, employees and/or independent contractors shall have the right,

and each Owner expressly grants and assigns to the Council and the Corporation (and each of them) the right (subject to prior notice as hereinbelow set forth), to enter upon the land upon which such Unit is situated and repair, maintain, rehabilitate and restore the yard, patio and exterior of the Unit and any and all improvements and/or other structures located thereon to the condition deemed satisfactory to the Council and the Corporation. The cost thereof (together with a reasonable profit) shall be charged against and collected from the Owner of the Unit, the amount thereof to be paid by the Owner within thirty (30) days from the date of the invoice sent to the Owner, and said amount further shall be secured by, and subject to all provisions regarding the Assessment Lien as provided in Article IX of this Declaration.

Section 22.2. Notice: Prior to exercising the aforesaid right of restoration, the Council shall give written notice to the Owner of said Unit specifying the necessary repairs, maintenance, rehabilitation or restoration to be undertaken, and granting the Owner thirty (30) days to accomplish the same. If, at the end of said period, the work required to be performed has not been completed (or has been completed in a manner unsatisfactory to the Council or the Corporation), then the Council and/or the Corporation shall have the right,

as above set forth, to make such repairs, maintenance, rehabilitation or restoration.

Nothing herein contained shall be construed as granting to the Council or Corporation any right to enter into or inside of any Unit without the consent of the Owner thereof.

ARTICLE XXIII

GENERAL PROVISIONS

Section 23.1. Binding Effect; Term: These Restrictions shall run with, bind and burden the Property, and said Restrictions shall be binding upon each Owner and his heirs, executors, administrators, successors, assigns and grantees, and all other persons (including but not limited to mortgagees and beneficiaries under trust deeds, and their successors and assigns) claiming an interest in and to the Property until September 29, 2069.

Section 23.2. References to Declaration: All instruments of conveyance, transfer or assignment of any interest of all or any part of the Property may contain the Restrictions herein set forth by reference to this Declaration. However, the Restrictions herein shall be binding upon all persons affected by the terms of this Declaration, regardless of whether any reference is made to this instrument in the deed or other instrument of conveyance.

Section 23.3. Amendment or Termination: These Restrictions may be amended at any time during the term hereof by recording in the office of the County Recorder of Maricopa County, Arizona, an instrument in writing reciting said amendments bearing the signed and acknowledged concurrence of the then Owners of fifty-one percent (51%) of the Casitas within the Property; provided, however, no such written instrument reciting said amendments shall be valid and effective during the term hereof unless it bears the signed and acknowledged concurrence of the Corporation.

These Restrictions may be terminated under the same conditions above set forth except that the Owners of one hundred percent (100%) of the Casitas, and the Corporation, must sign such instrument, and further provided that a public authority has agreed to accept a dedication of such General Common Elements as are commonly maintained by a public authority or otherwise has agreed to maintain the same.

In any event, this Declaration and the Restrictions herein set forth shall, if not earlier terminated pursuant to the terms hereinabove, terminate at 11:59 p.m. September 29, 2069, and the Owners, by accepting a sublease or other transfer, conveyance and/or assignment of their Casita, expressly consent to the termination of the Horizontal Property Regime

and the withdrawal of the Property from said Horizontal Property Regime on said date. It is understood that any encumbrances or liens against all or any of the Casitas and/or Units shall be deemed terminated or expired by operation of law, and of no further force and effect, as of 11:59 p.m., September 29, 2069.

Section 23.4. Default Under Ground Lease: In the event of any default by the Corporation (as Lessee) under the Ground Lease and such default is not cured as provided therein, the Smalls (the Ground Lessors) covenant and agree that (a) this Declaration and the Restrictions herein set forth nevertheless shall continue in full force and effect and shall not be terminated except as set forth in Section 23.3, and (b) with respect to each sublease of a Casita (between the Corporation, as sublessor, and a Casita Owner, as sublessee), as long as such sublease is not in default or otherwise subject to termination by the Corporation, then any such sublessee's tenancy shall not be disturbed (except as provided in the sublease) and there shall be an attornment between such sublessee and the Smalls (i.e., any such sublease shall continue in effect as if the Smalls were the sublessor).

Section 23.5. Financing: The terms of all financing arrangements relating to any Casita which contemplate or involve

placing any security interest, lien or encumbrance on the Smalls' or the Corporation's interests shall be subject to the prior approval of the Corporation, which approval shall not be unreasonably withheld. Any such loan made with respect to a Casita shall comply with the following requirements: (i) it shall be made by a reputable institutional lender; (ii) the total principal amount thereof shall not exceed seventy-five percent (75%) of the total estimated cost of the improvements for the Casita as established by the lending institution (which improvements include but shall not necessarily be limited to the Unit, architectural and engineering costs and fees, offsite and onsite improvements, and all subsequent alterations, repairs and replacements); (iii) the rate of interest thereon shall not exceed ten percent (10%) per annum and the principal amount thereof shall be amortized in equal monthly installments over a period of not in excess of thirty (30) years; and (iv) the security instrument to be executed shall be in a form regular for such an instrument and shall affect only the Corporation's and/or Smalls' interest in Hilton Casitas (or the portion thereof allocable to the Casita), and shall in no way serve to make the Corporation or the Smalls personally liable for the payment of the loan thereby secured; and each such security instrument shall provide that the holder thereof shall be

entitled to notice of default under the Sublease covering such Casita and shall be given the right to cure any such default within twenty (20) days from the time notice of default is given by the Corporation.

Section 23.6. Waiver or Abandonment: The waiver of, or failure to enforce, any breach or violation of any Restriction herein contained shall not be deemed to be a waiver of the right to enforce or be deemed an abandonment of, such Restriction or any of the Restrictions; nor shall it be deemed to be a waiver of the right to enforce any subsequent breach or violation of such Restriction or any of the Restrictions. No Restriction contained herein shall be deemed to have been abandoned or the right to enforce the same waived, unless this Declaration is amended to delete such Restriction.

Section 23.7. Severability: Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 23.8. Construction: Except for judicial construction, the Corporation shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Corporation's construction or

interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and the Property.

Section 23.9. Rules and Regulations: The Council shall have the right to adopt rules and regulations, and amend, cancel, and adopt new rules and regulations from time to time with respect to all aspects of the Council's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration or the Bylaws or Articles (if any) of the Council.

Section 23.10. Mergers: The Council shall have the power and right to merge or consolidate with any other non-profit corporation, council of co-owners, association or other entity (regardless of whether the rights, obligations and area served by such other non-profit corporation, association or other entity are lesser than, the same as, or greater than those of the Council). Any such proposed merger or consolidation shall be effective only upon (i) an affirmative vote of a majority of the votes cast at a meeting of the Owners held for such purpose, and (ii) express written consent of the Corporation.

Section 23. 11. Corporation's Exclusive Rights: It is understood that the Corporation (and not the Council) has and shall retain all rights granted exclusively to the Corporation in this Declaration.

Section 23.12. Change of Circumstances: Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 23.13. Gender and Number: Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders. Words used in the neuter gender shall include the masculine and feminine genders; words used in the singular shall include the plural, and words in the plural shall include the singular.

Section 23.14. Captions and Titles: All captions, titles and headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only, and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent hereof.

IN WITNESS WHEREOF, this Declaration is signed as of the day, month and year first above written.

LINCSCOTT HOTEL CORPORATION

By Robert H. Kary
President

Attest:

Paul K. Wentworth
Assistant Secretary
W. J. Small

W. J. SMALL

Hazel M. Small
HAZEL M. SMALL

Plaintiff's Exhibit 2

1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2
3 R.L. Whitmer,

Petitioner,

4 vs

5 Hilton Casitas Council of Co-Owners,

6
7 Respondent.

No. 14F-H1415004-BFS

ADMINISTRATIVE LAW JUDGE

DECISION

8
9 **HEARING:** December 23, 2014, at 8:00 a.m.

10 **APPEARANCES:** R. L. Whitmer (hereinafter "Mr. Whitmer" or "Petitioner")
11 appeared on his own behalf. Hilton Casitas Council of Co-Owners (hereinafter "Hilton
12 Casitas" or "Respondent") was represented by Robert Anderson, Esq.

13 **ADMINISTRATIVE LAW JUDGE:** M. Douglas

14
15 Evidence and testimony were presented and the following Findings of Fact,
16 Conclusions of Law, and Recommended Order are made:

17 **FINDINGS OF FACT**

18 **Background and Procedure**

- 19 1. The Department of Fire, Building and Life Safety (the "Department") is authorized by
20 statute to receive Petitions for Hearings from members of homeowners' associations
21 and from homeowners' associations in Arizona.
- 22 2. Hilton Casitas is a homeowners' association located in Scottsdale, Arizona.
- 23 3. Petitioner owns a percentage of a residence in and is a member of Hilton Casitas.
- 24 4. Petitioner filed a petition with the Department alleging that Hilton Casitas had
25 violated the provisions of A.R.S. § 33-1243(D). Petitioner specifically alleged as
26 follows:

27 Mrs. Karatz has ignored A.R.S. § 33-1243(D) in overspending
28 more than the budgeted legal expenses in 2013 and 2014. The
29 2013 budget for legal was \$2,500 and 2014 was \$1,000 for a total
30 of \$3,500.00. Mrs. Karatz has misused her position as President
to spend over \$9,250 for legal expenses without proper
ratification.

1 5. Respondent's Answer to the Petition provided, in relevant part, as follows:

2 **There has been no violation of A.R.S. § 33-1243.**

3 The [Hilton Casitas] consists of twenty-nine (29) homes located
4 behind the Scottsdale Hilton. In large part, the majority of the
5 maintenance and management of the Casitas is taken care of by
6 the hotel. The Association adopts its proposed budget at the
7 annual meetings and adopted a proposed budget for 2013 at the
8 annual meeting. The proposed budget was insufficient because
9 Mr. Whitmer has made multiple legal challenges requiring the
10 Association's counsel to respond.

9 **TESTIMONY**

10 **Testimony of Michael Bengson**

11 6. Michael Bengson (hereinafter "Mr. Bengson") testified that he was elected to be a
12 member of the Board for Hilton Casitas in October 2014. Mr. Bengson stated that there
13 has been no Board meeting since October 15, 2014. Mr. Bengson testified that he
14 retained Respondent's counsel, Robert Anderson, Esq., as a friend to help Hilton
15 Casitas out. Mr. Bengson stated that he wanted to resolve the chaos that Hilton
16 Casitas was currently involved in. Mr. Bengson testified that Hilton Casitas' prior
17 counsel had resigned and that he felt it was imperative for Hilton Casitas to have legal
18 representation at the hearing.

19 7. Mr. Bengson testified that he had been a member of the association since May
20 2011. Mr. Bengson stated that there had not been a meeting of the Board since his
21 election to the Board on October 15, 2014. Mr. Bengson testified that the Board was
22 aware of the budget problems and intended to meet soon to adopt an amended budget.

23 8. Mr. Bengson testified that the amended budget would ratify the increased legal
24 expenses incurred by Hilton Casitas. Mr. Bengson stated that he and the new Board
25 wanted to "get everything on the right track."

26 **Testimony of Esther Sue Karatz**

27 9. Esther Sue Karatz (hereinafter "Mrs. Karatz") testified that she had previously been
28 president of the Board for Hilton Casitas. Mrs. Karatz stated that Hilton Casitas' prior
29 legal counsel was hired on January 31, 2013. Mrs. Karatz acknowledged that there
30 was no record of the Board's decision to retain legal counsel.

1 10. Mrs. Karatz testified that Hilton Casitas had suffered a computer crash and that
2 there were no records for meetings or actions of the Board for Hilton Casitas after
3 January 10, 2013, and that there were no records regarding the retention of Hilton
4 Casitas' prior legal counsel. Mrs. Karatz said that the majority of the Board approved
5 the hiring of the prior legal counsel by "a telephone vote."

6 11. Mrs. Karatz acknowledged that Hilton Casitas' legal fees in 2014, substantially
7 exceeded the amount of money that had been budgeted for legal fees in 2014. Mrs.
8 Karatz testified that the increased legal expenses were incurred because Petitioner had
9 filed two or three law suits against Hilton Casitas and that the law suits necessitated
10 increased legal fees. Mrs. Karatz stated that the increased legal fees had not been
11 anticipated by Hilton Casitas.

12 **PROVISIONS OF LAW REFERENCED AT HEARING**

13 1. A.R.S. § 33-1243(D) provides as follows:

14 Except as provided in the declaration, within thirty days after
15 adoption of any proposed budget for the condominium, the board
16 of directors shall provide a summary of the budget to all the unit
17 owners. Unless the board of directors is expressly authorized in
18 the declaration to adopt and amend budgets from time to time,
19 any budget or amendment shall be ratified by the unit owners in
20 accordance with the procedures set forth in this subsection. If
21 ratification is required, the board of directors shall set a date for a
22 meeting of the unit owners to consider ratification of the budget
23 not fewer than fourteen nor more than thirty days after mailing of
24 the summary. Unless at that meeting a majority of all the unit
25 owners or any larger vote specified in the declaration rejects the
26 budget, the budget is ratified, whether or not a quorum is present.
27 If the proposed budget is rejected, the periodic budget last ratified
28 by the unit owners shall be continued until such time as the unit
29 owners ratify a subsequent budget proposed by the board of
30 directors.

26 **CONCLUSIONS OF LAW**

27 1. A.R.S. § 41-2198.01 permits an owner or a planned community organization to
28 file a petition with the Department for a hearing concerning violations of planned
29 community documents or violations of statutes that regulate planned communities. That
30

1 statute provides that such petitions will be heard before the Office of Administrative
2 Hearings.

3 2. The burden of proof at an administrative hearing falls to the party asserting a
4 claim, right, or entitlement and the standard of proof on all issue in this matter is by a
5 preponderance of the evidence. See A.A.C. R2-19-119.

6 3. Proof by "preponderance of the evidence" means that it is sufficient to persuade
7 the finder of fact that the proposition is "more likely true than not." *In re Arnold and*
8 *Baker Farms*, 177 B.R. 648, 654 (9th Cir. BAP (Ariz.) 1994).

9 4. A.R.S. § 33-1243(D) provides that within thirty days after adoption of any
10 proposed budget for the condominium, the Board shall provide a summary of the budget
11 to all the unit owners and that unless the Board is expressly authorized in the
12 declaration to adopt and amend budgets from time to time, any budget or amendment
13 shall be ratified by the unit owners in accordance with the procedures set forth in this
14 subsection. Mrs. Karatz acknowledged that Hilton Casitas' legal fees in 2014 exceeded
15 the amount of money that had been budgeted for legal fees in 2014. Mr. Bengson
16 stated that there had not been a meeting of the Board since his election to the Board on
17 October 15, 2014. Mr. Bengson testified that the Board was aware of the budget
18 problems and intended to meet soon to adopt an amended budget. Mr. Bengson stated
19 that the amended budget would ratify the increased legal expenses incurred by Hilton
20 Casitas. Hilton Casitas has not ratified the increased expenses and adopted an
21 amended budget as required by applicable statute. This Tribunal concludes that Hilton
22 Casitas failed to comply with the applicable provisions of A.R.S. § 33-1243(D).

23 **RECOMMENDED ORDER**

24 In view of the foregoing, it is ORDERED that Petitioner be deemed the prevailing
25 party in this matter.

26 It is further ORDERED that Hilton Casitas shall fully comply with the applicable
27 provisions of A.R.S. § 33-1243(D) in the future.

28 It is further ORDERED that Hilton Casitas shall pay Petitioner his filing fee of
29 \$550.00, to be paid directly to Petitioner within thirty (30) days of this Order.

30 It is further ORDERED that no civil penalty shall be imposed in this matter.

1 *In the event of certification of the Administrative Law Judge Decision by the*
2 *Director of the Office of Administrative Hearings, the effective date of this Order will be*
3 *five (5) days from the date of that certification.*

4 Done this day, January 7, 2015.

5 /s/ M. Douglas
6 Administrative Law Judge

7 Transmitted electronically to:

8 Gene Palma, Director
9 Department of Fire Building and Life Safety

Plaintiff's Exhibit 3

The Hilton Casitas Council of Homeowners
6333 N. Scottsdale Rd.
Scottsdale, AZ 85250

Received 8/27/16 + 90 days

11/20/16

August 22nd, 2016

Casita Owners,

Enclosed are the new "Rules and Regulations" for our community. The old "Rules and Regulations" have been replaced in its entirety by these new Rules and Regulations. The Board has also made changes to our Safeguard Security agreement. They are as follows:

- Monitoring of individual Casitas will terminate 10/01/2016. You may contact Safeguard direct if you would like to continue service individually at your expense. The plans start at \$35/month.
- Safeguard Patrol/vacation service will terminate 10/01/2016 as well. Again if the vacation service is important. You may contact Safeguard direct and they can let you know the costs etc.

Your next question should be: Will our monthly dues be going down?? The answer is "yes" in the long run. Let me tell you the 12-18-month plan:

- Install security cameras at the gates and at least looking down 2 streets.
- Having one management company to oversee all of the violations, finances, financial reports, and provide a Community website for owners to access all information such as Minutes of meetings, HOA financial reports, meeting information and dates.
- Repave our streets at the same time the hotel repaves their parking lot. This will be 12-18 months from now.

The savings from the Safeguard changes and management company changes will be used to build a reserve to pay for the paving and install the new security cameras. We will have those exact costs in the next 90 days. When the reserves are adequate to pay for these capital expenditures we will then reduce the monthly HOA dues to less than \$200/month!!!

The reserves and timing are also subject to our legal expenses. If we are assured these fees will be minimized, we can accomplish our goal sooner.

Please bear with us as we make these changes which will be positive for all of us in the long run.

Please let me know if you have any questions.

Best Regards-

Board of Directors
The Hilton Casitas Council of Homeowners

R L Whitmer

Subject: Hilton Casitas Council of Homeowners - Rules and Regulations
Attachments: ATT00014.doc

On Thursday, August 25, 2016 1:44 PM, Evon Potocki <Evon@cpihoa.com> wrote:

Casita Owners,

Attached are the new "Rules and Regulations" for our community. The old "Rules and Regulations" have been replaced in its entirety by these new Rules and Regulations. The Board has also made changes to our Safeguard Security agreement. They are as follows:

- Monitoring of individual Casitas will terminate 10/01/2016. You may contact Safeguard direct if you would like to continue service individually at your expense. The plans start at \$35/month.
- Safeguard Patrol/vacation service will terminate 10/01/2016 as well. Again if the vacation service is important. You may contact Safeguard direct and they can let you know the costs etc.

Your next question should be: Will our monthly dues be going down?? The answer is "yes" in the long run. Let me tell you the 12-18-month plan:

- Install security cameras at the gates and at least looking down 2 streets.
- Having one management company to oversee all of the violations, finances, financial reports, and provide a Community website for owners to access all information such as Minutes of meetings, HOA financial reports, meeting information and dates.
- Repave our streets at the same time the hotel repaves their parking lot. This will be 12-18 months from now.

The savings from the Safeguard changes and management company changes will be used to build a reserve to pay for the paving and install the new security cameras. We will have those exact costs in the next 90 days. When the reserves are adequate to pay for these capital expenditures we will then reduce the monthly HOA dues to less than \$200/month!!!

The reserves and timing are also subject to our legal expenses. If we are assured these fees will be minimized, we can accomplish our goal sooner.

Please bear with us as we make these changes which will be positive for all of us in the long run.

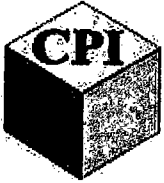
Please let me know if you have any questions.

Best Regards-

On behalf of the Board of Directors-

Evon Potocki

Community Manager



Cornerstone Properties, Inc.

P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 x103

Fax: (602) 244-9214

E-Mail: evon@cpihoa.com

<http://www.cpihoa.com>

Plaintiff's Exhibit 4



RESIDENTIAL & COMMERCIAL TECHNOLOGY INTEGRATION

CORPORATE OFFICE
16117 North 76th Street
Scottsdale, Arizona 85260

480-609-6200
TOLLFREE 800-426-6060
FAX 480-609-6222
www.safeguard.us

AZ CONTRACTORS LICENSE
ROC 095864 ROC 095865

NM LICENSE
#87397

May 19, 2006

Ms. Sue Crozier
President
Hilton Casitas Homeowners Association
(480) 607-1313 (Residence)

SUBJECT: PROPOSED MONTHLY FEE FOR "FULL SERVICES" BEING PERFORMED AT THE HILTON CASITAS GATED COMMUNITY

Dear Ms. Crozier:

As per our most recent telephone conversation, following you will find Safeguard's proposed monthly fee for "Full Services" being performed at the Hilton Casitas gated community:

DALTON
\$1,140.45 Mobile patrol response to individual home alarm systems, "RED TAG VACATION" services and three (3) random mobile patrol tours of the community nightly, seven (7) days per week.

VS.
\$ 696.55 Monitoring of individual home alarm systems for fire, burglary and panic alarms.

CHRIS G.
\$ 450.00 Clearance services, programming, vehicle access control and Safeguard service contract to maintain gates including parts and labor.

\$ 435.00 Radio backup for individual home alarm systems.

\$ 122.00 Safeguard service contract to maintain individual home alarm systems, including parts and labor.

\$2,844.00 Proposed monthly fee to be effective June 1, 2006.

MAINTENANCE SERVICE AGREEMENT 4.21/HOME/MONTH

PLATINUM PLAN
FOR MAINTENANCE
IS \$24.95/MONTH
PER HOME

SAVINGS OF \$20.74/MONTH
OR \$248.88/YEAR

DIC. WILL EXPLAIN

ILL-SERVICE ACCOUNTS

THE SYSTEMS YOU WANT. THE SUPPORT YOU NEED.

As always, we appreciate your confidence and the opportunity of servicing your security needs.

Please authorize below indicating the Hilton Casitas Homeowners Association's acceptance of Safeguard's proposed monthly fee.

If you have any questions and / or concerns, please contact me at your earliest convenience.

Respectfully submitted,

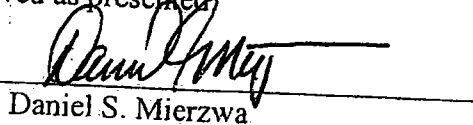


Daniel S. Mierzwa, CSS, CPO
Director of Security Operations
(480) 609-6292 (Direct Office Number)
(480) 367-6541 (Direct Fax Number)

cc: File

Safeguard Security & Communications, Inc.
Approved as presented:

By:

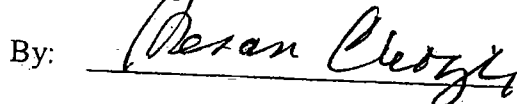

Daniel S. Mierzwa

Title: Director of Security Operations

Date: 05-22-06

Hilton Casitas Homeowners Association
Accepted as presented:

By:



Title:

President / HOA

Date:

5/24/06

Plaintiff's Exhibit 5

R L Whitmer

Subject: Scottsdale Hilton Casitas - Board Meeting Notice- (Change of Location!)

On Monday, February 15, 2016 3:40 PM, Evon Potocki <Evon@cpihoa.com> wrote:

Note: Change of Location!

BOARD OF DIRECTORS MEETING NOTICE

The Board of Directors meeting scheduled for:

Date: Tuesday February 16th, 2016.

Located: Scottsdale Hilton Ballroom

Time: 4:30pm

Agenda:

- Approve the last Board minutes
- Parking signs
- Noncompliance Issues
- Discuss the amended Declarations.
- Date for annual meeting and vote on the amended Declarations.
- Questions
- Adjourned

Homeowners are welcome to attend!

Thank you-

The Hilton Casitas Council of Homeowners

Evon Potocki
Community Manager



Cornerstone Properties, Inc.
P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 x103
Fax: (602) 244-9214
E-Mail: <mailto:evon@cpihoa.com>
<http://www.cpihoa.com/>

R L Whitmer

Subject: Board of Directors Open Meeting Notice 7/7

On Thursday, June 30, 2016 8:45 AM, Evon Potocki <Evon@cpihoa.com> wrote:

BOARD OF DIRECTORS MEETING NOTICE

The Board of Directors open meeting scheduled for:

Date: Thursday July 7th, 2016.
Located: Hilton Hotel Boardroom
Time: 4:00pm

Agenda:

- Call meeting to order
- Read and approve prior minutes
- Discuss and vote on new rules and regulations
- Adjourn

Executive Session

- Delinquencies
- Adjourn

Homeowners are welcome to attend!

Thank you-

Evon Potocki
Community Manager



Cornerstone Properties, Inc.
P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 x103
Fax: (602) 244-9214
E-Mail: evon@cpihoa.com
<http://www.cpihoa.com>

R L Whitmer

Subject: The Hilton Casitas Council of Homeowners - OPEN BOARD MEETING NOTICE

On Thursday, August 11, 2016 3:14 PM, Evon Potocki <Evon@cpihoa.com> wrote:

BOARD OF DIRECTORS MEETING NOTICE

**The Board of Directors open meeting
scheduled for:**

Date: Friday August 19th, 2016
Located: Hilton Hotel Boardroom
Time: 9:00 a.m.

Agenda:

- Call meeting to order
- Review and approve prior meeting minutes
- Vote to terminate all existing or past Rules and Regulations
- Discuss and vote on new Rules and Regulations
- Discuss current Safeguard service
- Adjourn

Executive Session

- Delinquencies
- Adjourn

Homeowners are welcome to attend!

Thank you-

Evon Potocki
Community Manager



Cornerstone Properties, Inc.

P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 x103

Fax: (602) 244-9214

E-Mail: evon@cpihoa.com

<http://www.cpihoa.com>

R L Whitmer

Subject: Hilton Casitas Council of Homeowners - Open Board Meeting
11/29/2016

On Tuesday, November 22, 2016 10:33 AM, Evon Potocki <Evon@cpihoa.com> wrote:

BOARD OF DIRECTORS MEETING NOTICE

**The Board of Directors open meeting
scheduled for:**

Date: Tuesday November 29th, 2016
Located: Sunset Board Room Hilton Hotel
Time: 9:00 a.m.

Agenda:

- Call meeting to order
- Review and approve prior meeting minutes
- Discuss and approve full time management
- Discuss security
- Discuss roads
- Open forum with owners and the Board
- Adjourn

Executive Session

- Adjourn

Homeowners are invited to attend!

Best Regards-

(For the Board of Directors)
Evon Potocki
Community Manager



Cornerstone Properties, Inc.

P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 X103

Fax: (602) 244-9214

E-Mail: evon@cpihoa.com

<http://www.cpihoa.com>

Plaintiff's Exhibit 6

Scottsdale Hilton Castle Worksheet
2016 Expenses

EXPENSES:
Note - Landscapes paid separately

Projected Revenues @ \$238.04 per unit
(assuming all pay)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016
Projected Revenues @ \$238.04 per unit (assuming all pay)	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 6,382.16	\$ 76,569.92
Expenses:													
City of Scottsdale - Sewer	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 11,306.52
State Farm - Insurance	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 5,760.00
Horizon - Landscapers	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 34,128.00
Safeguard Security Svc													
Street Sweepers													
CenturyLink													
APS	\$ 44.86	\$ 70.09	\$ 80.28	\$ 38.22	\$ 40.00	\$ 43.75	\$ 69.50	\$ 71.71					\$ 485.69
HOA Reserve	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 19,780.32
Trash - Hotel	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Month Fee - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Total Expenses	\$ 7,669.48	\$ 7,724.61	\$ 8,329.78	\$ 7,692.74	\$ 8,350.81	\$ 7,692.27	\$ 8,603.65	\$ 3,385.71	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 100,395.25
Profit/Loss (Projected Revenues less Expenses)	\$ 682.68	\$ 657.55	\$ (947.62)	\$ 689.42	\$ 31.35	\$ 683.89	\$ (121.69)	\$ 4,886.45	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 40,190.67

Original Budget Per Castle

2016 Expenses Per Castle

Variance

City of Scottsdale	\$ 5.40		
State Farm	\$ 5.12		
Horizon - Grounds	\$ 15.00		
Safeguard	\$ 125.00		
ACE - street sweeping	\$ 3.00		
APS - elec	\$ 20.00		
HOA			
Quest - gate phone line	\$ 25.00		
Trash - Hotel	\$ 35.00		
Month Fee - Hotel	\$ 233.62		
		\$ 723.62	

Extra Expenses:
Horizon (in addition to monthly maintenance of \$480)

may - trim palms	\$ 372.00
july - trim 18 palms	\$ 815.00

\$1,187.00

Scottsdale Hilton Castle Worksheet
2016 Expenses

EXPENSES:
Note - Landscaping paid separately

Projected Revenues @ \$233.52 thru April and
\$268.04 beginning May (assuming all pay)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015
Expenses:													
City of Scottsdale - Sewer	\$ 1,011.83	\$ 1,011.83	\$ 1,011.83	\$ 1,011.83	\$ 1,011.83	\$ 942.18	\$ 942.18	\$ 942.18	\$ 942.18	\$ 942.18	\$ 942.18	\$ 942.18	\$ 11,723.94
State Farm - Insurance	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 1,510.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 1,341.45	\$ 889.53	\$ 1,401.00
Horizon - Landscaping	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 34,258.89
Safeguard Security Svc	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 67.08	\$ 67.08	\$ 70.22	\$ 70.53	\$ 42.55	\$ 139.59	\$ 71.07	\$ 824.78
Street Sweepers	\$ 68.98	\$ 68.98	\$ 67.88	\$ 68.13	\$ 68.13	\$ 38.08	\$ 37.87	\$ 45.04	\$ 42.55	\$ 42.55	\$ 39.20	\$ 44.31	\$ 482.25
CenturyLink	\$ 39.42	\$ 39.42	\$ 39.42	\$ 39.42	\$ 39.42	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 16,505.88
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
HOA Reserve	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 8,808.36	\$ 7,782.71	\$ 7,770.09	\$ 7,897.07	\$ 6,894.76	\$ 8,179.48	\$ 8,179.48	\$ 84,807.25
Month Fee - Hotel	\$ 8,980.88	\$ 8,981.07	\$ 8,343.46	\$ 7,519.27	\$ 8,318.37	\$ 7,852.78	\$ 8,808.36	\$ 7,782.71	\$ 7,770.09	\$ 7,897.07	\$ 6,894.76	\$ 8,179.48	\$ 84,807.25
Total Expenses	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 94,748.60
Profit/Loss (Projected Revenues less Expenses)	\$ (208.80)	\$ (208.80)	\$ (1,571.26)	\$ (747.19)	\$ 65.79	\$ 528.38	\$ (427.20)	\$ 618.45	\$ 612.07	\$ 695.09	\$ (312.80)	\$ 202.73	\$ (761.55)

	Original Budget Per Castle	2015 Expenses Per Castle	Variance
City of Scottsdale	\$ 5.40	\$ 33.69	\$ 28.29
State Farm	\$ 6.12	\$ 4.03	\$ (1.09)
Horizon - Grounds	\$ 16.00	\$ 28.34	\$ 10.34
Safeguard	\$ 125.00	\$ 98.44	\$ (26.56)
ACE - street sweeping	\$ 3.00	\$ 2.87	\$ (0.13)
APS - elec	\$ 20.00	\$ 2.37	\$ (17.63)
HOA	\$ 25.00	\$ 1.41	\$ (23.59)
Quest - gate phone line	\$ 25.00	\$ 44.56	\$ 19.56
Trash - Hotel	\$ 35.00	\$ 28.00	\$ (7.00)
Month Fee - Hotel	\$ 283.82	\$ 272.72	\$ (11.10)

Extra Expenses:
Horizon (in addition to monthly maintenance of \$480)

April - Irrigation repairs	\$ 489.00
May - Irrigation repairs & trim palm trees	\$ 285.75
July - trim palm trees	\$ 1,030.00
Nov - winter seeding	\$ 881.45
Dec - Irrigation repairs	\$ 409.53

\$3,058.73

Scottsdale Hilton Casita Worksheet
2014 Expenses

EXPENSES:

Note - Landlease paid separately

Projected Revenues @ \$233.52 per unit
(assuming all pay)

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2014 Expenses
Expenses:													
City of Scottsdale- Sewer	\$ 896.83	\$ 893.58	\$ 893.58	\$ 896.83	\$ 897.03	\$ 897.04	\$ 897.04	\$ 994.66	\$ 994.68	\$ 3,854.21	\$ 1,011.83	\$ 1,011.83	\$ 14,118.16
State Farm - Insurance	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 1,340.00	\$ 480.00	\$ 480.00	\$ 965.00	\$ 480.00	\$ 4,494.78	\$ 480.00	\$ 11,118.78
Horizon - Landscapers	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 34,352.04
Safeguard Security Svc	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
Street Sweepers	\$ 66.29	\$ 65.30	\$ 65.28	\$ 66.31	\$ 65.33	\$ 65.33	\$ 67.30	\$ 66.69	\$ 66.69	\$ 66.79	\$ 67.79	\$ 66.79	\$ 795.90
CenturyLink	\$ 37.04	\$ 34.18	\$ 38.66	\$ 36.22	\$ 38.32	\$ 38.42	\$ 40.73	\$ 37.68	\$ 41.40	\$ 38.24	\$ 35.95	\$ 41.22	\$ 457.98
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA Reserve	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 6,862.83	\$ 6,845.73	\$ 6,850.20	\$ 6,341.03	\$ 6,863.35	\$ 7,723.46	\$ 6,867.74	\$ 6,961.62	\$ 7,450.44	\$ 9,821.91	\$ 10,993.02	\$ 6,982.51	\$ 82,563.64
Total Expenses	\$ (80.75)	\$ (73.65)	\$ (78.12)	\$ (1,568.85)	\$ (91.27)	\$ (951.36)	\$ (95.66)	\$ (189.54)	\$ (678.36)	\$ (3,048.83)	\$ (4,220.94)	\$ (210.43)	\$ (11,288.88)
Profit/Loss (Projected Revenues less Expenses)	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 6,772.08	\$ 81,264.96
Average cost per Casita (Expenses divided by 29)	\$ 236.65	\$ 236.06	\$ 236.21	\$ 287.62	\$ 236.67	\$ 286.33	\$ 236.62	\$ 240.06	\$ 266.91	\$ 338.69	\$ 378.07	\$ 240.78	\$ 265.99
Contracted amount per Casita	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52	\$ 233.52
Shortfall Per Casita	\$ (3.13)	\$ (2.54)	\$ (2.69)	\$ (54.10)	\$ (3.15)	\$ (32.81)	\$ (3.30)	\$ (6.54)	\$ (23.39)	\$ (105.17)	\$ (145.55)	\$ (7.26)	\$ (32.47)

Actual Revenues (see 2nd tab "payments")	\$ 6,305.04	\$ 6,305.04	\$ 6,305.04	\$ 6,305.04	\$ 6,305.04	\$ 6,071.52	\$ 6,305.04	\$ 6,305.04	\$ 6,305.04	\$ 6,305.04	\$ 6,305.04	\$ 6,071.52	\$ 75,193.44
Expenses (see above)	\$ 6,862.83	\$ 6,845.73	\$ 6,850.20	\$ 6,341.03	\$ 6,863.35	\$ 7,723.46	\$ 6,867.74	\$ 6,961.62	\$ 7,450.44	\$ 9,821.91	\$ 10,993.02	\$ 6,982.51	\$ 82,563.64
Profit/Loss on Actual Revenues	\$ (557.79)	\$ (540.69)	\$ (545.16)	\$ (2,035.99)	\$ (558.31)	\$ (1,651.94)	\$ (562.70)	\$ (656.58)	\$ (1,145.40)	\$ (3,516.87)	\$ (4,687.98)	\$ (910.99)	\$ (17,370.40)

Horizon (in addition to monthly maintenance of \$480)
June- 18 Trim fan palms, 1 trim date palms
Sept-Storm damage/removal & grind Paloverde
Nov- Irrigation mainline replacement
Nov-Winter Overseeding

\$880.00
\$485.00
\$2,800.00
\$1,214.78

City of Scottsdale (Oct) 3 year back billing
for 6 units that have not been invoiced.

\$3,373.02
\$8,732.80

Current monthly sewer expense is \$1011.83 until July 2015
Increase in City of Scottsdale Sewer for October is back billing for three years on 6 properties (Lots 1,2,3,5,9,19)

Scottsdale Hilton Castia Worksheet
01/31/13 thru 12/31/13

EXPENSES:

Note - Landlease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2013
City of Scottsdale	\$ 751.12	\$ 761.12	\$ 751.12	\$ 751.12	\$ 1,472.00	\$ 751.12	\$ 751.12	\$ 751.12	\$ 883.58	\$ 883.58	\$ 883.58	\$ 883.58	\$ 9,875.74
State farm	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 580.00	\$ 1,280.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 2,882.67	\$ 960.00	\$ 6,870.00
Horizon	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 2,882.67	\$ 34,352.04
Safeguard	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
American Sweeping	\$ 39.14	\$ 41.89	\$ 37.22	\$ 36.44	\$ 37.45	\$ 37.91	\$ 36.74	\$ 37.29	\$ 36.34	\$ 38.93	\$ 35.73	\$ 34.60	\$ 448.48
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA	\$ 65.40	\$ 66.07	\$ 63.05	\$ 63.18	\$ 63.06	\$ 64.01	\$ 130.64	\$ 725.00	\$ 85.13	\$ 725.00	\$ 66.18	\$ 65.10	\$ 711.82
Qwest/Century Link	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 6,718.33	\$ 6,721.55	\$ 6,714.08	\$ 6,713.41	\$ 6,718.30	\$ 6,615.71	\$ 7,591.17	\$ 6,763.54	\$ 3,985.05	\$ 6,785.18	\$ 6,368.16	\$ 10,188.62	\$ 83,571.09
Average cost per Castia	\$ 231.67	\$ 231.78	\$ 231.52	\$ 231.50	\$ 262.29	\$ 225.02	\$ 261.76	\$ 233.92	\$ 137.42	\$ 233.97	\$ 219.59	\$ 351.33	\$ 240.15

	Original Budget Per Castia	2013 Expenses Per Castia	Variance
City of Scottsdale	\$ 5.40	\$ 27.80	\$ 22.40
State farm	\$ 5.12	\$ 4.23	\$ (0.89)
Horizon - Grounds	\$ 15.00	\$ 19.17	\$ 4.17
Safeguard	\$ 125.00	\$ 88.71	\$ (26.29)
ACE - street sweeping	\$ 3.00	\$ 6.90	\$ 3.90
APS - elec	\$ 20.00	\$ 1.29	\$ 1.29
HOA	\$ 20.00	\$ 20.00	\$ -
Qwest - gate phone line	\$ 25.00	\$ 2.05	\$ 2.05
Trash - Hotel	\$ 35.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 233.52	\$ 35.00	\$ 198.52

Scottsdale Hilton Casita Worksheet
01/31/12 thru 12/31/12

EXPENSES:
Note - Lease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2012
City of Scottsdale	\$ 577.72	\$ 589.18	\$ 589.18	\$ 676.14	\$ 676.14	\$ 676.14	\$ 676.14	\$ 752.12	\$ 751.12	\$ 751.12			\$ 8,188.51
State farm				\$ 1,470.00									\$ 1,470.00
Horizon	\$ 480.00	\$ 615.30	\$ 480.00	\$ 480.00	\$ 507.98	\$ 660.55	\$ 480.00	\$ 480.00	\$ 728.39	\$ 480.00		\$ 980.00	\$ 6,352.22
Safeguard	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67		\$ 5,725.34	\$ 34,352.04
American Sweeping	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00		\$ 400.00	\$ 2,400.00
APS	\$ 44.80	\$ 58.13	\$ 48.91	\$ 42.23	\$ 37.93	\$ 41.78	\$ 40.59	\$ 42.23	\$ 39.55	\$ 40.67		\$ 77.72	\$ 514.54
HOA	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00		\$ 1,160.00	\$ 6,980.00
Owes/Century Link	\$ 62.77	\$ 63.34	\$ 63.35	\$ 63.35		\$ 63.23	\$ 127.41	\$ 65.52	\$ 63.08	\$ 63.09		\$ 127.91	\$ 763.08
Trash - Hotel	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00		\$ 725.00	\$ 8,700.00
Mgmt Fee - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00		\$ 1,015.00	\$ 12,180.00
	\$ 6,547.96	\$ 6,688.62	\$ 6,544.11	\$ 8,114.39	\$ 8,904.72	\$ 8,824.37	\$ 8,706.81	\$ 3,859.87	\$ 6,964.82	\$ 8,717.55	\$ 4,802.67	\$ 11,704.48	\$ 81,880.37
Average cost per Casita	\$ 225.79	\$ 230.64	\$ 225.66	\$ 279.81	\$ 227.75	\$ 235.32	\$ 231.27	\$ 183.10	\$ 240.17	\$ 231.64	\$ 158.71	\$ 403.60	\$ 235.29

	Original Budget Per Casita	2012 Expenses Per Casita	Variance
City of Scottsdale	\$ 6.40	\$ 23.53	\$ 18.13
State farm	\$ 5.12	\$ 4.22	\$ (0.90)
Horizon - Grounds	\$ 15.00	\$ 18.25	\$ 3.25
Safeguard	\$ 125.00	\$ 96.71	\$ (28.29)
ACE - street sweeping	\$ 3.00	\$ 6.90	\$ 3.90
APS - elec		\$ 1.48	\$ 1.48
HOA	\$ 20.00	\$ 20.00	\$ -
Qwest - gale phone line		\$ 2.19	\$ 2.19
Trash - Hotel	\$ 25.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 35.00	\$ 35.00	\$ -
	\$ 233.62	\$ 235.28	\$ 1.77

Scottsdale Hilton Castia Worksheet
01/31/11 thru 12/31/11

EXPENSES:
Note - Landlease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2011
City of Scottsdale	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 6,830.18
State farm	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 5,760.00
Horizon	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 34,352.04
Safeguard	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
ACE	\$ 41.90	\$ 36.44	\$ 35.08	\$ 39.94	\$ 35.07	\$ 40.78	\$ 39.44	\$ 38.61	\$ 34.03	\$ 41.50	\$ 37.62	\$ 36.43	\$ 454.84
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA	\$ 62.28	\$ 62.86	\$ 62.86	\$ 61.92	\$ 62.73	\$ 63.05	\$ 81.53	\$ 61.69	\$ 62.56	\$ 62.57	\$ 62.77	\$ 62.77	\$ 769.59
Qwest	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 6,536.03	\$ 6,531.15	\$ 7,903.79	\$ 8,533.71	\$ 6,528.65	\$ 6,535.68	\$ 6,552.82	\$ 6,530.15	\$ 6,528.44	\$ 6,828.83	\$ 7,433.83	\$ 6,531.05	\$ 80,775.13
Average cost per Castia	\$ 225.38	\$ 225.21	\$ 272.54	\$ 225.30	\$ 225.16	\$ 225.37	\$ 225.96	\$ 225.18	\$ 225.12	\$ 226.58	\$ 266.34	\$ 225.21	\$ 232.11

	Original Budget Per Castia	2011 Expenses Per Castia	Variance
City of Scottsdale	\$ 5.40	\$ 19.63	\$ 14.23
State farm	\$ 5.12	\$ 3.95	\$ (1.17)
Horizon - Grounds	\$ 15.00	\$ 18.41	\$ 4.41
Safeguard	\$ 125.00	\$ 98.71	\$ (26.29)
ACE - street sweeping	\$ 3.00	\$ 6.80	\$ 3.80
APS - elec		\$ 1.31	\$ 1.31
HOA	\$ 20.00	\$ 20.00	\$ -
Qwest - gate phone line	\$ 25.00	\$ 2.21	\$ 2.21
Trash - Hotel	\$ 35.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 233.52	\$ 232.11	\$ (1.41)

Scottsdale Hilton Casita Worksheet
01/31/10 thru 12/31/10

EXPENSES:
Note - Landlease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2010
City of Scottsdale	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.46	\$ 569.18	\$ 569.18	\$ 569.18	\$ 569.18	\$ 4,856.40
State farm	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 1,353.00	\$ 1,590.85	\$ 581.42	\$ 828.85	\$ 480.00	\$ 1,224.50	\$ 612.78	\$ 1,354.00
Horizon	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 8,671.20
Safeguard	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
ACE	\$ 32.72	\$ 38.57	\$ 33.20	\$ 36.57	\$ 33.77	\$ 34.95	\$ 35.53	\$ 37.17	\$ 34.92	\$ 33.60	\$ 37.02	\$ 35.38	\$ 425.40
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA	\$ 58.99	\$ 58.49	\$ 58.37	\$ 58.51	\$ 58.74	\$ 58.74	\$ 59.05	\$ 58.72	\$ 62.16	\$ 41.86	\$ 61.97	\$ 61.36	\$ 698.96
Qwest	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 6,276.84	\$ 6,283.19	\$ 6,277.70	\$ 7,636.21	\$ 6,277.84	\$ 7,151.82	\$ 7,390.36	\$ 6,382.44	\$ 6,877.78	\$ 6,507.31	\$ 7,275.34	\$ 6,661.37	\$ 80,798.00
Average cost per Casita	\$ 216.44	\$ 216.66	\$ 216.47	\$ 283.32	\$ 216.47	\$ 248.61	\$ 254.84	\$ 220.08	\$ 230.27	\$ 224.39	\$ 250.87	\$ 229.70	\$ 232.18

	Original Budget Per Casita	2010 Expenses Per Casita	Variance
City of Scottsdale	\$ 5.40	\$ 13.98	\$ 8.58
State farm	\$ 5.12	\$ 3.89	\$ (1.23)
Horizon - Grounds	\$ 15.00	\$ 25.48	\$ 10.48
Safeguard	\$ 125.00	\$ 98.71	\$ (26.29)
ACE - street sweeping	\$ 3.00	\$ 6.90	\$ 3.90
APS - elec		\$ 1.22	\$ 1.22
HOA	\$ 20.00	\$ 20.00	\$ -
Qwest - gate phone line		\$ 2.01	\$ 2.01
Trash - Hotel	\$ 25.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 35.00	\$ 35.00	\$ -
	\$ 233.52	\$ 232.18	\$ (1.34)

Scottsdale Hilton Casita Worksheet
01/31/08 thru 12/31/08

EXPENSES:

Note - Landlease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2008
City of Scottsdale	\$ 770.82	\$ 770.82	\$ 770.82	\$ 775.82	\$ 770.82	\$ 770.82	\$ 543.48	\$ 543.48	\$ 543.48	\$ 548.48	\$ 548.48	\$ 553.48	\$ 7,910.80
State farm	\$ 420.00	\$ 420.00	\$ 420.00	\$ 420.00	\$ 420.00	\$ 420.00	\$ 1,400.11	\$ 420.00	\$ 420.00	\$ 420.00	\$ 1,380.13	\$ 480.00	\$ 1,326.00
Horizon	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 7,020.24
Safeguard	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
ACE	\$ 34.88	\$ 31.76	\$ 35.07	\$ 31.57	\$ 30.93	\$ 33.32	\$ 580.00	\$ 580.00	\$ 580.00	\$ 31.33	\$ 31.12	\$ 38.28	\$ 293.26
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA	\$ 57.22	\$ 113.27	\$ 56.21	\$ -57.25	\$ 57.25	\$ 57.28	\$ 57.28	\$ 58.50	\$ 57.64	\$ 57.99	\$ 57.99	\$ 57.61	\$ 745.49
Qwest	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 6,665.59	\$ 6,718.52	\$ 6,664.77	\$ 7,993.31	\$ 6,661.67	\$ 6,664.09	\$ 7,363.54	\$ 6,404.85	\$ 8,403.79	\$ 6,440.47	\$ 7,360.39	\$ 6,507.04	\$ 81,887.83
Average cost per Casita	\$ 229.85	\$ 231.67	\$ 229.82	\$ 275.63	\$ 229.71	\$ 228.80	\$ 254.80	\$ 220.85	\$ 220.82	\$ 222.09	\$ 254.50	\$ 224.38	\$ 235.31

** July, Aug. & Sept APS invoices were most likely included in the hotel's electric expense in error.

	Original Budget Per Casita	2008 Expenses Per Casita	Variance
City of Scottsdale	\$ 5.40	\$ 22.73	\$ 17.33
State farm	\$ 5.12	\$ 3.81	\$ (1.31)
Horizon - Grounds	\$ 15.00	\$ 20.17	\$ 5.17
Safeguard	\$ 125.00	\$ 98.71	\$ (26.29)
ACE - street sweeping	\$ 3.00	\$ 6.80	\$ 3.80
APS - elec	\$ 20.00	\$ 0.84	\$ 0.84
HOA		\$ 2.14	\$ 2.14
Qwest - gate phone line		\$ 25.00	\$ -
Trash - Hotel		\$ 35.00	\$ -
Mgmt Fee - Hotel	\$ 233.52	\$ -235.31	\$ 1.79

Scottsdale Hilton Casita Worksheet
01/31/09 thru 12/31/09

EXPENSES:
Note - Landlease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2009
City of Scottsdale	\$ 538.48	\$ 543.48	\$ 543.48	\$ 543.48	\$ 543.48	\$ 543.48	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.46	\$ 322.48	\$ 322.46	\$ 5,190.64
State farm	\$ 480.00	\$ 480.00	\$ 480.00	\$ 1,354.00	\$ 480.00	\$ 480.00	\$ 1,360.07	\$ 594.07	\$ 480.00	\$ 480.00	\$ 1,065.63	\$ 480.00	\$ 1,354.00
Horizon	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 7,359.77
Safeguard	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
ACE	\$ 31.45	\$ 36.52	\$ 31.67	\$ 32.18	\$ 33.74	\$ 31.61	\$ 32.86	\$ 34.53	\$ 32.46	\$ 30.61	\$ 30.33	\$ 38.65	\$ 396.61
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA	\$ 57.62	\$ 57.61	\$ 57.98	\$ 57.98	\$ 57.98	\$ 58.06	\$ 58.13	\$ 58.24	\$ 58.99	\$ 58.12	\$ 58.99	\$ 58.48	\$ 700.19
Qwest	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 6,490.22	\$ 6,500.28	\$ 6,485.80	\$ 7,850.31	\$ 6,487.87	\$ 6,486.82	\$ 7,167.19	\$ 6,391.97	\$ 6,276.58	\$ 6,273.86	\$ 6,880.08	\$ 6,282.27	\$ 79,593.25
Average cost per Casita	\$ 223.80	\$ 224.15	\$ 223.99	\$ 270.70	\$ 224.06	\$ 224.03	\$ 246.80	\$ 220.41	\$ 218.43	\$ 216.34	\$ 237.24	\$ 218.63	\$ 228.72

	Original Budget Per Casita	2009 Expenses Per Casita	Variance
City of Scottsdale	\$ 5.40	\$ 14.82	\$ 9.52
State farm	\$ 5.12	\$ 3.89	\$ (1.23)
Horizon - Grounds	\$ 15.00	\$ 21.15	\$ 6.15
Safeguard	\$ 125.00	\$ 98.71	\$ (26.29)
ACE - street sweeping	\$ 3.00	\$ 6.90	\$ 3.90
APS - elec		\$ 1.14	\$ 1.14
HOA	\$ 20.00	\$ 20.00	\$ -
Qwest - gate phone line		\$ 2.01	\$ 2.01
Trash - Hotel	\$ 25.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 35.00	\$ 35.00	\$ -
	\$ 238.52	\$ 228.72	\$ (4.80)

Scottsdale Hilton Castia Worksheet
01/31/07 thru 12/31/07

EXPENSES:

Note - Landlease paid separately

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2007
City of Scottsdale **	\$ 420.00	\$ 1,316.00	\$ 728.25	\$ 728.25	\$ 728.25	\$ 728.25	\$ 728.25	\$ 771.82	\$ 770.82	\$ 771.82	\$ 770.82	\$ 770.82	\$ 7,500.35
State farm	\$ -	\$ 904.23	\$ 420.00	\$ 497.56	\$ 420.00	\$ 420.00	\$ 1,731.48	\$ 620.04	\$ 420.00	\$ 420.00	\$ 1,088.10	\$ 420.00	\$ 1,316.00
Horizon	\$ 2,865.49	\$ 2,844.00	\$ 2,865.49	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 2,862.67	\$ 7,662.41
Safeguard	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 2,400.00
ACE	\$ 34.58	\$ 32.75	\$ 30.48	\$ 33.13	\$ 31.08	\$ 29.33	\$ 33.63	\$ 32.01	\$ 32.86	\$ 33.95	\$ 30.24	\$ 28.97	\$ 383.61
APS	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 580.00	\$ 6,960.00
HOA	\$ 56.95	\$ 57.08	\$ 57.09	\$ 57.09	\$ 57.47	\$ 57.45	\$ 57.47	\$ 56.42	\$ 56.42	\$ 56.42	\$ 56.38	\$ 56.37	\$ 682.61
Qwest - Hotel	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Trash - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Mgmt Fee - Hotel	\$ 5,687.02	\$ 7,674.06	\$ 6,611.31	\$ 6,686.70	\$ 6,620.47	\$ 6,616.70	\$ 7,834.50	\$ 6,762.98	\$ 6,662.77	\$ 6,664.46	\$ 6,728.21	\$ 7,238.83	\$ 82,103.99
Average cost per Castia	\$ 203.00	\$ 264.62	\$ 227.98	\$ 230.99	\$ 228.29	\$ 228.23	\$ 273.60	\$ 233.21	\$ 228.75	\$ 228.81	\$ 232.04	\$ 249.65	\$ 235.93

** Jan & Feb sewer invoices were most likely included in the hotel's sewer expense in error.

	Original Budget Per Castia	2007 Expenses Per Castia	Variance
City of Scottsdale	\$ 5.40	\$ 21.55	\$ 16.15
State farm	\$ 5.12	\$ 3.78	\$ (1.34)
Horizon - Grounds	\$ 15.00	\$ 22.02	\$ 7.02
Safeguard	\$ 125.00	\$ 98.62	\$ (26.38)
ACE - street sweeping	\$ 3.00	\$ 6.90	\$ 3.90
APS - elec		\$ 1.10	\$ 1.10
HDA	\$ 20.00	\$ 20.00	\$ -
Qwest - gate phone line		\$ 1.96	\$ 1.96
Trash - Hotel	\$ 25.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 35.00	\$ 35.00	\$ -
	\$ 233.52	\$ 235.93	\$ 2.41

Plaintiff's Exhibit 7

R L Whitmer

From: Evon Potocki [Evon@cpihoa.com]
Sent: Monday, February 20, 2017 6:48 PM
To: R L Whitmer
Subject: Hilton Casitas Prior Accounting Ledger and Expenses
Attachments: Doc.pdf; Copy of Casita Expense Recap 2016 (002).xlsx

Hello Mr. Whitmer and Coleen London-

As stated in previous notices, Cornerstone Properties took over managing the Hilton Casitas Council of Homeowners Jan 1st 2017. Attached is the ledger from previous accounting and an excel sheet provided by Hilton of the 2016 expenses.

If there is anything else I can help you with, please let me know.

Best Regards-

Evon Potocki
Community Manager



Cornerstone Properties, Inc.
P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 X103
Fax: (602) 244-9214
E-Mail: evon@cpihoa.com
<http://www.cpihoa.com>

Scottsdale Hilton Casita Worksheet
2016 Expenses

EXPENSES:
Note - Landlease paid separately

Projected Revenues @ \$289.04 per unit
(assuming all pay)

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	2015
	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 8,382.16	\$ 100,585.92
Expenses:													
City of Scottsdale- Sewer	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 942.16	\$ 866.48	\$ 866.48	\$ 866.48	\$ 866.48	\$ 866.48	\$ 866.48	\$ 10,851.84
State Farm - Insurance			\$ 1,595.00										\$ 1,595.00
Horizon - Landscapers	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 852.00	\$ 480.00	\$ 1,285.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 2,177.15	\$ 480.00	\$ 8,644.15
Safeguard Security Svc	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 2,844.00	\$ 1,146.55	\$ 1,146.55	\$ 1,146.55	\$ 28,035.65
Street Sweepers								\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 500.00
CenturyLink		\$ 70.09			\$ 284.29		\$ 69.50	\$ 71.71	\$ 71.49	\$ 70.14	\$ 71.35	\$ 69.45	\$ 778.02
APS	\$ 44.96		\$ 80.26	\$ 38.22	\$ 40.00	\$ 43.75	\$ 40.51	\$ 40.68	\$ 37.26	\$ 36.97	\$ 35.55	\$ 40.71	\$ 478.87
HOA Reserve	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 1,648.36	\$ 3,345.81	\$ 3,345.81	\$ 3,345.81	\$ 24,872.67
Trash - Hotel	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 725.00	\$ 8,700.00
Mgmt Fee - Hotel	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 1,015.00	\$ 12,180.00
Total Expenses	\$ 7,699.48	\$ 7,724.61	\$ 9,329.78	\$ 7,692.74	\$ 8,350.81	\$ 7,698.27	\$ 8,503.85	\$ 7,791.23	\$ 7,787.59	\$ 7,785.95	\$ 9,482.89	\$ 7,789.00	\$ 97,636.20
Profit/Loss (Projected Revenues less Expenses)	\$ 682.68	\$ 657.55	\$ (947.62)	\$ 689.42	\$ 31.35	\$ 683.89	\$ (121.69)	\$ 590.93	\$ 594.57	\$ 596.21	\$ (1,100.73)	\$ 593.16	\$ 2,949.72

	Original Budget Per Casita	2016 Expenses Per Casita	Variance
City of Scottsdale	\$ 5.40	\$ 31.18	\$ 25.78
State farm	\$ 5.12	\$ 4.58	\$ (0.54)
Horizon - Grounds	\$ 15.00	\$ 24.84	\$ 9.84
Safeguard	\$ 125.00	\$ 83.44	\$ (41.56)
ACE - street sweeping	\$ 3.00	\$ 1.44	\$ (1.56)
APS - elec		\$ 2.24	\$ 2.24
HOA - increased May 2016	\$ 75.62	\$ 1.38	\$ (74.14)
Qwest - gate phone line		\$ 71.47	\$ 71.47
Trash - Hotel	\$ 25.00	\$ 25.00	\$ -
Mgmt Fee - Hotel	\$ 35.00	\$ 35.00	\$ -
	\$ 289.04	\$ 280.56	\$ (8.48)

Extra Expenses:

Horizon (in addition to monthly maintenance of \$480)

may - trim palms	\$ 372.00
July - trim 18 palms	\$ 815.00
Nov - winter lawn, irrigation repairs	\$ 847.15
Nov - repair to casita entrance curb	\$ 850.00
	\$2,884.15

Plaintiff's Exhibit 8

Hilton Casitas 2016 Legal Expenses			
Clark Hill Invoices		Monthly	Year to date
February 16, 2016		\$97.50	\$97.50
March 24, 2016		\$2,145.00	\$2,242.50
April 28, 2016		\$5,037.50	\$7,280.00
May 28, 2016		\$455.00	\$7,735.00
June 29, 2016		\$812.50	\$8,547.50
July 28, 2016		\$2,730.00	\$11,277.50
August 29, 2016		\$260.00	\$11,537.50
September 27, 2016		\$694.70	\$12,232.20
September 27, 2016		\$4,095.00	\$16,327.20
October 28, 2016		\$257.00	\$16,584.20
November 15, 2016		\$715.00	\$17,299.20
November 15, 2016		\$1,155.00	\$18,454.20
December 8, 2016		\$595.00	\$19,049.20
TOTAL		\$19,049.20	

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 639112

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

February 16, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through January 31, 2016

Total Services: \$97.50

INVOICE TOTAL \$97.50

12/16/15 631943 \$357.50

Outstanding Balance: \$357.50

TOTAL AMOUNT DUE \$455.00
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
February 16, 2016
INVOICE # 639112
Page 2

DETAILED DESCRIPTION OF SERVICES

01/22/16	Review memorandum from Corey R Anderson regarding status of litigation (.1) (No Charge); review letter from LeMan Witter regarding invalid assessment (.3).	.30	97.50
----------	--	-----	-------

\$97.50

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.30 hours at \$325.00 =	\$97.50
-----	--------------------	--------------------------	---------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 645220

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

March 24, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through February 29, 2016

Total Services: \$1,690.00

INVOICE TOTAL \$1,690.00

12/16/15	631943	\$357.50
02/16/16	639112	\$97.50

Outstanding Balance: \$455.00

TOTAL AMOUNT DUE \$2,145.00
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
March 24, 2016
INVOICE # 645220
Page 2

DETAILED DESCRIPTION OF SERVICES

02/11/16	Review comments to Declaration from Board members and Reply.	R Anderson	.90	292.50
02/12/16	Review and revise Declaration.	R Anderson	2.80	910.00
02/16/16	Review Declaration and bylaws; attend Homeowners Association Board meeting (No Charge).	R Anderson	3.20	NO CHARGE
02/24/16	Revise Declaration per Board's comments (2.2); telephone call to M. Bengson regarding changes to Declaration (.3). (Discount 1.0 hours from total).	R Anderson	1.50	487.50

\$1,690.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	3.20 hours at	\$0.00 =	\$0.00
RGA	Robert G. Anderson	5.20 hours at	\$325.00 =	\$1,690.00

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 649885

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

April 28, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through March 31, 2016

Total Services: \$2,892.50

INVOICE TOTAL \$2,892.50

12/16/15	631943	\$357.50
02/16/16	639112	\$97.50
03/24/16	645220	\$1690.00

Outstanding Balance:

\$2,145.00

TOTAL AMOUNT DUE

\$5,037.50
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
April 28, 2016
INVOICE # 649885
Page 2

DETAILED DESCRIPTION OF SERVICES

03/10/16	Review memorandum regarding voting for Board (.1); review condominium statutes and reply to B. Pollock, review issue of short term leases (.2); telephone call to M. Bengson regarding lease issue on Declaration, Whitmer's recent actions, HOA meeting, revision of rules and regulations (.8); research case law on amending Declaration, scope of amendment, (.9); review original declaration regarding rental issue and new Declaration (.7); memorandum to S. Pollock regarding amendment and fines for violating rules and regulations (.2).	R Anderson	2.90	942.50
03/14/16	Telephone call from S. Pollock regarding Declaration and leasing issue (No Charge).	R Anderson	.20	NO CHARGE
03/15/16	Review and revise Declaration in final format.	R Anderson	1.00	325.00
03/15/16	Telephone call to M. Bengson regarding meeting (.2); review Declaration and make revisions to Declaration (.5).	R Anderson	.70	227.50
03/21/16	Telephone call from M. Bengson regarding annual meeting (No Charge).	R Anderson	.20	65.00

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
April 28, 2016
INVOICE # 649885
Page 3

03/23/16	Prepare letter to members, Notice of Meeting and Agenda, review Absentee ballot.	R Anderson	1.30	422.50
03/24/16	Telephone call to M. Bengson regarding rules and regulations (.2); review memorandum from E. Sluder (.2).	R Anderson	.40	130.00
03/28/16	Telephone call from S. Pollock regarding issues with violation of rules and regulations.	R Anderson	.40	130.00
03/29/16	Review letter from attorney R. Porter regarding new Declaration.	R Anderson	.30	97.50
03/30/16	Review emails and prepare for meeting (.5); telephone call from Mike regarding corporation not ready to ratify new declaration, rules and regulations, issues at meeting (.8).	R Anderson	1.30	422.50
03/31/16	Review email from Cameron and Lamar regarding issues with Declaration (.1); telephone call to Mike B. regarding agenda, Cameron letter (.2); review email from Pollock (.1); Attend HOA meeting (2.1 No Charge).	R Anderson	.40	130.00

\$2,892.50

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.20 hours at	\$0.00 =	\$0.00
RGA	Robert G. Anderson	8.90 hours at	\$325.00 =	\$2,892.50

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 655227

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

May 28, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through April 30, 2016

Total Services: \$455.00

INVOICE TOTAL \$455.00

12/16/15	631943	\$357.50
02/16/16	639112	\$97.50
03/24/16	645220	\$1690.00
04/28/16	649885	\$2892.50

Outstanding Balance: \$5,037.50

TOTAL AMOUNT DUE \$5,492.50

=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute

May 28, 2016

INVOICE # 655227

Page 2

DETAILED DESCRIPTION OF SERVICES

04/14/16	Review memoranda regarding amended declaration and lease issue (No Charge).	R Anderson	.20	NO CHARGE
04/25/16	Telephone call from M. Bengson regarding revised rules and regulations and enforcing liens.	R Anderson	.30	97.50
04/30/16	Work on revised and updated Rules and Regulations.	R Anderson	1.10	357.50

\$455.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.20 hours at	\$0.00 =	\$0.00
RGA	Robert G. Anderson	1.40 hours at	\$325.00 =	\$455.00

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 660064

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

June 29, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through May 31, 2016

Total Services: \$812.50

INVOICE TOTAL \$812.50

12/16/15	631943	\$357.50
02/16/16	639112	\$97.50
03/24/16	645220	\$1690.00
04/28/16	649885	\$2892.50
05/28/16	655227	\$455.00

Outstanding Balance: \$5,492.50

TOTAL AMOUNT DUE \$6,305.00
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
June 29, 2016
INVOICE # 660064
Page 2

DETAILED DESCRIPTION OF SERVICES

05/10/16	Review letter from L. Whitmer regarding assessments.	R Anderson	.20	65.00
05/18/16	Telephone call to M. Bengson regarding new Rules and Regulations;	R Anderson	.40	130.00
05/19/16	Telephone call from M. Bengson regarding Witmer lawsuit and rules and regulations.	R Anderson	.40	130.00
05/25/16	Work on rules and regulations.	R Anderson	1.50	487.50

\$812.50

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	2.50 hours at \$325.00 =	\$812.50
-----	--------------------	--------------------------	----------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 664445

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

July 28, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through June 30, 2016

Total Services: \$2,730.00

INVOICE TOTAL \$2,730.00

05/28/16	655227	\$455.00
06/29/16	660064	\$812.50

Outstanding Balance: \$1,267.50

TOTAL AMOUNT DUE \$3,997.50

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
July 28, 2016
INVOICE # 664445
Page 2

DETAILED DESCRIPTION OF SERVICES

06/02/16	Telephone call from M. Bengson regarding rules and regulations.	R Anderson	.20	65.00
06/03/16	Prepare complaint for judicial foreclosure of Unit 21.	R Anderson	2.10	682.50
06/21/16	Review and revise Complaint for foreclosure on Unit 21 (.5); Review records of Maricopa County on other liens (.4); Prepare Verification (.2).	R Anderson	1.10	357.50
06/22/16	Review late fee calculations (.2); Revise Whitmer Complaint (.2); Telephone call to M. Bergson regarding late fees (.2); Review bylaws and declaration regarding board resolution for late fee (3.).	R Anderson	.90	292.50
06/22/16	Prepare Complaint for Schaffer delinquency (1.1); Review condition of title to Eli property (.5).	R Anderson	1.60	520.00
06/23/16	Review memorandum from Corey (.1); Review Whitmer Complaint and allegations (.3); Review original Declaration (.4); Review new proposed declaration (.4); Memorandum to Corey (.8); Review prior judgment (.3).	R Anderson	2.30	747.50
06/24/16	Prepare Complaint for filing.	R Anderson	.20	65.00

\$2,730.00

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
July 28, 2016
INVOICE # 664445
Page 3

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	8.40 hours at \$325.00 =	\$2,730.00
-----	--------------------	--------------------------	------------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 669279

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

August 29, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through July 31, 2016

Total Services: \$260.00

INVOICE TOTAL \$260.00

05/28/16	655227	\$455.00
06/29/16	660064	\$812.50
07/28/16	664445	\$2730.00

Outstanding Balance: \$3,997.50

TOTAL AMOUNT DUE

\$4,257.50
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
August 29, 2016
INVOICE # 669279
Page 2

DETAILED DESCRIPTION OF SERVICES

07/18/16	TT First American re status of title reports (NO CHARGE).	R Anderson	.20	NO CHARGE
07/26/16	Review memorandum from Mike Bengson, review proposed changes to Rules and Regulations, review new Arizona Statutes to take effect August 1, 2016.	R Anderson	.80	260.00

\$260.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.20 hours at	\$0.00 =	\$0.00
RGA	Robert G. Anderson	0.80 hours at	\$325.00 =	\$260.00

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 673736

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

September 27, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through August 31, 2016

Total Services: \$195.00

FOR EXPENSES INCURRED OR ADVANCED:

Service of Process \$499.70

Total Expenses: \$499.70

INVOICE TOTAL \$694.70

TOTAL AMOUNT DUE \$694.70

=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
September 27, 2016
INVOICE # 673736
Page 2

DETAILED DESCRIPTION OF SERVICES

08/23/16	Review revised Rules and Regulations; review lease form; telephone call from M. Bergson regarding Rules and Regulations.	R Anderson	.60	195.00
----------	--	------------	-----	--------

\$195.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.60 hours at \$325.00 =	\$195.00
-----	--------------------	--------------------------	----------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500

Scottsdale, AZ 85254

Telephone (480) 684-1100

Fed.ID # 38-0425840

INVOICE

Invoice # 683075

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

November 15, 2016
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through October 31, 2016

Total Services: \$715.00

INVOICE TOTAL

\$715.00

09/27/16 673736 \$694.70

Outstanding Balance:

\$694.70

TOTAL AMOUNT DUE

\$1,409.70
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
November 15, 2016
INVOICE # 683075
Page 2

DETAILED DESCRIPTION OF SERVICES

10/06/16	Telephone conference with Mike regarding Answer to Compliant regarding Safeguard; review Summary of Safeguard Contract and Benefits to Association; prepare Answer to Complaint.	R Anderson	1.50	487.50
10/07/16	Continue to prepare of answer to Whitmer Complaint; telephone conference with Mike regarding allegations by Whitmer regarding use of Safeguard Services.	R Anderson	.70	227.50

\$715.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	2.20 hours at \$325.00 =	\$715.00
-----	--------------------	--------------------------	----------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, Arizona 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

Invoice # 673740
September 27, 2016
Client: 48320
Matter: 306528

=====

RE: London, Colleen and Whitmer, R.L.

FOR SERVICES RENDERED through August 31, 2016

Total Services:

\$4,095.00

INVOICE TOTAL

\$4,095.00

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
London, Colleen and Whitmer, R.L.
September 27, 2016
INVOICE # 673740
Page 2

DETAILED DESCRIPTION OF SERVICES

08/04/16 RGA	Telephone call from M. Bengson regarding production of documents for Whitmer, short term rental issues, new legislation; review file; review Whitmer Motion to Dismiss and documents attached; prepare Response to Motion to Dismiss.	2.90
08/05/16 RGA	Telephone call from M. Bengson regarding payment of delinquent assessments (No Charge).	.20
08/08/16 RGA	Review briefs and Court Judgments received from Corey Hill, continue to work on Response to Whitmer Motion, telephone call to M. Bengson regarding additional delinquency for July and August.	2.70
08/09/16 MSS	Discussion with R. Anderson regarding effective and proper arguments for response to motion to dismiss.	.70
08/09/16 RGA	Continue preparation of Response to Motion to Dismiss, telephone call to M. Bengson regarding payment by Whitmer.	3.50
08/18/16 RGA	Review letter from Whitmer regarding review of books and records, telephone call to M. Bengson regarding Whitmer request for records and response.	.60
08/19/16 RGA	Review correspondence from B. Porter, attorney for Whitmer regarding Board Meeting.	.20
08/25/16 RGA	Review Whitmer's Reply to HOA's Response to Motion to Dismiss; telephone call to M. Bengson regarding Reply.	.70
08/30/16 RGA	Review memo to Whitmer and attachments; review memo from Whitmer to Mike regarding Safeguard overcharges and offset.	.40

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
London, Colleen and Whitmer, R.L.
September 27, 2016
INVOICE # 673740
Page 3

\$4,095.00

TIMEKEEPER SUMMARY

MSS	Mark S. Sifferman	0.70 hours at	\$350.00 =	\$245.00
RGA	Robert G. Anderson	0.20 hours at	\$0.00 =	\$0.00
RGA	Robert G. Anderson	11.00 hours at	\$350.00 =	\$3,850.00

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, AZ 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Invoice # 679335

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

October 28, 2016
Client: 48320
Matter: 306528

RE: London, Colleen and Whitmer, R.L.

FOR SERVICES RENDERED through September 30, 2016

Total Services:

\$245.00

FOR EXPENSES INCURRED OR ADVANCED:

Filing Fees

\$12.00

Total Expenses:

\$12.00

INVOICE TOTAL

\$257.00

09/27/16

673740

\$4095.00

Outstanding Balance:

\$4,095.00

TOTAL AMOUNT DUE

\$4,352.00

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
London, Colleen and Whitmer, R.L.
October 28, 2016
INVOICE # 679335
Page 2

DETAILED DESCRIPTION OF SERVICES

09/23/16 RGA Review new complaint from Whitmer re Safeguard, TT Mike re new complaint.	.40
09/26/16 RGA TF Mike Bergson re new complaint.	.30

\$245.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.70 hours at \$350.00 =	\$245.00
-----	--------------------	--------------------------	----------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500

Scottsdale, AZ 85254

Telephone (480) 684-1100

Fed.ID # 38-0425840

INVOICE

Invoice # 683076

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

November 15, 2016
Client: 48320
Matter: 306528

=====

RE: London, Colleen and Whitmer, R.L.

FOR SERVICES RENDERED through October 31, 2016

Total Services: \$1,155.00

INVOICE TOTAL \$1,155.00

09/27/16	673740	\$4095.00
10/28/16	679335	\$257.00

Outstanding Balance: \$4,352.00

TOTAL AMOUNT DUE

\$5,507.00
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
London, Colleen and Whitmer, R.L.
November 15, 2016
INVOICE # 683076
Page 2

DETAILED DESCRIPTION OF SERVICES

10/10/16 RGA Review and revise Complaint and file in Justice Court.	.30
10/11/16 RGA Review Whitmer Application for Costs.	.20
10/17/16 RGA Prepare response in Opposition of Defendants Application for Costs; telephone conference with M. Bengson regarding issues with Opposition to Application; copy of May delinquency notice, Justice Court Answer.	2.60
10/18/16 RGA Telephone conference with M. Bengson regarding notices to Whitmer, Answer to Justice Court Complaint.	.20

\$1,155.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	3.30 hours at \$350.00 =	\$1,155.00
-----	--------------------	--------------------------	------------

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, Arizona 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

Invoice # 686637
December 8, 2016
Client: 48320
Matter: 306528

=====

RE: London, Colleen and Whitmer, R.L.

FOR SERVICES RENDERED through November 30, 2016

Total Services:

\$595.00

FOR EXPENSES INCURRED OR ADVANCED:

Filing Fees

\$6.00

Total Expenses:

\$6.00

INVOICE TOTAL

\$601.00

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
London, Colleen and Whitmer, R.L.
December 8, 2016
INVOICE # 686637
Page 2

DETAILED DESCRIPTION OF SERVICES

11/08/16	RGA Telephone call from M. Bengson regarding response to Whitmer's letter challenging Board's Notice of Violation.	.30
11/16/16	RGA Review letter from Whitmer regarding dispute of assessments and fines; telephone call to M. Bengson regarding response (No Charge).	.50
11/17/16	RGA Review letter from Whitmer; review Declaration, bylaws and statutes regarding Whitmer claims.	.80
11/28/16	RGA Telephone call to M. Bengson regarding architectural control and response to Whitmer letter and Board meeting.	.60

\$595.00

TIMEKEEPER SUMMARY

RGA	Robert G. Anderson	0.50 hours at	\$0.00 =	\$0.00
RGA	Robert G. Anderson	1.70 hours at	\$350.00 =	\$595.00

Plaintiff's Exhibit 9

Hilton Casitas Council of Homeowners

2016 Budget

Beginning Cash	\$ 12,111.71	\$12,111.71
Added Cash receipts	\$ 19,780.32	100,585.92
Total Cash	\$ 31,892.03	\$112,697.63
Estimated Expenses		
Accounting	\$ 400.00	
Legal	\$ 15,000.00	
Bank Fees	\$ 360.00	
Manangement	\$ 3,000.00	
Misc		
Total	\$ 18,760.00	- 18,760.00
Estimated ending cash	\$ 13,132.03	- \$13,132.03

Based on no change in the monthly dues of \$289.04

* \$ 80,865.60 out of balance

X 29 casitas
\$8,382.16
X 12 months

Total Annual Receipts \$100,585.92

* Plaintiff's notes & analysis.

Hilton Casitas Council of Homeowners

2016 Budget		2015 Actual expenses	2015 Budget Expenses
Beginning Cash	\$ 12,111.71	\$ 13,641.26	\$ 13,641.26
Added Cash reciepts	\$ 19,780.32	\$ 19,383.60	\$ 19,780.32
Total Cash	\$ 31,892.03	\$ 33,024.86	\$ 33,421.58
Estimated Expenses			
Accounting	\$ 400.00	\$ 400.00	\$ 400.00
Legal	\$ 15,000.00	\$ 17,059.72	\$ 14,500.00
Bank Fees	\$ 360.00	\$ 29.95	\$ 360.00
Manangement	\$ 3,000.00	\$ 2,838.48	\$ 2,500.00
Misc		\$ 585.00	\$ -
Total	\$ 18,760.00	\$ 20,913.15	\$ 17,760.00
Estimated ending cash	\$ 13,132.03	\$ 12,111.71	\$ 15,661.58

Based on no change in the monthly dues of \$289.04

Plaintiff's Exhibit 10

R L Whitmer

Subject: Scottsdale Hilton Casitas - Board Meeting Notice- (Change of Location!)

On Monday, February 15, 2016 3:40 PM, Evon Potocki <Evon@cpihoa.com> wrote:

Note: Change of Location!

BOARD OF DIRECTORS MEETING NOTICE

The Board of Directors meeting scheduled for:

Date: Tuesday February 16th, 2016.

Located: Scottsdale Hilton Ballroom

Time: 4:30pm

Agenda:

- Approve the last Board minutes
- Parking signs
- Noncompliance Issues
- Discuss the amended Declarations.
- Date for annual meeting and vote on the amended Declarations.
- Questions
- Adjourned

Homeowners are welcome to attend!

Thank you-

The Hilton Casitas Council of Homeowners

Evon Potocki
Community Manager



Cornerstone Properties, Inc.
P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 x103
Fax: (602) 244-9214
E-Mail: <mailto:evon@cpihoa.com>
<http://www.cpihoa.com/>

Plaintiff's Exhibit 11

R L Whitmer

From: Michael Bengson [mike@mbengson.com]
Sent: Thursday, January 05, 2017 3:23 PM
To: 'R L Whitmer'
Subject: Hilton Casita's

Lamar,

I thought it might be useful to let you know what I would present to the court on your latest complaint.

- #6 We emailed out an agenda and a PDF of the Amended Declarations.
- #7 The budget was discussed in the Board meeting previous to the annual meeting. It did not take very much time as everything remained the same from the previous year,
- #8 We hand delivered a packet before the meeting that contained the results from 2015 budget and the proposed new budget. I dropped yours off a packet at your house myself.
- #11 The Administrative order was given the first week on 2016. We complied by having the March meeting of the members and passing the appropriate budget. This was a reasonable time after the order was given.

With the above in mind consideration should be given to drop this complaint. The association now has to have legal fee's to defend. I am guessing it will be 2-4K (\$137/unit). This is out of all of our pockets. At this point I am not going to try to save the HOA money by representing the HOA on any complaints. Everything will go thru Bob Anderson and we will all have to absorb the bill. This will raise our legal costs but I am going to spend as little time on it as possible.

The following will or has happened:

- Cornerstone will be our only management company.
- Cornerstone will do all accounting and bill paying
- Cornerstone will provide all Financial Statements
- Cornerstone will set up a Community Web site to post all information so we have total transparency.
- Cornerstone will be contracting to a company to do a proper reserve study.
- Possible repaving our roads. They badly need it.

After we have the "Reserve Study" we will be adjusting our budget based on their recommendation. It will no longer be a guess. It will be cut and dry and will be the best for budget purposes.

This is professional and how it should be done.

My hope is you help us minimize legal costs. If you choose not to then we will just put it into the budget every year. I have no problem doing that. The problem we have is that the higher the HOA dues the more impact it has on our values.

Happy New Year.

-Michael Bengson-
480-688-7002

Plaintiff's Exhibit 12

A meeting of the Board of Directors of the H.O. A of Casita owners took place on Feb.16 4.30 p.m. in the Hilton Hotel.

Attending were Mike Bengson (president) and board members Steve pollock, Don Randolph, Barrie Bercuson and David Cameron (by conference call). Also attending were Bob Anderson (lawyer) and three casita owners.

The meeting was brought to order and the minutes from previous Board Meeting approved.

The purpose of this meeting was to go over the H.O.A. declarations that were amended by the board at the last meeting, and Mr. Anderson gave his comments and suggestions before presenting them to a general meeting of owners.

Also discussed were signs restricting overnight parking and approved by the board.

There were discussions about penalties for owners behind on dues and fines with comments from Bob Anderson of how to enforce penalties.

Also discussed was the option for owners to rent out their casitas, with the decision to bring it to a vote with all owners participating with a 51% margin for approval or disapproval.

Suggestions were made of forming an architectural committee to standardize exterior casita appearances but no decision taken. To be raised at next general meeting.

The meeting was ajourned with a motion from Don Randolph and seconded by Steve Pollock.

Plaintiff's Exhibit 13

R L Whitmer

Subject: FW: Scottsdale Hilton Annual Meeting Ballot
Attachments: → Amended Declarations of Hilton Casitas.pdf; Signed Notice of meeting.pdf; Scottsdale Hilton 2016 Ballot.pdf

On Thursday, March 24, 2016 1:57 PM, Evon Potocki <Evon@cpihoa.com> wrote:

Good Afternoon-

As you know the Annual Meeting is scheduled for:

Date: Thursday, March 31st, 2016.

Located: Scottsdale Hilton Ballroom

Time: 4:30pm

Homeowners are encouraged to attend the meeting. Attached is also the Board of Directors Ballot where you may cast your vote for the Amended and Restated Declarations. For delivery of your filled out and signed ballot: email to **Mike@mbengson**, deliver to **Casita 11**, or bring your ballot to the Annual Meeting.

Have a nice Easter weekend!

Evon Potocki
Community Manager



Cornerstone Properties, Inc.
P.O. Box 62073
Phoenix, AZ 85082

Office: (602) 433-0331 x103
Fax: (602) 244-9214
E-Mail: evon@cpihoa.com
<http://www.cpihoa.com>

Plaintiff's Exhibit 14

March 24, 2016

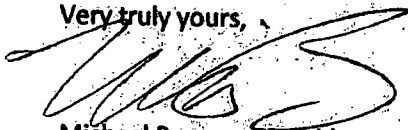
NOTICE OF ANNUAL MEETING

Dear Members:

You are cordially invited to attend the Annual Meeting of Members of Hilton Casitas Council of Homeowners, Inc., an Arizona non-profit corporation, on March 31, 2016, at 4:30 pm, at the Scottsdale Hilton Ballroom, located at 6333 N. Scottsdale Road, Scottsdale, AZ 85250.

Eligible Members of record can vote their interest by completing the attached ballot and submitting it at the Annual Meeting of the Members. Of course, you also may vote your unit membership by marking your votes on the enclosed absentee ballot, signing, dating it, and mailing it in the enclosed envelope or delivering it the undersigned.

Very truly yours,



Michael Bengosn, President

Your Vote is Important

Your Vote is Important

**HILTON CASITAS COUNCIL OF HOMEOWNERS, INC.
NOTICE OF ANNUAL MEETING OF ELIGIBLE MEMBERS
TO BE HELD ON MARCH 31, 2016**

The Annual Meeting of Eligible Members of the Hilton Casitas Council of Homeowners, Inc., will be held at the Scottsdale Hilton Ballroom, located at 6333 N. Scottsdale Road, Scottsdale, AZ 85250, on March 31, 2016, at 4:30 pm, for the following purposes:

- To elect the Board of Directors for the Association;
- To review Financial Report of the Association;
- To review the approved Budget for 2016;
- To review and vote on Amending Declaration;
- To review and vote on proposed new Rules & Regulations; and
- To review and vote on amending Bylaws.

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE PROMPTLY FILL IN, DATE, SIGN AND RETURN THE ENCLOSED FORM OF BALLOT, IN THE SELF-ADDRESSED, POSTAGE PREPAID ENVELOPE PROVIDED FOR YOUR CONVENIENCE. THIS BALLOT MAY ALSO BE HAND DELIVERED TO THE PRESIDENT OF THE ASSOCIATION. THE BALLOT CANNOT BE REVOKED.

Scottsdale, Arizona

Dated: March 24, 2016

By Order of the Board of Directors

BARRIE BERGUSON

Secretary

A large, stylized handwritten signature in black ink, appearing to read 'Barrie', is written over the printed name and title.

Plaintiff's Exhibit 15

HILTON CASITAS COUNCIL OF HOMEOWNERS
AGENDA FOR
ANNUAL MEETING OF ACTIVE MEMBERS
MARCH 31, 2016

1. Call meeting to Order-Chairman
2. Roll call
3. Declaration of Quorum
4. Reading of Minutes of Preceding Meeting
5. Vote on election of Board of Directors
6. Formal Announcement of Voting Results re new Board
7. Review Financial Report of the Association
8. Review approved budget for 2016
9. Review and vote on proposed new Rules & Regulations
10. Review and vote on Amending Declaration
11. Discuss Unfinished Business
12. Discuss New Business
13. Adjournment of Meeting

**HILTON CASITA'S COUNCIL OF HOMEOWNERS
MAIL-IN BALLOT TO ELECT THE BOARD OF DIRECTORS AND
AMEND THE DECLARATION OF CONDOMINIUM**

Hilton Casita's Council of Homeowners hereby presents this ballot to elect Members of the Board of Directors and amend the Declaration of Condominium at the **Annual Meeting of the Association** scheduled for **March 31st 2016 at 4:30 PM**

Location of the meeting: **Scottsdale Hilton Ballroom. located at 6333 N. Scottsdale Road, Scottsdale, AZ 85250**

THE UNDERSIGNED, BEING THE OWNER(S) OF UNIT _____ OF THE ASSOCIATION, HEREBY VOTES AS FOLLOWS FOR BOARD MEMBERS AND FOR THE PROPOSED AMENDED DECLARATION. THERE ARE 5 OPEN POSITIONS AVAILABLE. YOU MAY CAST ONE VOTE FOR UP TO 5 MEMBERS. YOU MAY ALSO WRITE-IN UP TO 2 INDIVIDUALS FOR THE BOARD OF DIRECTORS. MAKE YOU'RE YOUR TOTAL NUMBER OF VOTES IS 5. PLEASE MAKE SURE YOUR VOTES ARE CLEAR.

_____ **I VOTE TO ELECT MICHAEL BENGSON TO THE BOARD OF DIRECTORS.**

_____ **I VOTE TO ELECT STEVE POLLOCK TO THE BOARD OF DIRECTORS.**

_____ **I VOTE TO ELECT BARRIE POLLOCK TO THE BOARD OF DIRECTORS.**

_____ **I VOTE TO ELECT THE FOLLOWING WRITE-IN
CANDIDATE TO THE BOARD: _____.**

_____ **I VOTE TO ELECT THE FOLLOWING WRITE-IN
CANDIDATE TO THE BOARD: _____.**

_____ **I VOTE TO AMEND THE DECLARATION PURSUANT TO THE PROPOSED
AMENDED AND RESTATED DECLARATION OF HORIZONTAL PROPERTY REGIME FOR
HILTON CASITAS, ALSO REFERRED TO AS THE AMENDED AND RESTATED DECLARATION
FOR HILTON CASITAS CONDOMINIUMS, AS RECOMMENDED BY THE BOARD.**

_____ **PLEASE PLACE AN "X" IF YOU ARE RETURNING THIS BALLOT FOR
QUORUM PURPOSES ONLY. Do NOT VOTE if this box is checked.**

ONCE YOU HAVE COMPLETED YOUR BALLOT, PLEASE RETURN IT TO THE ASSOCIATION IN THE ENCLOSED ENVELOPE OR BRING IT TO THE ANNUAL MEETING OF THE MEMBERS IN PERSON TO BE HELD ON **MARCH 31 2016**. THIS BALLOT IS VALID FOR ONLY THE PURPOSES OUTLINED ON THIS BALLOT. THIS BALLOT MAY NOT AUTHORIZE ANOTHER PERSON TO CAST VOTES ON BEHALF OF THE MEMBER.

Name

Unit Number

Plaintiff's Exhibit 16

DECLARATION OF R. L. Whitmer

1. I, R. L. Whitmer, have personal knowledge of the matters set forth in this Declaration.
2. My wife, Colleen London, and since 2010 have resided in Casita 21 in the Hilton Casitas condominium development located behind the Scottsdale Hilton located on the southeast corner of Scottsdale Road and Lincoln Drive.
3. As owners of Casita 21, we are members of Hilton Casitas HOA.
4. On March 24, 2016, my wife received an email from Evon Potocki, a management agent for the purported HOA, regarding the March 31, 2016 annual meeting. Attached to the email was a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot.
5. The March 24, 2016 email did not have attached a proposed budget or any HOA financials.
6. On or about March 25, 2016, we discovered a packet in our mailbox from the purported HOA for the March 31, 2016 annual meeting. While the packet contained a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot, the packet did not contain a proposed budget or any HOA financials.
7. During 2016, we did not receive the 2016 HOA budget, nor the ARS §33-1243.J required financial audit/review/compilation.

Pursuant to **Rule 80(i)** of the Arizona Rules of Civil Procedure, I, R. L. Whitmer, declare under the penalty of perjury that this Declaration is true and correct to the best of my information, knowledge and belief.

DATED this 14th day of February, 2017.



R. L. Whitmer

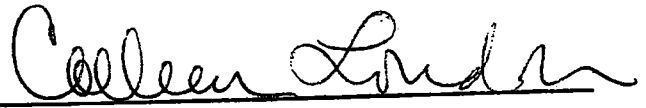
Plaintiff's Exhibit 17

DECLARATION OF COLLEEN LONDON

1. I, Colleen London, have personal knowledge of the matters set forth in this Declaration.
2. My husband, R. L. Whitmer, and I since 2010 have resided in Casita 21 in the Hilton Casitas condominium development located behind the Scottsdale Hilton located on the southeast corner of Scottsdale Road and Lincoln Drive.
3. As owners of Casita 21, we are members of Hilton Casitas HOA.
4. On March 24, 2016, I received an email from Evon Potocki, a management agent for the purported HOA, regarding the March 31, 2016 annual meeting. Attached to the email was a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot.
5. The March 24, 2016 email did not have attached a proposed budget or any HOA financials.
6. On or about March 25, 2016, we discovered a packet in our mailbox from the purported HOA for the March 31, 2016 annual meeting. While the packet contained a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot, the packet did not contain a proposed budget or any HOA financials.
7. During 2016, we did not receive the 2016 HOA budget, nor the ARS §33-1243.J required financial audit/review/compilation.

Pursuant to **Rule 80(i)** of the Arizona Rules of Civil Procedure, I, Colleen London, declare under the penalty of perjury that this Declaration is true and correct to the best of my information, knowledge and belief.

DATED this 17 day of February, 2017.


Colleen London

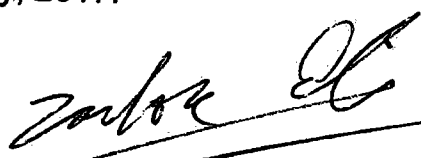
Plaintiff's Exhibit 18

DECLARATION OF ZADOK ELI

1. I, Zadok Eli, have personal knowledge of the matters set forth in this Declaration.
2. In 1995 my wife, Hana Eli, and I purchased Casita 18 in the Hilton Casitas condominium development which is located behind the Scottsdale Hilton on the southeast corner of Scottsdale Road and Lincoln Drive.
3. We were residents during all of 2016.
4. On or about March 25, 2016, I discovered a packet in our mailbox from the purported HOA for the March 31, 2016 annual meeting. While the packet contained a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot, the packet did not contain a proposed budget or any HOA financials.
5. During 2016, I did not received the 2016 HOA budget, nor any other 2016 HOA financial reports, including the ARS §33-1243.J required financial audit/review/compilation.

Pursuant to **Rule 80(i)** of the Arizona Rules of Civil Procedure, I, Zadok Eli, declare under the penalty of perjury that this Declaration is true and correct to the best of my information, knowledge and belief.

DATED this 14 day of February, 2017.



Zadok Eli

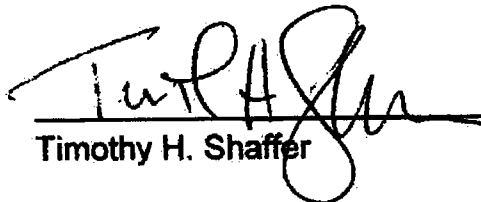
Plaintiff's Exhibit 19

DECLARATION OF TIM SHAFFER

1. I, Timothy H. Shaffer, have personal knowledge of the matters set forth in this Declaration.
2. In 2005 my wife, Diana Shaffer, purchased Casita 17 in the Hilton Casitas condominium development located behind the Scottsdale Hilton located on the southeast corner of Scottsdale Road and Lincoln Drive.
3. We were residents during all of 2016, and I personally assisted her in handling the HOA matters in 2016.
4. On or about March 25, 2016, I discovered a packet in our mailbox from the purported HOA for the March 31, 2016 annual meeting. While the packet contained a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot, the packet did not contain a proposed budget or any HOA financials.
5. During 2016, she did not receive the 2016 HOA budget, nor any other 2016 HOA financial reports, including the ARS §33-1243.J required financial audit/review/compilation.

Pursuant to **Rule 80(i)** of the Arizona Rules of Civil Procedure, I, Timothy H. Shaffer, declare under the penalty of perjury that this Declaration is true and correct to the best of my information, knowledge and belief.

DATED this 2nd day of February, 2017.



Timothy H. Shaffer

Plaintiff's Exhibit 20

DECLARATION OF DONALD LEVIN

1. I, Donald Levin, have personal knowledge of the matters set forth in this Declaration.
2. I am the president of DRL Enterprise Inc., a Delaware corporation, located at 2301 Ravine Way, Glenview, IL 60025
3. Since August 1986 DRL Enterprise Inc. has owned Casita 19 in the Hilton Casitas condominium development located behind the Scottsdale Hilton located on the southeast corner of Scottsdale Road and Lincoln Drive.
4. My primary means of receiving HOA meeting notices, agendas and documents is through email.
5. On March 24, 2016 I received an email from Evon Potocki, a management agent for the purported HOA, regarding the March 31, 2016 annual meeting. Attached to the email was a "proposed amended and restated declaration of horizontal property regime," a notice of the annual meeting, a meeting agenda, and a ballot.
6. The March 24, 2016 email did not have attached a proposed budget or any HOA financials.

Pursuant to **Rule 80(i)** of the Arizona Rules of Civil Procedure, I, Donald Levin, declare under the penalty of perjury that this Declaration is true and correct to the best of my information, knowledge and belief.

DATED this 16 day of February, 2017.



Donald Levin

R L Whitmer

From: drlevin@drl-ent.com
Sent: Thursday, February 16, 2017 4:04 PM
To: R L Whitmer
Subject: Re: FW: Scottsdale Hilton Annual Meeting Ballot
Attachments: Declaration of Donald Levin.pdf

Plaintiff's Exhibit 21

Hilton Casitas Council of Homeowners

Proposed 2015 Budget

Beginning Cash	\$13,641.26	\$13,641.26
Added Cash receipts	\$19,780.32	V. 100,585.92*
Total Cash	\$33,421.58	\$114,227.18

Estimated Expenses

Accounting	\$400.00	
Legal	\$14,500.00	
Bank Fees	\$360.00	
Management Fee	\$2500.00	
Total	\$17,760.00	- 17,760.00
		\$96,467.18
Estimated Cash 3/20/2016	\$15,661.58	- 15,661.58
Unaccounted for variance		\$ 80,805.60

Cash receipts based on new monthly dues of \$289.04
 x 29 units
 \$8,382.16 per month
 x 12 months
 * Total cash receipts \$100,585.92

Plaintiff's Exhibit 22

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500
Scottsdale, Arizona 85254
Telephone (480) 684-1100
Fed.ID # 38-0425840

INVOICE

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

Invoice # 574583
March 31, 2015
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through November 30, 2014

Total Services:	\$4,420.00
-----------------	------------

INVOICE TOTAL	\$4,420.00
---------------	------------

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
March 31, 2015
INVOICE # 574583
Page 2

DETAILED DESCRIPTION OF SERVICES

10/22/14	Telephone call from M. Bengson regarding condominium restructure (.3 no charge); review letter from attorney for association regarding issues.	R Anderson	.20	65.00
10/30/14	Bengson; Review legal action by unit owner; review declaration and statutory authority; telephone call to M. Bengson regarding legal issue.	R Anderson	.50	162.50
10/31/14	Telephone call from M. Bengson regarding bylaws, board meeting, and current issues.	R Anderson	.20	65.00
11/12/14	Telephone call to M. Bengson regarding lawsuit against association.	R Anderson	.40	130.00
11/14/14	Review file documents; review Motion for Summary Judgment; prepare Response to Motion.	R Anderson	3.50	1137.50
11/17/14	Telephone call from H. Mesrand, Department of Safety, regarding administrative hearing; review Notice of Hearing.	R Anderson	.80	260.00
11/20/14	Telephone call from M. Bengson regarding meeting with L. Whitmer.	R Anderson	.20	65.00

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
 Condominium Reorganization and Whitmer Dispute
 March 31, 2015
 INVOICE # 574583
 Page 3

11/21/14	Telephone call from M. Bengson regarding meeting with L. Whitmer; telephone call to M. Bengson regarding claims.	R Anderson	.30	97.50
11/21/14	Meeting with L. Whitmer regarding lawsuit, history of association.	R Anderson	2.00	NO CHARGE
11/26/14	Review petition, motion for summary judgment, and other legal claims for administrative hearing; review prior minutes; review Board and budget analysis of the original association and new association; review Corporation Commission records; review original by-laws and proposed amended by-laws..	R Anderson	3.70	1202.50
11/26/14	Meeting with L. Whitmer, A. Eli regarding condo ground lease issues.	R Anderson	2.50	NO CHARGE
11/28/14	Research issue of authority of association, amending declaration/bylaws, issue of replacement of unincorporated association with non-profit association, review ground lease and restrictions on casitas.	R Anderson	3.80	1235.00

TIMEKEEPER SUMMARY

\$4,420.00

RG	Robert G. Anderson	4.50 hours at	\$0.00 =	\$0.00
RG	Robert G. Anderson	13.60 hours at	\$325.00 =	\$4,420.00

CLARK HILL

P.L.C.

ATTORNEYS AT LAW

14830 N. Scottsdale Road, Suite 500
Scottsdale, Arizona 85254
Telephone (480) 684-1100
Fed. ID # 58-0425840

INVOICE

Hilton Casitas Council of Homeowners
Attn: Michael Bengson
6333 N. Scottsdale Road
Unit 10
Scottsdale, AZ 85250-5428

Invoice # 578577
March 27, 2015
Client: 48320
Matter: 179849

=====

RE: Condominium Reorganization and Whitmer Dispute

FOR SERVICES RENDERED through December 31, 2014

Total Services:	\$2,307.50
-----------------	------------

INVOICE TOTAL	\$2,307.50
---------------	------------

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
March 27, 2015
INVOICE # 578577
Page 2

DETAILED DESCRIPTION OF SERVICES

12/05/14	Telephone call to M. Bengson regarding meeting and leasing (.2 no charge).	R Anderson	.20	NO CHARGE
12/08/14	Telephone call from L. Whitmer regarding ground lease issue, hotel's offer (.2 no charge).	R Anderson	.20	NO CHARGE
12/12/14	Telephone call from M. Bengson regarding hearing (.2 no charge); telephone call from C. Hill, attorney for lawsuit.	R Anderson	.40	NO CHARGE
12/15/14	Meeting with M. Bengson, B. and S. Askenazi regarding Board elections, Administrative Hearing, witnesses, and evidence.	R Anderson	1.20	390.00
12/16/14	Telephone call from B. Askenazi regarding witnesses for hearing (.2 no charge).	R Anderson	.20	NO CHARGE
12/18/14	Review emails from M. Bengson, L. Whitmer, E. Karatz.	R Anderson	.30	97.50
12/19/14	Telephone call to M. Bengson regarding leasing; review evidence.	R Anderson	.20	65.00
12/22/14	Telephone call to M. Bengson regarding hearing; review evidence; review file; review pleading and Whitmer's evidence; prepare for hearing.	R Anderson	3.20	1040.00

Plaintiff's Exhibit 23

Hilton Casitas Council of Homeowners
Annual General Meeting of Members
March 31, 2015
Minutes

Meeting called to order by Mike Bengson at 6:10 pm.

There was a call for a Quorum. The following members were in attendance: Sue Karatz, Mike Bengson, Peggy Bengson, Pamela Penn, Dorene Mykol, John Huston, Betsy Stodola, Barbara Askenazi, Kristin Bloomquist, Don Randolph, Barrie Bercuson, Mike Sheedy, Undine King, Steve Pollock, David Cameron, Nancy Diamond.

Motion to approve the October 15, 2014 minutes by Kristin Bloomquist, 2nd by Barbara Askenazi, motion passed.

Attorney Cory Hill, provided a summary and update on the pending Eli lawsuit.

Attorney Bob Anderson, General Counsel for the Hilton Casitas Council of Homeowners, discussed the process to make changes to our current governing documents.

Lia Correa, Community Manager with Cornerstone Properties, Inc. (CPI) described how her firm can assist the board in the management, administration and operations of our association.

Kristin Bloomquist made a motion to hire CPI as our management company, 2nd by Steve Pollock, motion passed.

Doug Heaton, General Manager with the Hilton Hotel, expressed good will and hospitality, appreciates Casitas as good neighbors. He listed perks/amenities for Casita owners. They will continue. He said the basic charges have stayed the same.

Annual budget was presented and discussed.

Betsy Stodola made a motion to approve the 2015 budget, 2nd by Barrie Bercuson, motion passed.

Ballots were collected for increase of monthly dues. The members approved monthly dues increase, effective May 1, 2015.

Ballots were collected for New Board Members. The members elected the following to the Board: Mike Bengson, Steve Pollock, David Cameron, Don Randolph, and Barrie Bercuson.

Mike Bengson adjourned the meeting at 7:40 pm.

Respectfully submitted by Barbara Askenazi

Plaintiff's Exhibit 24

CLARK HILL P.L.C.

Hilton Casitas Council of Homeowners
Condominium Reorganization and Whitmer Dispute
March 20, 2015
INVOICE # 588805
Page 2

DETAILED DESCRIPTION OF SERVICES

02/17/15	Review order from Administrative Judge.	R Anderson	1.10	NO CHARGE
02/17/15	Review original By-laws and Amendment to By-laws; prepare Amended By-laws.	R Anderson	1.20	390.00
02/17/15	Memorandum to M. Bengson (.1 no charge); telephone conference with H. Textor at Department of Fire and Transportation (.2 no charge).	R Anderson	.30	NO CHARGE
02/18/15	Review file regarding lawsuit; review original Declaration and continue work on Amended Declaration.	R Anderson	1.90	617.50
02/19/15	Telephone conference with M. Bengson regarding court decision, next meeting, issues for Annual Meeting, and special revisions for new Declaration (.3 no charge).	R Anderson	.30	NO CHARGE
02/25/15	Review memorandum from M. Bengson, review Declaration regarding issues M. Bengson has raised.	R Anderson	.50	162.50
02/27/15	Telephone conference with M. Bengson regarding Management Agreement with hotel regarding revised Declaration; review and revise Declaration.	R Anderson	2.60	845.00

Plaintiff's Exhibit 25

BYLAWS
OF
HILTON CASITAS COUNCIL OF CO-OWNERS

ARTICLE I

NAME AND LOCATION OF COUNCIL OF CO-OWNERS

Section 1. Name and Location. The name of this Council of Co-owners is HILTON CASITAS COUNCIL OF CO-OWNERS (hereinafter called the "Council"). Its principal place of business shall be located in the City of Scottsdale, Maricopa County, Arizona.

ARTICLE II

REFERENCE TO DECLARATION

Section 1. Reference. Reference is made to that certain Declaration of Horizontal Property Regime, recorded on May 22, 1972, in Docket 9448, pages 790 to 846 inclusive, records of Maricopa County, Arizona (hereinafter called the "Declaration"). The Declaration, as amended and supplemented from time to time as therein provided, is incorporated herein by reference. The Declaration covers Hilton Casitas (hereinafter called the "Property" or "Hilton Casitas"), as described in the Declaration.

ARTICLE III

MEMBERSHIP

Section 1. Qualification. Membership shall be limited to Owners (as said term is defined in the Declaration) of the

Casitas (as said term is defined in the Declaration). An owner will be deemed a member upon recordation, in the public records of Maricopa County, Arizona, of a Sublease and/or other instrument establishing a record title to the Casita. An owner shall remain a member of this Council until such member's death, or until such time as such member's Sublease is assigned or is terminated for any reason, or until such time as such member's right of occupancy of the Casita under the Sublease is terminated for any reason, at which time such member's membership in this Council shall automatically cease and terminate. No certificates of membership shall be issued, and membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the Council.

Section 2. Place of Meetings. Meetings of the members of the Council shall be held at the Property or such other suitable place convenient to the members as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the members of this Council shall be held within one year after completion and occupancy by owners of seventy-five percent (75%) of the total number of Casitas to be constructed upon the Property, or at such earlier time as the initial Board of Directors shall designate, whichever is sooner. Thereafter the annual

meetings of the Council shall be held within three months after the end of each accounting year.

Section 4. Special Meetings. Special meetings of the Council may be held at any time upon the call of the President or a petition signed by at least twenty-five per cent (25%) of the members and presented to the Secretary.

Section 5. Notice of Meetings. The Secretary shall give written notice of each annual and special meeting to every member according to the Council's record of ownership, at least five days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting and the purpose therefor, in any of the following ways: (a) by delivering it to him personally, or (b) by leaving it at his Casita in the Property or at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Council's records of ownership. If notice is given, pursuant to the provisions of this section, the failure of any members to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any member in person or by proxy at any meeting shall be deemed a waiver of any required notice to such member unless he shall at the opening thereof object to the holding of such meeting

because of the failure to give notice in accordance with the provisions hereof.

Section 6. Quorum. The presence at any meeting in person or by proxy of a majority of members shall constitute a quorum, and the acts of a majority of the members at any meeting at which a quorum is present shall be the acts of the Council except as otherwise provided herein. The quorum percentage requirement shall be reduced by fifteen percent (15%) for each meeting which follows any prior meeting in which a sufficient number of members to constitute a quorum were not present in person or by proxy.

Section 7. Voting. A member shall be entitled to one vote for each Casita subleased (hereinafter referred to in the context of "owned") by such member. In the event any Casita is owned by two or more persons, by a corporation, partnership or other entity having more than one person as a member, whether by joint tenancy, tenancy in common, community property, or otherwise, the membership as to such Casita shall be joint and a single membership for such Casita shall be issued in the names of all, and they shall designate to this Council, in writing, at the time of issuance, one of their number who shall have the power to vote said membership, and, in the absence of such designation and until such designation is made, the Board of Directors of the Council shall make such designation.

Section 10. Order of Business. The order of business (if the subjects are appropriate) at all meetings of the Council shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Report of officers;
- (e) Report of committees;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualifications. The business and affairs of the Council shall be governed by a Board of Directors composed of not less than three (3) nor more than five (5) persons, who shall serve without compensation. The initial Board shall be composed of five members, and the number of members on the Board thereafter shall be established from time to time by the Board. No person shall be eligible for election as a director who is not at the time of election a member of this Council (except such persons who may serve as directors during the period from the date of recordation of the Declaration until the first annual meeting of the members).

Section 2. Powers. The Board of Directors shall have all powers necessary for the administration of the affairs of the Council and may do all such acts and things therefor as are not by law, the Declaration or these Bylaws directed to be exercised or done only by the members.

Section 3. Election and Term. The Board of Directors shall be elected annually by the members at the annual meeting of the members of the Council, or at any special meeting called for the purpose of such election, for a term of one year, and each member shall be entitled to one vote for each Casita owned by him.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director by the Council shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next annual meeting of the Council. Ceasing to be a member of the Council, death, incapacity or resignation of any director shall cause his office to become vacant.

Section 5. Removal of Directors. At any regular or special meeting of the Council duly called, any one or more of the directors may be removed with or without cause by vote of a majority of members and a successor may then and there be elected to fill the vacancy thus created. Any director

whose removal has been proposed by the members shall be given at least five days notice of such proposed action and an opportunity to be heard at such meeting.

Section 6. Annual Meeting. An organizational meeting of the Board of Directors shall be held at the place of, and immediately following, each annual meeting of the Council, and it shall not be necessary to give any notice to any directors in order for there to be a valid meeting, provided that a majority of the whole Board shall be present. At such meeting the Board shall elect the officers of the Council for the ensuing year.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least one day prior to the date of such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least one day's notice to each director, given personally or by telephone or telegraph, which notice shall state the time, place and purpose of such meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on the written request of at least two directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors any director may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice to him of such meeting. If all the directors are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

Section 10. Quorum of Board. At all meetings of the Board of Directors a majority of the total number of directors established by these Bylaws shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Fidelity Bonds. The Board of Directors may require that all officers, employees and agents of the Council handling or responsible for its funds, shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council.

Section 12. First Board of Directors. The members of the first Board of Directors shall be George Palē, Gerald Hirt, Norman Grossman, Norman D. Levitt and Robert H. Karatz.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by, and in the case of the President from, the Board of Directors. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary.

Section 2. Election and Term. The officers of the Council shall be elected annually by the Board of Directors at the Board's annual meetings and shall hold office at the pleasure of the Board. The officers elected shall hold office for a period of one (1) year, or until their successors are elected and qualified. No person shall be eligible for election as an officer who has not, at the time of election, fulfilled the membership requirements set forth in Article III hereof.

Section 3. Removal. Any officer may be removed either with or without cause by vote of a majority of the members of the Board of Directors and his successor elected, at any

regular meeting of the Board or any special meeting called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Council and shall preside at all meetings of the Council and of the Board of Directors. Subject to the control of the Board he shall exercise general supervision and direction over the management and conduct of the business and affairs of the Council. He shall also have such other powers and duties as may be provided by these Bylaws or assigned to him from time to time by the Board.

Section 5. Vice President. The Vice President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. He shall also have such other powers and duties as may be assigned to him from time to time by the Board.

Section 6. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Council and of the Board of Directors, give all notices thereof as provided by these Bylaws, maintain and keep a continuous and accurate record of ownership of all Casitas, have charge of such books, documents and records of the Council as the Board may direct, and in general perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall keep and maintain the books and financial records of the Council, and shall prepare regular reports thereof and be responsible for the proper deposit and custody in the name of the Council of all its funds and securities.

Section 8. Auditor. The Council may appoint annually an independent public accountant or accounting firm as auditor to audit the books and financial records of the Council.

ARTICLE VI

ADMINISTRATION

Section 1. Management. The Board of Directors shall at all times manage and operate the Property and have such powers and duties as are granted the Board by the Declaration and these Bylaws.

ARTICLE VII

COVENANTS AND RESTRICTIONS AS TO SALE, LEASING AND OTHER ALIENATION

Section 1. Sale or Lease. Except for any leasing of a Casita for a period of not in excess of 60 days (which shall require no notice to or approval by the Corporation, as said term is defined in the Declaration, or the Council), any owner who wishes to sell or lease his Casita (or any lessee of any Casita wishing to assign or sublease such Casita) to any person not related by blood or marriage to the owner shall give to the Corporation and the Council no less than fifteen (15)

days' prior written notice of the terms of any contemplated sale or lease, together with the name and address of the proposed purchaser or lessee. The Corporation shall at all times have the first right and option to purchase or lease such Casita upon the same terms, which option shall be exercisable for a period of fifteen (15) days following the date of receipt of such notice. If said option is not exercised by the Corporation within said fifteen (15) days, the Council shall have the second right and option to purchase such Casita upon the same terms, which option shall be exercisable for a period of five (5) days following the expiration of the Corporation's option period. If said option is not exercised by the Council within said five (5) days, the owner (or lessee) may, at the expiration of said period and at any time within sixty (60) days after the expiration of the last option period, contract to sell or lease (or sublease or assign) such Casita to the proposed purchaser or lessee named in such notice upon the terms specified therein.

Section 2. Gift. Any owner who wishes to make a gift of his Casita or any interest therein to any person or persons who would not be heirs at law of the owner under the laws of intestate succession of this state, shall give to the Corporation and the Council not less than fifteen (15) days'

written notice of his or her intent to make such gift prior to the contemplated date thereof, together with the name and address of the intended donee and the contemplated date of such gift. The Corporation shall at all times have the first right and option, and if it fails to exercise such right the Council shall have the second right and option, to purchase such Casita or interest therein for cash at fair market value to be determined by arbitration as herein provided. The Corporation's option shall be exercisable until the expiration of forty-five (45) days after receipt by it of the written notice, and the Council's option shall be exercisable until the expiration of five (5) days after expiration of the Corporation's option period. Within five (5) days after receipt of said written notice by the Corporation and the Council, the Corporation and the owner desiring to make such gift shall each appoint a qualified real estate appraiser to act as arbitrators. The two arbitrators so appointed shall, within ten (10) days after their appointment, appoint another qualified real estate appraiser to act as the third arbitrator. Within ten (10) days after the appointment of said arbitrator, the three arbitrators shall determine, by majority vote, the fair market value of the Casita or interest therein which the owner contemplates conveying by gift, and shall thereupon give written notice of

such determination to the owner, the Corporation and the Council. The Corporation's and Council's respective options to purchase the Casita or interest therein shall expire within the time periods set forth above.

Section 3. Devise. In the event any owner dies leaving a will devising his Casita or any interest therein to any person or persons not his heirs at law under the laws of intestate succession of this state, and said will is admitted to probate, the Corporation shall have the first option and the Council shall have the second option (to be exercised in the manner hereinafter set forth) to purchase said Casita or interest therein either from the devisee or devisees thereof named in said will or, if a power of sale is conferred by said will upon the personal representative named therein, from the personal representative acting pursuant to said power, for cash at fair market value which is to be determined by arbitration. Within twenty (20) days after the appointment of a personal representative for the estate of the deceased owner, the Corporation shall appoint a qualified real estate appraiser to act as an arbitrator, and shall thereupon give written notice of such appointment to the said devisee or devisees or personal representative as the case may be. Within twenty (20) days thereafter said devisee or devisees, or personal representative, as the case may be, shall appoint a qualified

real estate appraiser to act as an arbitrator. Within ten (10) days after the appointment of said arbitrator, the two so appointed shall appoint another qualified real estate appraiser to act as the third arbitrator. Within ten (10) days thereafter, the three arbitrators shall determine, by majority vote, the fair market value of the Casita or interest therein, and shall thereupon give written notice of such determination to the devisee or devisees (or personal representative), the Corporation and the Council. The Corporation's option to purchase the Casita or interest therein shall expire thirty (30) days after the arbitrators' written determination is delivered to the Corporation and the Council, and if the Corporation fails to exercise the option, the Council's option shall expire fifteen (15) days after the Corporation's option period.

Section 4. Consent of Voting Members. The Council shall not exercise any option hereinabove set forth to purchase any Casita or interest therein without the prior written consent of two-thirds of the voting members. The Council may bid to purchase at any sale of a Casita or any interest therein of any deceased owner which is held pursuant to an order or direction of a court upon the prior written consent of two-thirds of the voting members of the Council, which consent

shall set forth a maximum price which the Council is authorized to bid and pay for said Casita or interest therein.

Section 5. Release or Waiver of Options. The Corporation may, by written consent to be given within ten (10) days after application for such consent is received by the Corporation, release or waive any of the options given to it (for the particular transaction under consideration) in this Article. If the Corporation so releases or waives its options, then upon the written consent of a majority of the Board of Directors, such consent to be given within ten (10) days after application for such consent is received by the Board, and upon the written consent of two-thirds of the members of the Council, such consent to be given at the first meeting of the members after application for such consent is received by the Secretary, any of the options contained in this Article (with respect to the particular transaction at hand or the particular owner so applying) may be released or waived by the Council, and the Casita or any interest therein may be sold, conveyed, leased, assigned, given or devised free and clear (for that particular transaction) of the provisions of this Article.

Section 6. Proof of Termination of Option. A certificate executed and acknowledged by the respective secretaries of the Corporation and the Council stating that the provisions of

this Article as hereinabove set forth have been met by an Owner, or duly waived by the Corporation and the Council, and that the rights of the Corporation and the Council hereunder have terminated, shall be conclusive upon the Corporation, the Council and the owners in favor of all persons who rely thereon in good faith, and such certificate shall be furnished upon request to any owner who has in fact complied with the provisions of this section or in respect to whom the provisions of this section have been waived.

Section 7. Nonapplicability. The provisions applicable to (or obligations imposed upon) an owner in this Article shall not apply to the Corporation in its capacity as the owner of any Casita.

ARTICLE VIII

MANAGING AGENT AND EXECUTION OF INSTRUMENTS

Section 1. Managing Agent. The Board of Directors may annually employ a responsible corporation, partnership, individual or other entity, as Managing Agent to manage and control the Property, subject at all times to direction by the Board, with all the administrative functions set forth elsewhere in these Bylaws and such other powers and duties and at such compensation as the Board may establish.

Section 2. Execution of Instruments. All checks, drafts, notes, acceptances, conveyances, contracts and other

instruments shall be signed on behalf of the Council by such person or persons as shall be provided by general or special resolution of the Board of Directors, or, in the absence of any such resolution applicable to such instrument, by the President or Vice President and by the Treasurer or Secretary.

ARTICLE IX

OBLIGATIONS OF MEMBERS

Section 1. Assessments. All members shall pay to the Council or its Managing Agent in advance on the first day of each and every month the monthly installments of assessments against their respective Casitas for common expenses of the Property in accordance with the operating budget which shall be prepared thirty (30) days prior to the beginning of each fiscal year. In the event any member is delinquent in the payment of any monthly assessment for a period in excess of thirty (30) days, the Board of Directors may take any and all necessary action, pursuant to its powers set forth in the Declaration, including at its discretion and without limitation, sever or disconnect any or all utility connections to his Casita after five (5) days written notice.

Section 2. House Rules. The Board of Directors, upon giving notice to all members in the same manner as herein provided for notice of meetings of the Council, may adopt, amend or repeal any supplemental rules and regulations governing

details of the operation and use of the Property not inconsistent with any provision of law, the Declaration or these Bylaws.

Section 3. Record of Ownership. Every Casita owner shall promptly cause to be duly recorded or filed of record the Sublease, deed or other instrument establishing a record title to the Casita in the Property and deliver to the Secretary of the Council a certified copy of such instrument. The Secretary shall maintain all such information in the Council's records of ownership of the Casitas.

Section 4. Mortgages. Any Casita owner who mortgages his Casita or any interest therein shall notify the Corporation and the Board of Directors of the name and address of his mortgagee, and also of the release of such mortgage, and the Secretary shall maintain all such information in the Council's records of ownership. The Board of Directors at the request of any mortgagee or prospective purchaser of any Casita shall report to such person the amount of any assessments against such Casita then due and unpaid.

ARTICLE X

AMENDMENTS

Section 1. Procedure. These Bylaws may be amended by fifty-one percent (51%) of the members at a meeting of the members specially held for such purpose; provided, however,

that no amendment shall be valid and effective unless it bears the signed and acknowledged concurrence of the Corporation (as said term is used in the Declaration).

ARTICLE XI

CONFLICTS

Section 1. Control. These Bylaws are set forth to comply with the provisions set forth in the Declaration. In case any of the provisions of these Bylaws conflict with the provisions of said Declaration, the provisions of said Declaration shall control.

Plaintiff's Exhibit 26

MINUTES OF THE GENERAL MEETING OF HILTON H.O.A. MARCH 31 2016

The Casita owners present were Bruce and Betsy Stodola, Tammi Prentis, Don Randolph, Pam Penn, Mike and Peggy Bengson, Undine King, Barb Ashkenazi, Bill Shraeder and Kristin Bloomquist, Sue Karatz, Doug and Doreen Makol, David and Barrie Bercuson, Richard Walker, Steven Pollock, Nancy Diamond and Pamela Penn.

Also present Casita #2 owners and Bob Anderson (attorney) and Doug Heaton (hilton rep)

The minutes from the 2015 board meeting were read and approved by Kristin Bloomquist and seconded by Betsy Stodola.

Mike Bengson explained the delay in voting for new declarations as Hilton had not yet approved. The vote for board members went ahead with Mike Bengson, Steve Pollock, Don Randolph, Barrie Bercuson and Bill Shraeder voted in. Bill's position subject to approval of his trust.

Doug Heaton then thanked everyone for their patience regarding renovations and after some questioning about rentals voiced his opinion that taxes would eventually have to be paid by renters. He briefly discussed security concerns and said the hotel was working to improve several concerns.

Discussion followed about hilton perks re: Happy Hour and rewards for up to date owners.

The 2016 budget was presented and motion to approve by Sue Karatz and seconded by Kristin Bloomquist.

The discussion of Rules and Regulations was tabled as the change in Articles is on hold. Richard Walker volunteered to head a committee to try and summarize and compare changes in the new articles to the old so owners would easily understand the differences.

Betsy Stodola volunteered to help and more participants to be determined.

Mike Bengson then read a letter from David Cameron addressed to all the owners.

"Horizontal property condominium regime?",

I do not agree with the proposed changes to the declarations, bylaws, and rules and regulations. It is our intent to refute all changes whether they are improperly ratified or inappropriately voted on by parties whom have no authority to do so. We will reserve our rights accordingly and defend against any type of forced covenants.

The existing governing body is not a Bias group of individuals. We have witnessed first hand behind closed doors, acts of discrimination by board members. We believe these discriminations are based on gender, race, religion, and age. All of which are protected classes. It is our opinions that the current board must be dismantled based on this claim. We reserve the right to take action against any entity that chooses to make Homeowners

decisions that cause our property and rights as owners of multiple casitas, to be bound unwillingly. It is the opinion that these decisions and votes must be made by unanimous vote. Which derived by precedent, is the overruling law in this circumstance according to our council.

I implore the board to reconsider the intent to damage our property.

David Cameron"

Mike then explained that Cameron was an ex board member who worked and participated on the new articles with enthusiasm and was confused as to where this letter was coming from. The reality was about the change in rental periods but the letter caused some concern about its legitimacy

There was then discussion about Tim Schaffer's attorney letter where Bob Anderson emphatically denied it's correctness and thought we could enter a complaint to the bar association.

Bill Schrader the raised the possibility of binding arbitration on future law suits to prevent all these legal fees and Rick Walker thought that courts would love this alternative.

There was then discussion about replacing safe guard, changing gate code systems, towing parking violations and it was advised that the board could change these things in new rules and regulations.

Tammi Prentice and Doreen Makol objected to #25 yard art and Mike Bengson explained that the Hilton was going to handle these violations in future re: penalties and liens. There was a short discussion about common areas and H.O.A. responsibility as well as garbage pick up.

The meeting was then adjourned—moved by Steven pollock and seconded by Betsy Stodola.

Minutes of 3/31/16 Hilton Casitas Council of Homeowners Board meeting.

Meeting established the following:

Mike Bengson- President

Steve Pollock-Vice President

William Schrader- Treasurer

Barrie Pollock- Secretary

Don Randolph-Vice President

End of meeting.

Plaintiff's Exhibit 27

Hilton Casitas Council of Homeowners

2015 Annual Meeting Ballot

The Hilton Casita Council of Homeowners hereby presents this written ballot to change the common monthly HILTON CASITAS COUNCIL OF HOMEOWNERS FEE to **\$289.04** at the Annual Meeting of the Council scheduled for Tuesday March 31, 2015 at 6:00PM at the Hilton Board Room.

PLEASE VOTE YES OR NO BY PLACING AN "X" IN THE APPROPRIATE BOX

YOU MAY VOTE IN PERSON BY BRINGING THIS BALLOT TO THE MEETING AND SUBMITTING IT TO THE BOARD.

YOU MAY ALSO RETURN THE BALLOT TO MIKE BENGSON 6333 N SCOTTSDALE RD #11, SCOTTSDALE 85250. BALLOTS MUST BE RECEIVED BY 3/30/2015.

BELOW IS MY VOTE TO CHANGE THE COMMON MONTHLY HILTON CASITAS COUNCIL OF HOMEOWNERS FEE TO:

\$289.04

YES	
NO	

Name (Printed)

Address & Casita #

Signature

Date