



When recorded mail to:

Brian Lee Wilson
Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH

This Declaration of Covenants, Conditions and Restrictions (hereinafter the "Declaration"), made this 18th day of July, 2008, by RED LAKE MOUNTAIN RANCH, LLC, an Arizona limited liability company (hereinafter the "Declarant"). Whose address is:

RED LAKE MOUNTAIN RANCH, LLC
7349 via Paseo del Sur, #515
Scottsdale, AZ 85258

WHEREAS, Declarant is the Owner of real property in Coconino County, Arizona legally described on Exhibit on "A" attached hereto; and

WHEREAS, the property of Declarant is shown on the final plat of the subdivision attached as Exhibit "B" and shall hereinafter be referred to as the "Initial Covered Property";

WHEREAS, Declarant desires to establish and maintain the rural and equestrian nature of the Initial Covered Property for the benefit of all owners; and

WHEREAS, Declarant desires to reserve the right to annex and subject the Additional Property (as defined in Article I, Section 1.01) to this Declaration

NOW, THEREFORE, Declarant declares that the Initial Covered Property and any part of the Additional Property which is annexed and subjected to this Declaration is and shall be held, conveyed, encumbered, leased and used subject to the following covenants, conditions and restrictions which are for the purpose of enhancing and protecting the value of the Initial Covered Property and any part of the additional Property which is annexed and subjected to this Declaration. The covenants, conditions and restrictions set forth herein shall run with the Initial Covered Property and any part of the Additional Property which is annexed and subjected to this Declaration; shall be binding upon all persons having any interest in the Initial Covered Property or any part of the Additional Property that is annexed and subjected to this Declaration; shall inure to the Association; and may be enforced by Declarant or its successors, by any Owner or

their successors, the Association, or by any entity having an interest in the Initial Covered Property or any part of the Additional Property that is annexed and subjected to this Declaration.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases shall have the following meanings:

Section 1.01 "Additional Property" means any real property, together with all improvements situated hereon, specified within this section. No additional property is specified.

Section 1.02 "Assessments" means the Annual Assessment and any Special Assessments.

Section 1.03 "Assessment Lien" means the lien created and imposed by Section 3.05 hereof.

Section 1.04 "Association" means Red Lake Mountain Ranch Homeowners Association Inc.

Section 1.05 "Board" means the Board of Directors of the Association.

Section 1.06 "Builder" means any Owner engaged in the business of construction Dwelling Units for the purpose of resale in the ordinary course of such Person's business.

Section 1.07 "Common Maintenance Areas" means: (a) all bike, pedestrian and equestrian trails or paths located within the public rights-of-way shown on a Plat or otherwise designated in this Declaration; (b) all real property, together with the improvements situated thereon, which are designated on a Plat or in a document recorded with the County Recorder of Coconino County, Arizona as being common areas to be owned and/or maintained by the Association; (c) gating located at Forest Service entrance; and (d) all retention basins or berms, whether located within the Property of outside the boundaries of the Property, that are for the benefit of the Property and over which the Association and/or the Owners have been granted an easement for the retention of storm water by a document recorded with the Coconino County Recorder. Maintenance of all such easements shall be the obligation of the Owners and/or Association as set forth in Section 2.06. Control of all common maintenance areas shall be vested in the Declarant until such time as control has transferred to the Association pursuant to Article III, Section 3.01. At such time, control of all common areas shall be vested in the Association.

Section 1.08 "Declarant" means Red Lake Mountain Ranch, LLC, its heirs, successors, or assigns.

Section 1.09 "Declaration" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as the same may be from time to time amended.

Section 1.10 "Dwelling Unit" shall mean the structure constructed on a lot, designated to be used as a place of residence.

Section 1.11 "Improvement" or "Improvements" shall mean any and all alterations of the land, other than interior modifications of existing structures, including, but not limited to, outbuildings, ramadas, garages, guest houses, servant's quarters, swimming pools, wall, fencing, stables, landscaping and driveways, whether intended to be temporary or permanent.

Section 1.12 "Lot" shall mean those parcels of real property shown on the recorded subdivision plat.

Section 1.13 "Member" means a lot owner in the Subdivision and a member of the Association.

Section 1.14 "Owner" shall mean (a) the record Owner, whether one or more persons of legal title in the fee simple of any Lot or (b) the purchaser of a lot under a recorded executory contract for the sale of real property. The foregoing does not include persons who hold an interest in a lot of security for the performance of an obligation, or a lessee or tenant, or a purchaser under an executory contract of sale which has not "closed" and been recorded in the Office of the County Recorder of Coconino County, Arizona.

Section 1.15 "Person" shall mean an individual or any other entity with the legal right to hold title to real property.

Section 1.16 "Plat" shall mean (a) the final subdivision plat for the Red Lake Mountain Ranch Unit 1, and (b) any subdivision plat recorded against any part of the Additional Property annexed and subjected to this Declaration pursuant to Article V, Section 5.07.

Section 1.17 "Property" or "Subdivision" shall mean (a) the real property, together with all improvements situated thereon, described on Exhibit A attached hereto and included within Red Lake Mountain Ranch Unit 1 as shown on the final plat attached hereto as Exhibit B, and (b) any part of the Additional Property annexed and subjected to this Declaration pursuant to Article V, Section 5.07.

Section 1.18 "Roads" shall mean all roads designated on the final plat of the subdivision which are dedicated to the County of Coconino.

ARTICLE II

USES AND RESTRICTIONS

Without the written permission of the Architectural Review Committee first obtained in accordance with Article IV, no person or entity of any nature shall commence or maintain any improvements of any nature upon any of said Lots, including without limitation excavation, site preparation, tree removal, demolition of existing improvements, landscaping, fences, walkways, roadways, driveways, signs, exterior lights, foundations, exterior painting, walls or buildings of any nature (other than repainting in colors substantially similar to the colors originally approved). In no event shall the Architectural Review Committee approve any buildings or improvements, nor shall any buildings or improvements be constructed or maintained upon any of said Lots, which violate any of the following restrictions:

Section 2.01 Construction and Architectural Restrictions.

- A. There may be erected on any one lot not more than one single-family residence (which may include guest quarters) with attached garage, plus such accessory and auxiliary garages, barns and tack rooms as are incidental to the single-family residential use. All structures erected or maintained on any lot or tract must be site built of new construction, built to UBC standards and all Coconino County and Arizona State codes and regulations. No modular or mobile homes are to be allowed. The maximum number of accessory buildings shall be no more than two. It shall also be the responsibility of each Lot Owner to construct structures on each Lot in accordance with the finished floor elevation that is depicted on the approved subdivision plat for each Lot, unless a waiver is obtained from Coconino County.
- B. Only detached single-family dwellings containing a minimum livable area of One Thousand Six Hundred (1,600) square feet may be constructed on any lot.
- C. Each single-family dwelling must have a minimum of a 2-car attached garage with a floor area of not less than Four Hundred (400) square feet. The design and style of the garage, shall be consistent with the rest of the dwelling and oriented so garage doors cannot be seen from the street.
- D. Guest quarters may be erected to be occupied solely by non-paying guests or servants. Any quarters for guests or employees may be connected to the main residence by a common roof and the area of said quarters will not be included in the minimum livable area of the main residence set forth above. All construction for the guest quarters will of the same type and material as the main residence and comply with current County standards for guest quarters.
- E. All dwellings must have standard architectural appearance and no non-conventional home may be constructed.
- F. The body and roof of the main residence and any guest house shall be of standard materials and colors that are earth tones as approved in the discretion of the

Architectural Review Committee described in Article IV below. Roof pitch shall be a minimum of 4/12 pitch. No rooftop HVAC units shall be allowed. Roof vents must be painted to match roof or house colors. No metallic or reflective materials are to be allowed.

G. A residence, guest house, garage, barn, stable or similar structure may be erected on a lot prior to the construction of the primary single-family residence; however, construction of the primary residence must be completed within 2 years from start of construction. Any construction not completed within two years shall be assessed a penalty of \$100.00 per day for each day of non-completion. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2%, shall be charged to the offending Lot Owner. If said costs are not paid within 10 days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as a lien against the offending Lot Owner's property. All material must be new or approved by the Coconino County Building Inspector. All construction shall (i) be according to the rules and regulations governing construction in Coconino County, (ii) be accomplished under a building permit issued by Coconino County, and (iii) be completed under the latest codes and requirements in effect in Coconino County at the time of construction.

H. All utility services such as electricity, telephone, cable TV, water lines and gas lines shall be installed underground in accordance with local county codes at the time of installation, and subject to the requirements of the supplying utility company. Any and all utility storage tanks, including water, gas, propane, etc., must be installed underground. A satellite dish is allowed if placed in a non-conspicuous location approved by the Architectural Review Committee.

I. Septic systems on all lots shall be installed and maintained in accordance with the standards of the Coconino County Health Department and the Arizona Department of Environmental Quality. Should any septic system require a Wisconsin mound or other alternative septic system, it shall be properly landscaped so as to blend in with the area.

J. All structures on all lots must be at least fifty (50') feet from the front, forty (40') feet from the side lot lines, and fifty (50') feet from the rear lot line or any equestrian easement. All barns, stables, feeding/watering facilities or similar structures must be built so that their walls are at least forty (40') feet from the rear and side property lines, and at least one hundred (100') feet from any dwellings on the adjoining lots.

K. In order to protect the "equestrian" area of the subdivision, no fence shall be erected within 16 feet of the front property line of any lot, or in that area designated as "open space", "equestrian easement", "public utility easement", "common area", or any other easement as shown on the final plat. In addition, for the benefit of all members, a fifty (50') foot wide equestrian easement is designated between Lots 6 and 7 and also between Lots 21 and 22, and is centered on the lot lines separating Lots 6 and 7 and Lots 21 and 22, respectively.

L. Any fences erected on the property shall be constructed in a manner and fashion consistent with the character of the surrounding area. The fencing shall be installed in a neat and professional manner using new materials. All fencing shall be constructed of standard materials as approved at the discretion of the Architectural Review Committee described in Article IV below. The finished height of any fence shall not exceed six (6') feet. Any fence erected within twenty (20') feet of a County road cannot be more than three (3') feet in height. No fence shall be erected within sixteen (16') feet of the front of the property line of any lot. All fences must comply with Coconino County ordinances and regulations.

M. None of the Lots shall be subdivided into smaller lots, and no portion of any said Lots or any easement or other interest therein shall be conveyed, leased or otherwise disposed of without the prior written approval of the Declarant. In the event one or more contiguous lots are owned by a single lot owner, each such lot shall pay the assessments described in Section 3.05. However, if the owner intends to use all of such lots for his primary residence, the owner shall not be required to construct a separated residence on each such lot as required in Section 2.01(A). The time for construction of such residence, however, must comply with Section 2.01(G).

N. All lot owners shall post their address number on their residence. All numbers shall at least four inches in height and shall be visible from the street.

O. Drainage. The drainage across individual Lots and throughout Red Lake Mountain Ranch is to be protected and preserved in its natural state, and no development or improvements of any kind shall take place within the drainage, unless approved in advance by the ARC and the necessary governmental agencies. It shall be the responsibility of each Lot Owner to protect, preserve, and maintain any and all drainage patterns located within the boundaries of its Lot. With the exception of fencing, corrals and related facilities that do not appreciably reduce the capacities or conflict with the drainage patterns, no building or structure of any kind shall be permitted in the drainage patterns and, unless in the event of a repair, the drainage grade(s) shall not be changed. Additionally, each Lot Owner shall be responsible to maintain the drainage patterns in accordance with its original condition and, in the event the drainage pattern becomes damaged or altered, the Lot Owner shall be responsible for immediately restoring the drainage area to its original condition.

Upon written notice of violation from Homeowners Association or County, the Lot owner must restore the drainage pattern within 30 days. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within 10 days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as a lien against the offending Lot Owner's property.

P. Destruction of Residence. In the event the residence constructed on a lot should be destroyed by fire or other event, the Owner shall be required to demolish and remove the structure within three (3) months of the destruction. Thereafter, reconstruction shall commence pursuant to the provisions of Section 2.01.

Q. Use of Outdoor Lighting. No outdoor flood lighting may be used in a manner that might be considered a nuisance to other residents. This includes, but is not limited to corral lighting, barn lighting or tennis court lighting. All lighting shall conform to the Coconino County Lighting Ordinance.

Section 2.02 General Use Restrictions.

A. No boarders or renters of a portion of any said Lots shall be permitted, but an entire Lot, together with the improvements thereon, may be rented only to a single family. All lease agreements must be in writing and must provide that the failure of any lessees to comply with the Declaration shall be a default under the lease; however, no Dwelling Unit may be leased or rented for a period of less than thirty (30) days. Rental of any guest house is prohibited, the occupancy thereof being limited to members of record Owner's family, guests or servants.

B. No garage, barn, stable, tack room, trailer, mobile home, motor vehicle or any temporary structure of any nature may be used as a permanent residence on any lot or tract. Temporary use is permitted, in small trailers and motor homes, for short periods of time (visitors, family members, home construction). Such temporary use, however, will not exceed a continuous period of two weeks or four weeks in the aggregate during any one calendar year, except during home construction the time period may be extended to six months.

C. No open fires or burning shall be permitted on any Lot and no incinerators or like equipment shall be placed, allowed or maintained upon any Lot. The foregoing shall not be deemed to preclude the use in customary fashion of outdoor barbeques or grills, unless such use is prevented or restricted by fire protection rules or regulations.

D. All fireplace chimneys and outlets from stoves, heating appliances and outside fire boxes must be protected from flying sparks by the use of approved spark arrestors. All other fire management issues shall be under the control of the Association.

E. Each Owner shall at all times maintain his entire Lot cleared of hazardous growth, vegetation, dead wood and/or trees, and other flammable or host materials.

F. No motor-driven vehicles of any kind shall make use of any easements or areas set aside for pedestrian or equestrian use.

G. No hotel or motel, store, multi-family dwelling, boarding house, guest ranch or any other place of business of any kind, and no hospital, sanitarium or other place for the care or treatment of the sick or disabled, physically or mentally; nor any facility for the care or treatment for compensation of sick or disabled animals shall ever be erected or permitted upon any lot, or any part thereof, and no business of any kind or character whatsoever shall be conducted in or from any residence or building on any of said lots or tracts, except for a home office or other activity that can be operated within a residence and without disturbing neighboring properties. A specific exception will be

made for sales offices erected by the Declarant and used in activities supporting the sale of lots, which are allowed.

H. It is the intent of these restrictions to preserve the rural atmosphere of the property and, therefore, tree cutting is prohibited except, during construction, only those trees needing to be removed to construct the dwelling (and any outbuilding) or access the dwelling may be removed. No private road or driveway shall be constructed, and no native growth shall be removed or destroyed, without the prior written approval of the Architectural Review Committee. Approval shall not be granted for removal or destruction of native growth except as necessary for the construction and maintenance of roads, driveways, and such other structures as are permitted on a building site. In the event native growth is removed or destroyed without the approval of the Architectural Review Committee, the Owner shall be required, at its cost, to replant same. If the Owner fails to do so, the Declarant or Association shall have the right to replant same and charge the cost to Owner. If Owner fails to pay such cost within 10 days, a lien for such cost may be recorded against Owner's property. Notwithstanding any other provision of this Subparagraph II to the contrary, an Owner may remove trees or other native vegetation for fire protection purposes or if the tree or other native vegetation dies or becomes infested with the bark beetle.

I. The following shall not be permitted within 16 feet of the front property line of any lot within the subdivision (other than existing large trees and/or rocks where removal would deleteriously impact the appearance of the lot as determined by the Architectural Review Committee):

1. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.
2. Fences, retainer walls, and other structures.
3. Large rocks.

J. The following shall not be permitted within 5 feet of a vault or meter owned by a public utility.

1. Large rocks.
2. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.

Section 2.03 Noise and Visual Restrictions.

A. Storing of trailers, boats, campers, cars or horse trailers shall be kept reasonably out of sight so as not to be a visual nuisance to adjoining properties; either in a garage or approved outbuilding, along side yards in a neat, inconspicuous manner, or within fenced or planted perimeters. Under no circumstances may a stored trailer be lived in during the period of storage. All vehicles must have a valid current registration.

B. No tanks of any kind, elevated above the surface of the ground or visible in any manner, shall be erected, placed or permitted on any of said Lots. No exterior clothesline equipment shall be permitted on any of said Lots. All rubbish, trash or garbage shall be kept in airtight containers and not allowed to accumulate on any of said Lots. Woodpiles, service yards, and said rubbish, trash or garbage containers shall be kept screened by fencing or adequate planting so as to conceal them from view of streets and of neighboring parcels or any recreation areas. Incineration of rubbish, trash, garbage, or vegetation shall not be permitted.

C. No motor vehicle which is under repair and not in operation condition shall be placed or permitted to remain on the road or any portion of any lot unless it is within an enclosed garage or structure.

D. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any of said lots or tracts, nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the holder or occupant of any surrounding property; PROVIDED, HOWEVER, that a single "For Sale" sign, not larger than twenty-four inches (24") by twenty-four inches (24"), may be placed on any lot and such signs shall not be deemed in violation of these restrictions. Signs identifying residences or ranches will also be allowed at the entrance to such property. Declarant has the right during the initial sale of lots to use larger advertising signs to promote and market the subdivision.

E. None of the land shall be used, in whole or in part, for the storage of any property or thing that will cause the land to appear in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance or material be kept upon the land that will emit a foul or obnoxious odor, or cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property.

F. All rubbish, trash and garbage shall be removed from the lots and shall not be allowed to accumulate thereon. All garbage must be kept in closed containers, and must be concealed from view of the surrounding lots and roads.

G. Noises which would be nuisance to the neighbors such as continually or frequently barking dogs, abnormally loud motors or engines, excessively loud music, or any other noise producing sources which disturb the normal levels of sound in a rural atmosphere shall not be permitted.

H. With the exception of small stereos, no outside speakers, amplifiers or other sound producing equipment shall be permitted to be installed or maintained on any Lot. Stereo speakers shall be confined to the rear area of a lot. Antennas and satellite dishes shall be permitted provided they do not extend above the roof of the house more than five (5) feet.

I. All lighting shall conform to Coconino County Dark Sky Lighting Ordinance.

Section 2.04 Animal Restrictions.

Livestock and poultry are permitted pursuant to County Code; however, under no circumstances shall the number of livestock, horses and poultry animals exceed County Code. Exotic animals are permitted only by means of a special use permit, and those requirements and regulations associated with this permit granted to the owner by Coconino County. Total number of horses shall not exceed three (3) per lot. Total domestic animals such as dogs and cats shall not exceed four (4) each per lot. All domestic animals shall be contained within the boundaries of the property by fencing or similar means of restraint and provided adequate and reasonable shelter. Animals leaving the boundaries of the property shall be supervised and controlled by the owner or other responsible party. Owner shall provide one covered stall for each horse kept on the said Lot, such covered stall to comply with all other provisions of the Declaration. For purposes of this section, a mare and foal shall be considered one horse until said foal is weaned; however, said period of time shall not exceed six (6) months from the date of birth of the foal. All stables, corrals or other facilities for the keeping of animals shall be kept in a clean and sanitary fashion so as not to create a nuisance or odor to surrounding property owners.

Section 2.05 Roads and Maintenance Obligations. All roads within the subdivision are common areas and their maintenance and repair shall be the obligation of the Association.

Section 2.06 Common Areas and Maintenance Obligations. Until such time as control has transferred to the Association pursuant to Article III, Section 3.01, the maintenance of all common areas, including drainage easements, shall be the responsibility of the Declarant. Upon transfer of control, the maintenance of these items shall be the responsibility of the Association. Pursuant to Article III, Section 3.05, the Association shall have the right to assess and collect such fees as are necessary to maintain the common areas, including the drainage easement.

Section 2.07 Water and Mining Restrictions.

A. No surface or ground water appurtenant to the subject real property shall be contaminated in any manner, nor may surface water be used or stored in a manner injurious to any adjacent property owners. The placing or throwing of refuse, debris, garbage or any other material not occurring naturally into any surface water, drainage channel or stream bed is prohibited. An owner of any parcel created from the property may divert or use surface water on his parcel in a reasonable manner, provided that drainage to property adjoining the parcel shall not be changed.

B. No oil or mineral drilling, development, refining, quarrying, or mining operation of any nature shall be permitted on the property. No derrick or other structure designed or used in boring for oil or natural gas shall be erected, placed or permitted upon any part of the property, nor shall any oil, natural gas, petroleum, asphaltum or

hydrocarbon products or minerals of any kind with the exception of water, be produced or extracted therefrom.

Section 2.08 Rights of Builders. Notwithstanding any other provision of this Declaration to the contrary, a Builder shall have the right to maintain model homes and sales offices on Lots owned or leased by the Builder and to construct and maintain parking areas for the purpose of accommodating persons visiting such model homes and sales offices provided: (a) the plans and specifications for the model homes and sales offices, and related landscaping, must be approved in writing by the Architectural Review Committee; (b) the location and design of the parking areas incidental to such model homes and sales offices must be approved in writing by the Architectural Review Committee; (c) the opening and closing hours for such model homes and sales offices must be approved in writing by the Architectural Review Committee; and (d) the construction, operation and maintenance of such model homes and sales offices otherwise complies with all provisions of this Declaration. Any home constructed as a model home shall cease to be used as a model home and any sales office shall cease to be used as a sales office at any time the Builder is not actually engaged in the construction and sale of Lots. Notwithstanding any other provision of this Declaration to the contrary, a Builder may store supplies of brick, block, lumber and other building material on a Lot owned or leased by a Builder during the course of construction of Improvements on Lots provided such materials are kept in areas approved in writing by the Architectural Review Committee. Normal Construction activities of the Builder in connection with the construction of Improvements shall not be considered a nuisance or otherwise prohibited by this Declaration. A Builder constructing Improvements on Lots shall keep the Lots in a clean, safe and neat condition free of weeds, trash and debris throughout the construction process.

Article III

HOMEOWNERS ASSOCIATION, DUES AND VOTING REGULATIONS

Section 3.01 Nature of Association. All rights, duties, and obligations of the Association described herein shall be vested in and shall be exercised by the Declarant until the earlier of January 1, 2015 or the date on which the Declarant records with the Coconino County Recorder a notice of relinquishing the Declarants right under Article V, Section 5.07 to annex and subject the Additional Property to this Declaration. Thereafter, the Declarant shall appoint a Board of Directors for the Association, consisting of at least three (3) lot owners, and control shall thereafter be vested in the Association. The Association shall have all rights and powers prescribed by law, provided that all acts shall be consistent with the provisions of this Declaration and shall be necessary, desirable, or convenient for effectuating the purposes set forth herein. The Association shall have the following two classes of voting membership:

- (a) Class A. Class A Memberships shall be all Memberships, except the Class B Memberships held by the Declarant. Until the Transition Date, defined below, Class A Members shall have no right to vote. After the Transition Date, each Lot Owner shall be entitled to one vote for each Class A Membership held by the Lot

Owner, subject to the authority of the Board to suspend the voting rights of the Lot Owner for violations of the Declaration in accordance with the provisions hereof.

(b) Class B. Until converted to Class A Memberships as provided below, each Membership owned by Declarant shall be a Class B Membership. Declarant shall be entitled to one vote for each Class B Membership held by Declarant. Class B Memberships shall cease and be converted to Class A Memberships on the first to occur of the following (herein referred to as the "Transition Date"):

(1) The date which is 90 days after the date when the Declarant owns less than one-third (1/3) of the lots or Property in Red Lake Mountain Ranch;

(2) January 1, 2015; or

(3) The date Declarant notifies the Board in writing that the Declarant is terminating its Class B Memberships and converting such Memberships to Class A Memberships.

Section 3.02 Organization. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Except as expressly provided otherwise in this Declaration, any action required to be taken by the Association and any approval required from the Association may be taken or given by the Board. The term of office for each Board member shall be three (3) years with revolving terms. Any new Board member appointed to replace a member who has been resigned or been removed shall serve such member's unexpired term. Any Board member who has resigned, been removed or whose term has expired may be re-appointed if such member accepts reappointment. The right to appoint and remove a Board member shall be by written consent of fifty-one percent (51%) of the Owners.

Section 3.03 Association Rules. By a majority vote of the Board, the Association may, from time to time, adopt, amend and repeal nondiscriminatory Association Rules not inconsistent with this Declaration, as the Board deems necessary or convenient to carry out the intents and purposes of the Declaration and the duties of the Board including Association Rules establishing changes for services and copies provided by the Association pursuant to this Declaration.

Section 3.04 Membership. Each Owner shall automatically become a Member of the Association; provided, however, that:

(a) Membership shall be appurtenant to each Lot and run with the title thereto. Such Membership shall commence upon becoming an Owner and automatically terminate when he ceases to be an Owner; and upon the transfer of his ownership interest to the new Owner succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association.

(b) If there is more than one Owner of any Lot, all the Owners of such Lot shall designate one person to be the Member.

(c) If one person owns more than one Lot, the owner shall be entitled to one vote for each lot owned, and shall pay all assessments hereinafter described, for each Lot owned.

(d) The Association may, in addition to the other remedies hereinafter provided, suspend any Member or limit his voting rights for failure to pay dues and assessments or any violation of the Rules and Regulation of the Association.

Section 3.05 Assessments

(a) Each Owner of any Lot, other than the Developer, by acceptance of a deed therefore or by execution, as a buyer, of a contract to purchase a Lot, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Association annual assessments for common area maintenance and upkeep and special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided, the annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on each Lot.

(b) The assessments levied by the Association shall be used exclusively to maintain those items set forth in Article II, Section 2.06, as well as promoting the recreation, health, safety and welfare of the residents of the subdivision and the services and facilities located therein. Said assessments shall also be used to cover operating costs of the Association, including legal and accounting fees.

(c) The maximum annual assessment shall be \$240.00 per year. The maximum annual assessment may be increased effective January 1 of each year by the Board without a vote of the members by an amount not to exceed ten percent (10%) of the maximum annual assessment for the previous calendar year, provided, however, that such limitations may be exceeded at any time with the consent of 51% of the Lot owning Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than thirty (30) days' written notice to all such Members.

(d) In addition to the annual assessments authorized above, the Association may levy in any assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement including the necessary fixtures and personal property related thereto; provided, however, that any such assessment shall have the approval of 51% of the Lot owning Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than (30) days' written notice to all such Members.

(e) Both annual and special assessments must be fixed at a rate uniform for all lots on an annual basis in advance beginning Jan 1, 2008. Checks are to be mailed to:

Brian Lee Wilson, Property Manager
Red Lake Mountain Ranch HOA
c/o Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

(f) The first annual assessment beginning Jan 1, 2008 shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and notify the Members within a reasonable time thereafter. The Association shall, upon demand at any time from any interested person, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

(g) Any assessments which are not paid when due shall be delinquent. Each member of the Association shall pay to the Association within thirty (30) days of receipt of an invoice setting forth the amount of the assessment. In the event any invoice is not paid within thirty (30) days from the date the same is deposited in the United States mail addressed to the Member at his address as shown on the records of the Association, the amount of such invoice shall be and become a lien upon said Lot when the Association causes to be filed in the office of the County Recorder of Coconino County an affidavit of non-payment of such invoice and mails a copy of same by certified mail, return receipt requested, to such Member at his address as shown on the records of the Association. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest legal rate per annum, and the Association may bring an action at law against the Owner obligated to pay the same, or foreclose the lien against the Lot pursuant to Arizona law pertaining to foreclosure of realty mortgages.

(h) Subordination of the Lien to Mortgages: The lien for all such assessments shall be junior and subordinate to the lien of any purchase money or construction mortgage or re-financing made in good faith and for value. In other words, the Homeowners Association does not have first lien rights on a said Lot, and would take a second position to any lending institution carrying a first mortgage on the property.

(i) The Association shall not be obligated to spend in any year all of the sums received by it in such year (whether by way of annual or special assessments, fees or otherwise) and may carry forward as surplus any balances remaining (rather than apply such surplus to reduction of the annual assessment in future years) in such amounts as the Board, in its discretion, may determine to be desirable for the greater financial security of the Association.

(j) Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments

which become due prior to such sale or transfer. No sale or transfer shall relieve such lot owner from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IV

ARCHITECTURAL REVIEW COMMITTEE

Section 4.01 Organization, Power of Appointment and Removal of Architectural Design Review Committee Members. An Architectural Review Committee is hereby established to perform the functions set forth in this Declaration with respect to architectural control and other controls contained in this Declaration. The Architectural Review Committee shall be governed by the following provisions:

(a) Committee Composition. The Architectural Review Committee shall consist of three (3) members and two (2) alternate members. None such members shall be required to be an architect or to meet any other particular qualifications for membership. In the event one or two of the regular members are absent or disabled, the remaining Architectural Review Committee member or members, even though less than a quorum, may, but are not required to, designate either or both of the alternate members to act as substitutes and such alternates shall then assume the full authority of regular members of that meeting. The consulting architect shall have no voting rights on the Architectural Review Committee, and the members of the Architectural Review Committee shall serve without compensation.

(b) Terms of Office. The term of office for each Architectural Review Committee member shall be three (3) years with revolving terms. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Any member who has resigned, been removed or whose term has expired may be reappointed if such member accepts reappointment.

(c) Appointment and Removal. The Declarant shall have the right to appoint and remove the members of the Architectural Review Committee until the earlier of January 1, 2015 or the date on which the Declarant records with Coconino County Recorder a notice relinquishing the Declarant's right to appoint and remove members of the Architectural Control Committee. Thereafter, the right to appoint and remove all regular members of the Architectural Review Committee at any time shall be vested solely in the Owners by majority vote; provided, however, that no regular member may be removed from the Architectural Review Committee except by the vote or written consent of 51% of all of the Owners. The regular members shall have the right to appoint up to two (2) alternate members of the Architectural Review Committee. Such appointees must be Owners at the time of such appointment and shall serve until such time as the regular members designate.

(e) Resignations. Any regular or alternate member of the Architectural Review Committee may at any time resign from the Architectural Review Committee by recording a notice of their resignation.

(d) Address: The initial address of the Architectural Review Committee is:

Brian Lee Wilson, Property Manager
Red Lake Mountain Ranch HOA
c/o Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

The address may be changed from time to time by a majority vote of the Architectural Review Committee

Section 4.02 Duties. It shall be the right and duty of the Architectural Review Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Review Committee Rules, and to carry out all other duties imposed upon it by this Declaration. Without in any way limiting the generality of the foregoing provisions of this Section, the Architectural Review Committee or any member thereof may, but is not required to, consult with or hear the view of any Owner with respect to any plans, drawings, specifications or other proposals submitted to the Architectural Review Committee.

Section 4.03 Meetings. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereafter, shall appoint a committee chairman, and shall prepare Minutes of Meetings. The vote of any two members at a meeting shall constitute the act of the Architectural Review Committee unless the unanimous decision of the Architectural Review Committee is otherwise required.

Section 4.04. Architectural Review Committee Rules. The Architectural Review Committee may, from time to time, adopt, amend and repeal rules and regulations. The Architectural Review Committee shall interpret and implement this Declaration by setting forth the standards and procedures for design review and the guidelines for architectural design, landscaping, color schemes, exterior window coverings, exterior finishes and materials and similar features which are recommended or required for use within the Property.

Section 4.05. Waiver. The approval by the Architectural Review Committee of any plans, drawings or specifications for any work done or proposed, or of any other matter requiring the approval of the Architectural Review Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 4.06. Time for Approval. Subject to the other provisions contained herein, in the event the Architectural Review Committee fails to approve or disapprove any design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and the Owner will have been deemed to have complied with this Article. Plans must be mailed via USPS Certified Mail or FedEx to the Architectural Review Committee address listed above.

Section 4.07. Processing Fee. With respect to any requests made to the Architectural Review Committee to review any plans, drawings or specifications for any work done or proposed, the requesting Lot Owner shall remit a "Review Fee" in the amount of \$300.00 made payable to the Red Lake Mountain Ranch HOA. The Architectural Review Committee shall have no obligations to review any plans until such time as the designated fee has been paid. The review fee may be increased from time to time by the Association pursuant to Section 3.03. All such fee increases shall be recorded with the Coconino County Recorder.

Section 4.08. Liability. Neither the Architectural Review Committee nor any member thereof nor the Association nor the Declarant shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; (c) the development of any Lot, or (d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing provisions of this section, the Architectural Review Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Declarant or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Review Committee.

ARTICLE V

GENERAL PROVISIONS

Section 5.01 Term. The covenants, conditions and restrictions of the Declaration shall remain in full force and effect for a period of twenty (20) years from the date this Declaration is recorded. Thereafter, they shall be deemed to have been renewed and automatically extended for successive periods of ten (10) years each.

Section 5.02. Amendments. This Declaration may be amended by an instrument in writing signed by Owners and representing sixty-seven percent (67%) of the Lots and approved by Declarant as long as Declarant owns any Lots. Any amendment that does not apply equally to all lots within the subdivision must be approved by 100% of the lot owners. All amendments shall be effective upon recordation with the Coconino County Recorder.

Section 5.03. Enforcement and Non-waiver.

A. Enforcement. Except as otherwise provided herein, the Declarant the Association or any Owner shall have the right to enforce, by any proceeding at law, all covenants, conditions and restrictions. Failure to enforce any of the restrictions, rights, reservations, limitations, covenants and conditions contained herein shall not, in any

event, be construed or held to be a waiver thereof or a consent to any further or succeeding breach or violation. Upon the breach or threatened breach of any of said covenants or restrictions, anyone owning or having interest in the lands covered by these restrictive covenants may bring an appropriate action in the proper court to enforce or restrain said violation or to compel compliance with the said covenants or restrictions herein contained or to collect damages on a account thereof; provided, however, that a violation of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now or record, or which hereafter may be placed of record, upon said lots, or any part thereof, but provided further that these restrictive covenants shall, without limitation, apply to any lots acquired through foreclosure or any deed in lieu of foreclosure of any said mortgage. In the event legal action is brought to enforce any of the covenants or conditions set forth herein, the prevailing party in such action shall be entitled to recover its costs and attorney's fees. The use of any one or more of the remedies provided for in this paragraph shall not defeat the lien of a purchase money or construction mortgage or deed of trust made in good faith and for value.

B. Prerequisite to Litigation. In the event of a dispute between an Owner, the Association or Declarant, the complainant, as a condition precedent to instituting legal action, must first serve notice in writing on respondent advising them of the alleged grievance, the result desired, and a date and time convenient for a meeting; the respondent shall have a minimum of fifteen (15) days and a maximum of thirty (30) days from receipt of said notice in which to schedule a meeting for the purpose of arriving at a settlement of the controversy with the complainant. If a dispute cannot be resolved both parties will go to binding arbitration with the cost of the arbitrator to be paid by the non prevailing party.

Section 5.04 Construction.

A. Interpretation. The provisions of the Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the subdivision. This Declaration shall be construed and governed by the laws of the State of Arizona. The subdivision shall be subject to any and all rights and privileges which the County of Coconino, or the State of Arizona may have acquired through dedication or the filing or recording of maps or plats of said property, as authorized by law, and provided further that no conditions, restrictions or privileges or acts performed shall be in conflict with any Coconino County Zoning Ordinance or law.

B. Restriction Severable. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity of any provision thereof shall not affect the validity or enforceability of any other provision.

C. Rules Against Perpetuities. In the event the provisions hereunder are declared void by a court of proper jurisdiction by reason of the period of time herein stated for which the same shall be effective, then, in that event, said periods of time shall be reduced to a period of time which shall not violate the rules against perpetuities as set forth in the laws of the State of Arizona.

D. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural, and the plural the singular; and the masculine shall include the feminine or neuter, and the feminine the masculine or neuter.

E. Captions. All captions and titles used in this Declaration are intended solely for convenience or reference purposes only and in no way define, limit or describe the true intent and meaning of the provisions hereof.

Section 5.05 Delivery of Notices. Any written notice required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered five (5) days after it has been deposited in the United States mail, postage prepaid, addressed as follows: if to an Owner, to the address of the Owner within the subdivision.

Section 5.06 Binding Effect. By acceptance of a deed or acquiring any ownership interest in any of the Property affected by this Declaration, each person, their heirs, personal representatives, successors and assigns to all of the covenants, conditions and restrictions imposed by this Declaration. In addition, each such person by so doing thereby acknowledges intent that all of the covenants, conditions and restrictions contained herein shall run with the land and be binding on all future Owners. Furthermore, each such person acknowledges that this Declaration shall be mutually beneficial and enforceable by future Owners.

Section 5.07 Annexation of Additional Property. The Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property. The annexation of all or any portion of the Additional Property shall be effected by the Declarant Recording a Declaration of Annexation setting forth the legal description of the Additional Property being annexed and stating that such portion of the Additional Property is annexed and subjected to this Declaration. If the portion of the Additional Property being annexed is not owned by the Declarant, the Declaration of Annexation must be signed by the Owner of fee title to the portion of the Additional Property being annexed. The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. The property annexed by the Declarant pursuant to this Section need not be contiguous with other property already subject to this Declaration, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. The Declarant makes no assurances as to which, if any, part of the Additional Property will be annexed. The Declarant's right under this Section to annex all or any part of the Additional Property shall expire on the earlier of January 1, 2015 or the date on which the Declarant records with the Coconino County Recorder a notice expressly relinquishing its rights under this Section.

Section 5.08 Personal Liability. The declarant, nor any member of the Board, the ARC or any other committee of the Association, no officer of the Association and no other employee of the Association shall be personally liable to any Member, or to any

other Person including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board or any member thereof, the ARC or any member thereof, any representative or employee of the Association, any officer of the Association or any member of any other committee of the Association, provided, however, the limitations set forth in this subsection regarding liability shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct. Directors and officers liability insurance will be provided to all officers, individual board of directors and community members that sit on committees for the Association. Liability insurance may be provided to the property management company hired by the Association.

IN WITNESS WHEREOF, Declarant has executed this instrument as of the date first set forth above.

Red Lake Mountain Ranch, LLC
an Arizona Limited Liability Company
By: Tierra Investment Group, LLC.
an Arizona Limited Liability Company,
managing member

By: [Signature]
Eli Faustinos
Its Managing Member

STATE OF ARIZONA)
County of Coconino)
_____)

ss.

On 7/18/2008, 2008, before me, the undersigned Notary Public, personally appeared Eli Faustinos, of Tierra Investment Group, LLC, as managing member of the Red Lake Mountain Ranch, LLC, an Arizona Limited Liability Company, on behalf of the company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, executed the instrument and acknowledged to me that he or she executed the same in his or her authorized capacity on behalf of the Red Lake Mountain Ranch, LLC.

WITNESS my hand and official seal: [Signature]
Notary Public

My Commission Expires: 9/5/2011



EXHIBIT A

Lots 1-54, RED LAKE MOUNTAIN RANCH, as shown on the plat thereof recorded in Case 5, Maps 12-12A, records of Coconino County, Arizona.

Unofficial Copy

EXHIBIT B

Tract A, AMENDED PLAT of RED LAKE MOUNTAIN RANCH, as shown on the plat thereof recorded in Instrument No. 3493537

Unofficial Copy

WHEN RECORDED, RETURN TO:

RLD64, LLC
16835 West Olive Avenue
Waddell, Arizona 85355
Attn: Forrest Wald

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, FOR RED LAKE MOUNTAIN RANCH ("Declaration") is made and shall be effective as of September 1, 2021, by: (i) RLD64, LLC, an Arizona limited liability company ("Declarant"); and (ii) RED LAKE MOUNTAIN RANCH HOMEOWNERS' ASSOCIATION, an Arizona nonprofit corporation, as the owners of the real property situated in Coconino County, Arizona, which is legally described **Exhibit A** to this Declaration ("Property").

DECLARATION

Declarant and the Association declare that the Property is, and shall be, held, conveyed, hypothecated or encumbered, leased, used, occupied and improved subject to the terms, covenants, conditions and restrictions set forth in this Declaration.

ARTICLE 1 - DEFINITIONS

"**Architectural Review Committee**" means the Architectural Review Committee created pursuant to Article 8 of this Declaration.

"**Architectural Rules**" means any architectural rules and/or Design Guidelines adopted by the Architectural Committee or the Board pursuant to Articles 8 and Article 9 of this Declaration, as amended or supplemented from time to time.

"**Articles**" means Articles of Incorporation of the Association filed and effective as of July 28, 2021, as they may be amended or supplemented from time to time.

"**Assessment Period**" means the period set forth in Section 6.4 of this Declaration.

"**Assessments**" or "**Assessments**" means Regular Assessments and Special Assessments.

"**Board**" means the Board of Directors of the Association.

"**Bylaws**" means the Bylaws of the Association, as amended from time to time.

"**Common Areas**" means all portions of the Property not designated as Lots, including (without limitation) (i) all bike, pedestrian and equestrian trails or paths located within the public rights-of-way shown on a Plat or otherwise designated in this Declaration; (ii) all real property, together with the improvements, which are designated on a Plat or in a document recorded with the Coconino County Recorder, as being Common Areas to be owned and/or maintained by the Association; (iii) gating located at the Property entrance;

and (iv) all retention basins or berms, whether located within the Property or outside the boundaries of the Property, that are for the benefit of the Property and over which the Association and/or Declarant have been granted an easement for the retention of storm water.

"Community Documents" means, collectively, this Declaration, the Articles, the Bylaws, the Rules and Regulations and the Design Guidelines, all as amended from time to time.

"Common Expenses" means the actual and estimated expenses incurred or anticipated to be incurred by or on behalf of the Association, including any allocations to reserves determined by the Board to be necessary and appropriate, and all other financial liabilities of the Association.

"Declarant Control Period" means the period commencing upon the Effective Date and ending on the Transition Date.

"Design Guidelines" means the procedures, standards and guidelines adopted by the Architectural Review Committee pursuant to Articles 8 and Article 9 of this Declaration, as amended or supplemented from time to time.

"Dwelling Unit" means the structure(s) constructed on a Lot, designated to be used as a place of residence.

"First Mortgage" means any mortgage or deed of trust on a Lot which has priority over all other mortgages and deeds of trust on the same Lot.

"First Mortgagee" means the holder or beneficiary of any First Mortgage.

"Governing Documents" means this Declaration, the Articles, Bylaws, Architectural Guidelines, Rules, Regulations and other documents which govern the operation of the Property or the Association.

"Improvements" shall mean any structure or improvement located on the Property.

"Lessee" means the lessee or tenant under a lease, oral or written, of any Lot including an assignee of the lessee's or tenant's interest under a lease.

"Lot" means a parcel of land within the Project, whether improved or unimproved, intended for independent ownership and use and designated as a "Lot" on a Plat and any Residence, building, structure or other Improvement situated thereon.

"Member" means any Person who is a Member of the Association as provided in Article 5 of this Declaration.

“Membership” means Membership in the Association as defined in the Bylaws. Except as otherwise provided in this Declaration or the Bylaws, one Membership and one Membership vote is appurtenant to each Lot; if more than one Person or entity is an Owner of the Lot, each is a Member, but collectively, they hold only one Membership and one Membership vote; a Person or entity who is an Owner of more than one Lot holds, collectively with all other Owners (if any) of each such Lot, one Membership and one Membership vote for each Lot.

“Motor Vehicles” means a car, van sport utility vehicle, bus, truck, recreational vehicle, motor home, motorcycle, all-terrain vehicle, utility vehicle, pickup truck or other motor vehicle.

“Owner” means (i) the record owner, whether one or more Persons of legal title in the fee simple of any Lot or (ii) the purchaser of a Lot under a recorded executory contract for the sale of real property. The foregoing does not include Persons who hold an interest in a Lot as security for the performance of an obligation, or a lessee or tenant, or a purchaser under an executory contract of sale which has not “closed” and been recorded in Official Records of Coconino County, Arizona.

“Person” shall mean an individual or any other entity with the legal right to hold title to real property.

“Plat” means the Amended Plat of Red Lake Mountain Ranch recorded as Instrument Number 3493537, in the Official Records of Coconino County, Arizona, and all amendments, supplements and corrections thereto.

“Purchaser” means any Person, other than the Declarant, who becomes the Owner of a Lot, except for (i) a Person who purchases a Lot and then leases it to the Declarant for use as a model in connection with the sale or lease of other Lots, or (ii) a Person who, in addition to purchasing a Lot, is assigned any or all of the Declarant's rights under this Declaration.

“Recording” means duly recording an instrument in the Official Records of Coconino County, Arizona, and **“Recorded”** means having been so placed of public record.

“Regular Assessment” means the Assessments levied pursuant to Section 6.2 of this Declaration.

“Residence” means any building situated on a Lot and designed and intended for independent ownership and for use and occupancy as a residence.

“Resident” means each Person occupying or residing in any Residence.

“Roads” shall mean all roads designated on the Plat.

“Rules and Regulations” means the Rules and Regulations adopted by the Board from time to time pursuant to Section 5.3 of this Declaration, as they may be amended.

"Special Assessment" means any assessment levied or imposed pursuant to Article 6 of this Declaration.

"Transition Date" will have the meaning given in Section 5.7 of this Declaration.

"Visible From Neighboring Property" Means, with respect to any given Improvement, that such Improvement is or would be visible to a natural Person six feet tall, standing at ground level on any part of any Lot, or any public street adjacent to the Project."

ARTICLE 2 - USES AND RESTRICTIONS

2.1 Residential Use.

(a) All Lots and Residences shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residence, except that the Owner, Lessee or other Resident of a Residence may conduct a business activity within the Residence so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residence, (ii) the business activity is a legal activity and conforms to all applicable zoning ordinances or requirements for the Project, (iii) the business activity does not involve or require commercial traffic of Persons coming to the Lot to purchase goods or services or the door-to-door solicitation of Owners, Lessees or Residents in the Project, (iv) the use of the Residence for trade or business in no way destroys or is incompatible with the residential character of the Residence or the surrounding neighborhood, (v) the trade or business is conducted only inside the Residence, and does not involve the use of signage or the viewing, purchasing or taking delivery of goods or merchandise at, to, from or in any Residence, (vi) the trade or business is conducted by a Resident or Residents of the Residence with no employee working in or from such Residence who is not a Resident of that Lot, (vii) the volume of vehicular or pedestrian traffic or parking generated by such trade or business does not result in any increase beyond what is customary in a residential neighborhood, (viii) the trade or business does not utilize flammable liquids or hazardous materials in quantities not customary to residential use, and/or (ix) the use of the Residence for a trade or business does not violate any other provision of the Community Documents.

(b) The terms "business" and "trade" as used in this Section 2.1(b) shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended or does generate a profit; or (iii) a license is required for such activity. The leasing of a Residence by

the Owner thereof shall not be considered a trade or business within the meaning of this Section 2.2.

2.3 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings, trailers or other structures used during the construction of Improvements approved by the Architectural Review Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailers or other structures be maintained or kept on any property for a period in excess of twelve months without the prior written approval of the Architectural Review Committee. No garage, barn, stable, tack room, trailer, mobile home, motor vehicle or other temporary structure of any nature may be used as a permanent residence on any Lot. Temporary use is permitted, in small trailers and motor homes, for short periods of time (visitors, family Members, home construction). Such temporary use, however, shall not exceed a continuous period of two weeks or four weeks in the aggregate during any one calendar year, except during home construction, the time period may be extended to twelve months.

2.4 Nuisances; Construction Activities.

(a) No rubbish or debris of any kind shall be placed or permitted to accumulate on any Lot or other property, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Residents of such other property. No condition shall be permitted to exist or operate upon any Lot or other property so as to be offensive or detrimental to any other property in the vicinity thereof or to its Residents. No open fires or burning shall be permitted on any Lot, and no incinerators or like equipment shall be placed, allowed or maintained upon any Lot; provided, however, that the use of outdoor barbeques or grills in customary fashion, is permitted, unless such use is prevented or restricted by fire protection rules and regulations of any applicable governmental authority. All fireplace chimneys and outlets from stoves, heating appliances, and outside fire boxes must be protected from flying sparks by the use of approved spark arrestors. Noises which would be a nuisance to the neighbors such as continually or frequently barking dogs, abnormally loud motors or engines, excessively loud music, or any other noise producing sources which disturb the normal levels of sound in a rural atmosphere shall not be permitted.

(b) No tanks of any kind, elevated above the surface of the ground or visible in any manner, shall be erected, placed or permitted on any of said Lots except propane tanks. No exterior clothesline equipment shall be permitted on any of said Lots. All rubbish, trash or garbage shall be kept in airtight containers and not allowed to accumulate on any of said Lots. Woodpiles, service yards, and said rubbish, trash or garbage containers shall be kept screened by fencing or adequate planting so as to conceal them from view of streets and of neighboring parcels or any recreation areas. Incineration of rubbish, trash, garbage, or vegetation shall not be permitted.

(c) With the exception of small stereos, no outside speakers, amplifiers or other sound producing equipment shall be permitted to be installed or maintained on any Lot. Stereo speakers shall be confined to the rear area of a Lot. Antennas and satellite dishes shall be permitted provided they do not extend above the roof of the house more than five (5) feet.

(d) Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved in writing by the Architectural Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot during the construction of Improvements may be kept only in areas approved in writing by the Architectural Review Committee, which may also require screening of the storage areas. Each Owner shall be obligated to (i) keep such Owner's Lot, as well as surrounding areas of the Project, including, without limitation, all pedestrian and road rights-of-way and drives, reasonably clean and clear of equipment, building materials, dirt, debris and similar materials in connection with or related to construction activities by or for the benefit of such Owner, and (ii) promptly repair or rebuild any buildings, structures, landscaping or other improvements (including without limitation any Improvements that are damaged or destroyed through the act of any Owner or the Owner's contractors, agents or employees in connection with or related to construction activities by the Owner or the Owner's contractors, agents or employees, whether or not such act is negligent or otherwise culpable.

(e) The provisions of this Section 2.4 shall not apply to construction activities of the Declarant or Declarant's contractors, agents or employees.

(f) No Person shall permit anything or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot so as to be Visible from Neighboring Property. No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind.

(g) None of the land shall be used, in whole or in part, for the storage of any property or thing that will cause the land to appear in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance or material be kept upon the land that will emit a foul or obnoxious odor, or cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property.

(h) The growth of trees and other plantings may over time adversely affect views from residences on adjacent Lots. The height of trees and other plantings shall be subject to regulation by the Association to protect views from adjoining lands and in turn to

provide proper protection and privacy for the property of the owner of the subject trees or other plantings.

(i) Each Owner shall at all times maintain his entire Lot cleared of hazardous growth, vegetation, dead wood/and/or trees, and other flammable or host materials.

(j) No sales, such as garage sales, estate sales or any similar activity, whereby the public is invited to a Lot to purchase or exchange household goods or other personal property, shall be conducted on any Lot, except as authorized by the Board under rules or regulations adopted in accordance with the procedures set forth in Article 2 of this Declaration.

2.5 Screening Materials. All screening materials, whether fences, hedges or walls, shall be maintained and replaced from time to time on the Lots by the Owners thereof in accordance with the original construction of such Improvements by the Declarant or as approved by the Architectural Review Committee pursuant to Articles 8 and Article 9 of this Declaration.

2.6 Window Cover Materials. Within sixty (60) days after the Residence on a Lot is first occupied, the Owner shall install permanent draperies or window coverings on all windows of their Residence which are Visible from Neighboring Property. All such window coverings must show colors permitted by the Design Guidelines or otherwise approved in writing by the Architectural Review Committee. No reflective materials, including, but without limitation, aluminum foil, reflective screens or glass, mirrors or similar items, shall be installed or placed upon the outside or inside of any windows of a Residence. No enclosures, drapes, blinds, shades, screens or other items affecting the exterior appearance of a Residence shall be constructed or installed without the prior written consent of the Architectural Review Committee.

2.7 Flags and Flagpoles. Except for the flags listed in A.R.S. 33-1808, Subsection A, no flag may be displayed on a Lot if the flag is Visible from Neighboring Property without the prior approval of the Board. The Board may adopt reasonable rules and regulations regarding the placement and manner of display of flags, including the flags listed in A.R.S. 33-1808, Subsection A. The Association may adopt rules and regulations regulating the location and size of flagpoles, limiting an Owner or Resident to displaying no more than two flags at once and limiting the height of a flagpole to no more than the height of the rooftop of the Residence on the Lot on which the flagpole is installed.

2.8 Antennas. Except for antennas, satellite dishes and other over-the-air receiving devices covered by the FCC rules governing Over-the-Air Reception Devices; Television Broadcast Service and Multi-channel Multipoint Distribution Service (the "FCC Rule"), no antenna for the transmission or reception of television or radio signals or for access to the internet shall be installed on any Lot or Parcel unless approved by the Board of Directors. Any antenna, satellite dish or other receiving device covered by the FCC Rule may

be installed on a Lot or Parcel without the prior approval of the Board of Directors provided the antenna, satellite dish or receiving device is placed inside a Residence or other Building or is placed on the portion of the Lot or Parcel which is the least Visible From Neighboring Property and does not interfere with the viewer's ability to install, maintain or use the antenna, satellite dish or receiving device. The Board of Directors shall have the right to adopt rules and regulations with respect to the installation and placement of antennas, satellite dishes and other receiving devices; provided, however, that the Board of Directors shall not impose or enforce any rule or regulation which is inconsistent with or prohibited by the FCC Rule.

2.9 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot except in covered containers of a type, size and style which are approved by the Architectural Review Committee. In no event shall such containers be kept or placed on a Lot so as to be Visible from Neighboring Property except to make the same available for collection and then only for the shortest time reasonably necessary to affect such collection. All rubbish, trash, or garbage shall be removed from Lots and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot.

2.10 Animals.

(a) No undomesticated animal, bird, fowl, poultry, reptile or livestock may be kept on any Lot. The total number of horses shall not exceed three (3) per Lot. The total number of domestic animals such as dogs, cats, parakeets or similar household birds shall not exceed four (4) each per Lot. All domestic animals shall be contained within the boundaries of the property by fencing or similar means of restraint and provided adequate and reasonable shelter. Animals leaving the boundaries of the property shall be supervised and controlled by the owner or other responsible party. The Owner shall provide one covered stall for each horse kept on the said Lot, such covered stall to comply with all other provisions of the Declaration. For purposes of this Section 2.10, a mare and a foal shall be considered one horse until said foal is weaned; however, said period of time shall not exceed six (6) months from the date of birth of the foal. All stalls, corrals or other facilities for the keeping of animals shall be kept in a clean and sanitary fashion so as not to create a nuisance or odor to surrounding homeowners. All dogs, cats, parakeets or similar household birds or other pets permitted under this Section 2.10 shall be confined to an Owner's Lot, except that a dog may be permitted to leave an Owner's Lot if such dog is at all times kept on a leash not to exceed six feet (6') in length and is controlled by the dog's owner at all times.

(b) No horse, dog, cat, parakeet or similar household bird permitted to be kept on a Lot under Section 2.10 shall be allowed to make an unreasonable amount of noise or to become a nuisance. Upon the written request of any Owner, Lessee or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section 2.10, a particular horse, dog, cat, parakeet or similar household bird permitted to be kept on a Lot under this Section 2.10 is a nuisance or making an unreasonable amount of noise. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions set forth in this Declaration.

(c) The Board may adopt rules and regulations further restricting and governing animals within the Property, which rules may include, without limitation, rules providing for the removal from the Property of a domestic pet which has bitten or attacked a Person or other animal, has a propensity to attack Persons or other animals, or otherwise constitutes a threat to the safety of Persons or other animals in the Property, or which, because of incessant barking, or other behavior constitutes an unreasonable annoyance or nuisance to Owners and Occupants.

2.11 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except such machinery or equipment as is usual and customary in connection with residential use of property or equipment necessary for the construction of a Residence, building, structure, or other Improvement on the Lot.

2.12 Signs. No signs whatsoever may be erected, posted or displayed on any Lot in a location that is Visible From Neighboring Property without the prior approval of the Architectural Review Committee, except for the following (i) a single “for sale” sign or “for lease” sign, not larger than twenty-four inches (24”) by twenty-four inches (24”) may be placed on any Lot and any such sign shall not be deemed in violation of these restrictions (ii) signs constructed or erected by the Declarant or by the Association, and (iii) signs which the Association is required by applicable law to permit to be displayed on a Lot, but the Association may regulate the size, location, design, content and appearance of such signs to the extent permitted by law. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any of said Lots or tracts, nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the holder or occupant of any surrounding property. Signs identifying residences will also be allowed at the entrance of such property. Declarant has the right during the initial sale of Lots to use larger advertising signs to promote and market the subdivision.

2.13 Access Gate. In order to limit access and provide more privacy and security for the Owners and the other Residents and Lessees of the Lots, one (1) electronically activated access gate has been installed. The gate is located at the entrance to the Property from Highway 64 on Faith Way. Each Owner, Lessee and Resident acknowledges and agrees that the access gate does not guarantee the safety or security of the Owners, Lessees or Residents or their guests or guarantee that no unauthorized Person will gain access to the Project. Each Owner, Lessee and Resident, and their families, guests and invitees, acknowledge that the access gates may restrict or delay entry into, or access within, certain areas by police, fire department, ambulances and other emergency vehicles or Personnel. Each Owner, Lessee and Resident and their families, guests and invitees agree to assume the risk that the access gate will restrict or delay entry into, or access within such areas by police, fire department, ambulances or other emergency vehicles or Personnel. Neither the Declarant, the Association nor any director, officer, agent or employee of the Declarant or the Association shall be liable to any Owner, Lessee or Resident or their families, guests or invitees for any claims or damages resulting, directly or indirectly, from the construction,

existence or maintenance of the access gate. So long as the Declarant owns any Lot or is constructing any Residence or other Improvement in the Project, the Declarant shall have the right to determine the hours when the access gate will be open in order to provide access to contractors, subcontractors and suppliers providing labor and/or materials for the construction of Improvements in the Project.

2.14 Vehicles and Parking.

- (a) No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer or other similar equipment or vehicle may be parked, kept or stored on the Common Areas. No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer or other similar equipment may be parked, kept or stored on any Lot so as to be Visible from Neighboring Property. Same shall be kept reasonably out of sight so as not to be a visual nuisance to adjoining properties; either in a garage or approved outbuilding, alongside yards in a neat, inconspicuous manner, or within fenced or planted perimeters. Under no circumstances may a stored trailer be lived in during the period of storage. All vehicles must have a valid current registration.
- (b) No Motor Vehicle shall be parked on the Common Areas, except for the temporary parking on the Common Areas of Motor Vehicles of contractors, subcontractors, suppliers or vendors of the Association.
- (c) Motor Vehicles owned or leased by an Owner, Lessee or Resident of a Lot must be parked in the garage situated on the Lot to the extent space is available in the garage for the parking of such Motor Vehicles. If space is not available in the garage, then Motor Vehicles owned or leased by an Owner, Lessee or Resident of a Lot shall be parked on the driveway constructed as part of the initial construction of Improvements on the Lot. Motor Vehicles owned or leased by guests or invitees of an Owner, Lessee or other Resident shall be parked in the garage or driveway situated on the Lot.
- (d) No Motor Vehicle of any kind may be stored on a Lot, except in a garage, and no Motor Vehicle of any kind may be stored on the Common Areas. For purposes of illustration but not of limitation, a Motor Vehicle shall be deemed stored if it is covered by a car cover, tarp or other material.
- (e) No Motor Vehicle shall be constructed, reconstructed or repaired on any Lot in such a manner as to be Visible from Neighboring Property. No Motor Vehicle shall be constructed, reconstructed or repaired on the Common Areas. No inoperable Motor Vehicle may be stored or parked on the Common Areas. No inoperable Motor Vehicle may be stored or parked on any Lot in such a manner as to be Visible from Neighboring Property.
- (f) No motor-driven vehicles of any kind shall make use of any easements or areas set aside for bike, pedestrian or equestrian use.

(g) The Board shall have the right and power to adopt rules and regulations governing and further restricting the parking of Motor Vehicles on Lots or the Common Areas and implementing the provisions of this Section 2.14. In the event of any conflict or inconsistency between the provisions of this Section 2.14 and the rules and regulations adopted by the Board of Directors, the provisions of this Section 2.14 shall control.

2.15 Use of Weapons. The possession and use of firearms and other weapons are subject to all applicable federal, state and local laws and regulations. In addition, the discharge of any firearm, in the Association, except in self-defense or in a fully enclosed and soundproofed indoor gallery, is prohibited.

2.16 Preservation of Rural Atmosphere. It is the intent of these restrictions to preserve the rural atmosphere of the property and, therefore, tree cutting is prohibited except, during construction, only those trees needing to be removed to construct the dwelling (and any outbuilding) or access the dwelling may be removed. No private road or driveway shall be constructed, and no native growth shall be removed or destroyed, without the prior written approval of the Architectural Review Committee. Approval shall not be granted for removal or destruction of native growth except as necessary for the construction and maintenance of roads, driveways, and such other structures as are permitted on a building site. If native growth is removed or destroyed without the approval of the Architectural Review Committee, the Owner shall be required, at its cost, to replant same. If the Owner fails to do so, the Declarant or Association shall have the right to replant same and charge the cost to Owner. If Owner fails to pay such cost within ten (10) days, a lien for such cost may be recorded against Owner's property. Notwithstanding any other provision of this Subparagraph 2.16 to the contrary, an Owner may remove trees or other native vegetation for fire protection purposes or if the tree or other native vegetation dies or becomes infested with the bark beetle.

2.17 Landscaping Restrictions.

(a) The following shall not be permitted within sixteen (16) feet of the front property line of any Lot within the subdivision (other than existing large trees and/or rocks where removal would deleteriously impact the appearance of the Lot as determined by the Architectural Review Committee):

1. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.
2. Fences, retainer walls, and other structures.
3. Large rocks.

(b) The following shall not be permitted within five (5') feet of a vault or meter owned by a public utility:

1. Large rocks.
2. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.

2.18 Roads and Maintenance Obligations.

(a) All roads within the subdivision are common areas and their maintenance and repair shall be the obligation of the Association.

(b) All streets, driveways, sidewalks, entries and passages in the Common Area shall remain unobstructed and open for emergency vehicles at all times.

2.19 Water and Mining Restrictions.

(a) No surface or ground water appurtenant to the subject real property shall be contaminated in any manner, nor may surface water be used or stored in a manner injurious to any adjacent property owners. The placing or throwing of refuse, debris, garbage or any other material not occurring naturally into any surface water, drainage channel or stream bed is prohibited. An owner of any parcel created from the property may divert or use surface water on his parcel in a reasonable manner, provided that drainage to property adjoining the parcel shall not be changed.

(b) No oil or mineral drilling, development, refining, quarrying, or mining operation of any nature shall be permitted on the property. No derrick or other structure designed or used in boring for oil or natural gas shall be erected, placed or permitted upon any part of the property, nor shall any oil, natural gas, petroleum, asphaltum or hydrocarbon products or minerals of any kind with the exception of water, be produced or extracted therefrom.

2.20 Rights of Builders. Notwithstanding any other provision of this Declaration to the contrary, a Builder shall have the right to maintain model homes and sales offices on Lots owned or leased by the Builder and to construct and maintain parking areas for the purpose of accommodating Persons visiting such model homes and sales offices provided (i) the plans and specifications for the model homes and sales offices, and related landscaping, must be approved in writing by the Architectural Review Committee, (ii) the location and design of the parking areas incidental to such model homes and sales offices must be approved in writing by the Architectural Review Committee, (iii) the opening and closing hours for such model homes and sales offices must be approved in writing by the Architectural Review Committee, and (iv) the construction, operation and maintenance of such model homes and sales offices otherwise complies with all provisions of this Declaration. Any home constructed as a model home shall cease to be used as a model home and any sales office shall cease to be used as a sales office at any time the Builder is not actually engaged in the construction and sale of Lots. Notwithstanding any other provision of this Declaration to the contrary, a Builder may store supplies of brick, block, lumber and other building material on a Lot owned or leased by a Builder during the course of construction of Improvements on Lots

provided such materials are kept in areas approved in writing by the Architectural Review Committee. Normal construction activities of the Builder in connection with the construction of Improvements shall not be considered a nuisance or otherwise prohibited by this Declaration. A Builder constructing Improvements on Lots shall keep the Lots in a clean, safe and neat condition free of weeds, trash and debris throughout the construction process.

ARTICLE 3 - EASEMENTS

3.1 Easements for Use of Common Areas. Every Owner and Resident and their guests shall have a right and easement of enjoyment in and to the Common Areas which are designated for ingress, egress or common enjoyment, which right shall be appurtenant to and shall pass with the title to every Lot, subject to:

(a) The right of the Board to adopt rules, regulations or policies regulating the use of the Common Areas or designating certain Common Areas as “not for general use”.

(b) The rights and easements reserved by or granted to the Declarant the right of easement and enjoyment of the Common Areas may not be transferred or assigned except upon the conveyance or transfer of the Lot to which such right is appurtenant.

3.2 Utility and Development Easements.

(a) A non-exclusive, perpetual blanket easement is hereby granted to Declarant, and Declarant’s designated assigns, over and through the Common Areas for the purpose of (i) installing, constructing, operating, maintaining, repairing or replacing equipment used to provide to any portion of the Property or adjacent land any utilities, including, without limitation, water, sewer, drainage, gas, electricity, telephone and television service, whether public or private, (ii) ingress and egress to install, construct, operate, maintain, repair and replace such equipment, and/or (iii) storm water management and storm water drainage, as necessary or desirable for the orderly development of the Property. Such easement is hereby granted to any Person providing the aforesaid utilities or installing, constructing, maintaining, repairing or replacing equipment related thereto. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed or relocated only where permitted by the Declarant, where contemplated on any site plan approved by the Declarant or where approved by resolution of the Board. Equipment used to provide or meter such utilities or services may be installed above ground during periods of construction if approved by the Declarant. The Person providing a service or installing a utility pursuant to this easement shall install, construct, maintain, repair or replace the equipment used to provide or meter the utility as promptly and expeditiously as possible, and shall restore the surface of the land and the surrounding vegetation and improvements to their original condition as soon as possible.

(b) The Declarant hereby reserves the right to grant and reserve easements, rights-of-way and licenses over and through the Common Areas for the purposes set forth in

this Section 3.2 or for any other purpose necessary or desirable for the orderly development of the Property in accordance with Article 3 of this Declaration. If the Person installing the utility or providing a service requests a specific easement by separate recordable documents, then the Declarant or the Association shall have the power to record a document locating such easements.

3.3 Easements to Facilitate Development.

(a) The Declarant hereby reserves to itself and its successors and assigns a non-exclusive blanket easement over and through the Property for all purposes reasonably related to the development and completion of Improvements on the Property, including without limitation (i) temporary construction easements; (ii) easements for the temporary storage of supplies of building materials and equipment necessary to complete Improvements; and (iii) easements for the construction, installation and maintenance of Improvements on the Property or Improvements reasonably necessary to serve the Property.

(b) The Declarant hereby reserves to itself, its successors and assigns the right to (i) use any Lots owned or leased by the Declarant, any other Lot with written consent of the Owner thereof as models, management offices, sales offices, construction offices, customer service offices or sales office parking areas for the development, sale or lease of the Lots in the Property or for the development, sale or lease of the Lots in any subdivision owned or marketed by the Declarant or any Person who controls, is controlled by or is under common ownership with the Declarant, and (ii) install and maintain on any Lot owned or leased by the Declarant or any other Lot with the consent of the Owner thereof, such marketing, promotional or other signs which the Declarant deems necessary for development, sale or lease of the Lots in the Property or for the development, sale or lease of the Lots in any subdivision owned or marketed by the Declarant or any Person who controls, is controlled by or is under common ownership with the Declarant.

(c) In the event of any conflict or inconsistency between this Section 3.3 and any other provision of the Community Documents, this Section 3.3 shall control and prevail over such other provisions. The rights of the Declarant set forth in this Section 3.3 shall be enforceable by injunction, by any other remedy available at law or in equity (including, but not limited to, the right to sue for damages) and/or by any means provided in this Declaration. Notwithstanding any other provision of this Declaration to the contrary, no amendment of this Section 3.3 shall be effective unless approved in writing by the Declarant.

3.4 Dedications and Easements Required by Governmental Authority. The Declarant hereby reserves to itself and its successors and assigns, the right to make any dedications and to grant any easements, rights-of-way and licenses required by any government or governmental agency over and through all or any portion of the Common Areas. Each Owner agrees to promptly execute such documents as may be requested by the Declarant to evidence or make such dedications or grants.

3.5 Further Assurances. Any and all conveyances made to the Association or any Owner shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. The easements granted and reservations made to the Declarant in this Declaration shall not terminate or merge and shall continue to run with the land, notwithstanding the common law doctrine of merger and the common ownership of all the Property by the Declarant. Upon written request of the Declarant, the Association and each Owner shall from time to time sign, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

3.6 Duration of Development Rights; Assignment. The rights and easements reserved by or granted to the Declarant pursuant to this Article 3 shall continue so long as the Declarant owns one or more Lots or holds an option to purchase one or more Lots. The Declarant may make limited temporary assignments of its easement rights under this Declaration to any Person performing construction, installation or maintenance on any portion of the Property.

3.7 Association Powers and Rights. The Association's exercise of the rights, powers and easements granted in this Article 3 are not subject to the time limitations on duration applicable to the Declarant. If the Declarant or any Owner requests the Association to exercise its powers under this Section 3.7, the Association's cooperation shall not be unreasonably withheld, conditioned or delayed.

3.8 Easement for Maintenance and Enforcement. The Association and its directors, officers, agents, contractors and employees, the Architectural Review Committee and any other Persons authorized by the Board are hereby granted the right of access over and through any Lots (excluding the interior of any Residence), for (i) the exercise and discharge of their respective powers and responsibilities under the Community Documents, (ii) making inspections in order to verify that all Improvements on the Lot have been constructed in accordance with the plans and specifications for such Improvements approved by the Architectural Review Committee and that all Improvements are being properly maintained as required by the Community Documents, (iii) correcting any condition originating in a Lot threatening another Lot, (iv) performing installations or maintenance of utilities, landscaping or other Improvements located on the Common Areas, or (v) correcting any condition which violates the Community Documents.

ARTICLE 4 - MAINTENANCE

4.1 Common Areas.

(a) The Association shall be responsible for the management, repair, replacement and maintenance of the Common Areas, including easements, and all Improvements located thereon, except for any part of the Common Areas which any governmental entity is maintaining or is obligated to maintain. The Board shall be the sole

judge as to the appropriate maintenance of all Common Areas, but the Common Areas, and the Improvements located thereon, shall be maintained in good condition and repair at all times. No Owner, Resident or other Person shall construct or install any Improvements on the Common Areas or alter, modify or remove any Improvements situated on the Common Areas without the approval of the Board or Architectural Review Committee. No Owner, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's management or maintenance of the Common Areas, and the Improvements located thereon.

4.2 Common Areas Obligations. During the Declarant Control Period, the maintenance of all common areas, including drainage easements, shall be the responsibility of the Declarant. Upon transfer of control, the maintenance of these items shall be the responsibility of the Association. The Association shall have the right to assess and collect such fees as are necessary to maintain the common areas including the drainage easement.

4.3 Lot Owner's Responsibility. Each Owner of a Lot shall be responsible for the maintenance, upkeep and repair of his Lot, and all buildings, Residences, landscaping or other Improvements situated thereon, except for any portion of the Lot, or any Improvement situated thereon, which is Common Areas. Each Owner of a Lot shall be responsible for the maintenance, cleaning, general care, watering and replacement of all such trees and all grass, hedges, shrubs, vines and plants of any type on the Owner's Lot. All buildings, Residences, landscaping and other Improvements shall at all times be kept in good condition and repair. No yard equipment, wood piles or storage areas may be maintained so as to be Visible From Neighboring Property.

4.4 Assessment of Certain Costs of Maintenance and Repair. If the need for maintenance or repair or replacement of Common Areas is caused through the willful or negligent act of any Owner, his family, tenants, guests or invitees, the cost of such maintenance shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

4.5 Improper and Use of Lots. If any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Property which are substantially affected thereby or related thereto, or if any portion of a Lot is being used in a manner which violates this Declaration; or if the Owner of any Lot is failing to perform any of its obligations under the Community Documents (including, but not limited to, the Owner's obligations under Article 4 of this Declaration), the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fifteen (15) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be paid

by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

4.6 Boundary Fences. Each fence (whether made of wire (with the exception of chain link fencing, which is prohibited), wood, PVC or other material) which is located between two Lots shall constitute a boundary fence. The Owners of contiguous Lots who share a boundary fence shall both equally have the right to use such fence provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner. An Owner who constructs a boundary fence shall be solely responsible for the maintenance, repair or replacement of the boundary fence, unless otherwise agreed to by the other Owner or Owners who share the fence or unless otherwise provided in this Section 4.6. An Owner who constructs a boundary fence shall have a non-exclusive easement over, under, upon and across the adjoining Lot or Lots to the extent necessary for the maintenance, repair or replacement of the boundary fence. If any boundary fence is damaged or destroyed through the negligence or willful act of an Owner, his agents, tenants, licensees, guests or family, it shall be the obligation of such Owner to rebuild and repair the boundary fence without cost to the other Owner or Owners who share the boundary fence. In addition to meeting the other requirements of this Declaration and of any other building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild a boundary fence shall first obtain the written consent of the adjoining Owners. If any boundary fence encroaches upon a Lot, a valid easement for such encroachment and for the maintenance, repair and replacement of the boundary fence shall and does exist in favor of the Owners of the Lots which share such boundary fence.

4.7 Maintenance of Fences other than Boundary Fences. Fences (other than boundary fences subject to Article 4 of this Declaration) located on a Lot and any fence constructed on or near the boundary of a Lot and Common Areas shall be maintained, repaired and replaced by the Owner of the Lot.

ARTICLE 5 – ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

5.1 Formation of Association. The Association is a nonprofit Arizona corporation. The Association shall have all of the common law and statutory powers conferred upon nonprofit corporations under Arizona law and all powers necessary or desirable to perform the Association's duties and obligations and to exercise the rights and powers of the Association set forth in the Community Documents. The Association shall not be dissolved unless another entity has agreed to assume the obligations of the Association under this Declaration with respect to the operation and maintenance of the Common Areas.

5.2 Board of Directors and Officers.

(a) The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Until the termination of the Declarant Control Period, the Declarant shall have the

right to appoint and remove the members of the Board. After the termination of the Declarant Control Period, the Board shall be elected by the Members as provided in the Bylaws. For the limited purpose of determining whether a natural Person is an Owner and therefore eligible to serve on the Board of Directors, the spouse of a natural Person, who is an Owner and any member, manager, shareholder, partner, director, officer or other authorized representative of a corporation, general partnership, limited partnership, limited liability company, limited liability partnership or other legal entity that is an Owner shall be considered an Owner. Unless the Community Documents specifically require the vote or consent of the Members, the Board may do or cause to be done any act on behalf of the Association. The Board elected by the Members shall then elect the officers of the Association.

5.3 The Rules and Regulations. The Board may adopt, amend and repeal written Rules and Regulations pertaining to (i) the management, operation and use of the Common Area, (ii) minimum standards for the maintenance of Lots, and/or (iii) restrictions on the use and occupancy of Lots. If any conflict or inconsistency arises between the provisions of this Declaration and the Rules and Regulations, the provisions of this Declaration shall prevail. The Rules and Regulations shall be made available to all Owners and shall be enforceable in the same manner and to the same extent as the covenants, conditions and restrictions set forth in this Declaration.

5.4 Personal Liability. Neither Declarant, any member of the Board or committee of the Association, any officer of the Association, nor any Managing Agent or employee of the Association, shall be personally liable to any Member, or to any other Person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of Declarant, the Association, the Board, the Managing Agent, any representative or employee of the Association, or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 5.4, shall not apply to any Person who has failed to act in good faith or has engaged in willful or intentional misconduct.

5.5 Implied Rights. The Association may exercise any right or privilege given to the Association expressly by the Community Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Community Documents or reasonably necessary to effectuate any such right or privilege.

5.6 Membership. Each Owner shall automatically become a Member of the Association; provided, however, that:

(a) Membership shall be appurtenant to each Lot and run with the title thereto. Such Membership shall commence upon becoming an Owner and automatically terminate when he ceases to be an Owner; and upon the transfer of his ownership interest to the new Owner succeeding to such ownership interest shall likewise automatically succeed to such Membership in the Association.

(b) If there is more than one Owner of any Lot, all the Owners of such Lot shall designate one Person to be the Member.

(c) If one Person owns more than one Lot, the owner shall be entitled to one vote for each Lot owned, and shall pay all Assessments for each Lot Owned.

(d) The Association may, in addition to any other remedies, suspend any Member or limit his voting rights for failure to pay dues and assessments or any violation of the Rules and Regulations of the Association.

5.7 Classes of Membership, Voting Rights and Transition Date. The Association shall have the following two classes of voting Membership and resulting voting rights:

(a) **Class A Membership.** Class A Members are all Owners of Lots, with the exception of the Declarant. Each Class A Member shall be entitled to one (1) Association vote for each Lot owned. Until the Transition Date, defined below, Class A Members shall have no right to vote on any matters that may come before the Board or with respect to any matters relating to the Association, the operation of the Association or the Common Areas; provided, however, Declarant may from time to time seek Owner input relating to Association decisions, but such request(s) will not be deemed a waiver of Declarant's voting control of the Association as the Class B Member. After the Transition Date, each Lot Owner shall be entitled to one vote for each Class A Membership held by the Lot owner, subject to the authority of the Board to suspend the voting rights of the Lot owner for violations of the Declaration in accordance with the provisions hereof.

(b) **Class B Membership.** The Class B Member shall be the Declarant. The Declarant shall be entitled to three (3) Association votes for each Lot owned. For the purpose of clarity, Declarant will maintain absolute control of the Board and the Association until the Transition Date, notwithstanding that Owners (other than Declarant) may, in the aggregate, possess a greater number of Association Votes.

(c) **Transition Date.** The "Transition Date" will be the date that either (i) Declarant no longer owns or has an option to purchase any Lot, or (ii) Declarant notifies the Board, in writing, that the Declarant is terminating its Class B Memberships and converting such Memberships to Class A Memberships.

5.8 Voting Procedures. No change in the ownership of a Lot shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. If a Lot is owned by more than one Person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is

made at the time the vote is cast. If more than one vote is cast by a Class A Member for a particular Lot, none of the votes shall be counted and all of the votes shall be deemed void.

5.9 Transfer of Membership. The rights and obligations of any Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be affected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to the Lot to the new Owner thereof. Each purchaser of a Lot shall notify the Association of his purchase within ten (10) days after he becomes the Owner of a Lot. The Board may, from time to time, establish lot transfer fees or all Lot transfers other than Lots sold by Declarant.

5.10 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Community Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Community Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board, in accordance with the procedures set forth in the Bylaws, shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Community Documents are corrected.

ARTICLE 6 - ASSESSMENTS AND LIENS

6.1 Obligation to Pay Assessments and Other Charges. Each Owner, other than the Declarant, by becoming the Owner of a Lot, is deemed to covenant and agree, to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. No Regular Assessment or Special Assessment shall be levied against any Lot owned by the Declarant. Each Assessment, together with interest and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of the Person who was the Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them. No Owner shall be exempt from liability for Assessments because of such Owner's non-use of the Common Areas, abandonment of such Owner's Lot or other circumstance. The obligation to pay Assessments is a separate and independent obligation on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association, the Board or the Architectural Review Committee to take some action or perform some function required of it.

6.2 Regular Assessments.

(a) At least thirty (30) days prior to the commencement of each Assessment Period, the Board shall prepare and adopt a budget of the estimated Common Expenses for the next Assessment Period, including any contribution to be made to a reserve fund. The budget shall also reflect the sources and estimated amounts of funds to cover such Common Expenses, which may include any surplus to be applied from prior years, any income expected from sources other than Assessments and the amount to be generated through “**Regular Assessments**” against the Lots. Based on the budget adopted by the Board, the Board shall assess against each Lot a Regular Assessment. The Regular Assessment shall be the same for each Lot. The amount of increase, if any, in the Regular Assessment from one Assessment Period to the next Assessment Period shall be subject to such limitations as may be imposed by Arizona law.

(b) The Board shall give notice of the Regular Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give such notice shall not affect the validity of the Regular Assessment established by the Board nor relieve any Owner from its obligation to pay the Regular Assessment. If the Board fails to adopt a budget for any Assessment Period, then until and unless such budget is adopted and a Regular Assessment is levied by the Board for such Assessment Period, the amount of the Regular Assessment for the immediately preceding Assessment Period shall remain in effect. Unless approval or ratification of the budget or the Regular Assessment for any Assessment Period is required by law, neither the budget nor the Regular Assessment shall be required to be ratified or approved by the Members.

(c) If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will, become inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessment by Members, the Board may amend the budget and increase the Regular Assessment for that Assessment Period and the revised Regular Assessment shall commence on the date designated by the Board.

(d) The maximum annual assessment shall initially be \$_____ per Lot per year. The annual assessment may be increased effective January 1 not to exceed twenty percent (20%) pursuant to A.R.S. § 33-1803.

(e) For the purpose of clarity, Declarant will have no obligation to pay Regular Assessments prior to the Transition Date.

6.3 Special Assessments. The Association may levy against each Lot a “**Special Assessment**” for the purpose of obtaining funds to pay the cost of any construction, reconstruction, repair or replacement of an Improvement upon the Common Areas (including fixtures and personal property related thereto), or to pay unbudgeted expenses or expenses in excess of the amount budgeted. Any Special Assessment must be approved by two-thirds (2/3) of the votes entitled to be cast by Members who are voting in Person or by

proxy at a meeting duly called for such purpose. So long as the Declarant owns any Lot, any Special Assessment must be approved in writing by the Declarant. Any Special Assessment shall be levied in an equal amount for each Lot (including Lots owned by Declarant).

6.4 Assessment Period. The period for which the Regular Assessment is to be levied shall be the calendar year, except that the first Assessment Period shall commence on the first day of the first month following conveyance of the first Lot to a Purchaser and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period.

6.5 Quorum. Except as otherwise provided in the Articles, the Declaration or Bylaws, the presence in Person or by proxy of Members entitled to cast one-tenth (1/10th) of the Eligible Votes shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time until a quorum shall be present.

6.6 Annual Meeting. An annual meeting of the Members of the Association shall be held at least once each year. The date, time and place of each annual meeting shall be determined by the Board. The annual meeting must be held in the State of Arizona.

6.7 Obligation of Declarant for Deficiencies. During the Declarant Control Period, the Declarant shall pay and contribute to the Association such funds as may be necessary, when added to the Regular Assessments levied by the Association, to pay all Common Expenses of the Association as they become due. In no event shall the Declarant be obligated to contribute funds to the Association in excess of the amount of Assessments that would have been payable by the Declarant if the Lots owned by the Declarant had been assessed Regular Assessments.

6.8 Rules Regarding Billing and Collection Procedures. Regular Assessments shall be collected on a monthly basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of such Member's liability for any Assessment or charge under this Declaration, but the Assessment Lien therefore shall not be foreclosed until the Member has been given not less than thirty (30) days written notice prior to such foreclosure that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period but successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.9 Creation of Assessment Lien; Effect of Nonpayment of Assessments; Remedies of the Association.

(a) Any Assessment, or any installment of an Assessment, not paid within fifteen (15) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate of interest set from time to time by the Board. In addition, the Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within fifteen (15) days after such payment was due.

(b) The Association shall have a lien on each Lot for any Assessment levied against that Lot from the time the Assessment becomes due and for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments. The Association's lien for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments may be foreclosed in the same manner as a mortgage on real estate. Fees, charges, late charges, monetary penalties, and interest charged pursuant to A.R.S. § 33-1803, other than charges for late payment of Assessments, are not enforceable as Assessments under this Article 6. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment of the Assessment becomes due. The Association has a lien for fees, charges, late charges (other than charges for late payment of Assessments), monetary penalties or interest charged pursuant to A.R.S. § 33-1803 after the entry of a judgment in a civil suit for those fees, charges, late charges, monetary penalties or interest from a court of competent jurisdiction and the Recording of that judgment, as otherwise provided by law. The Association's lien for monies other than for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments may not be foreclosed and is effective only on conveyance of any interest in the Lot. The recording of this Declaration constitutes record notice and perfection of the Association's lien for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments, and no further recordation of any claim of lien shall be required. Although not required in order to perfect the Association's lien, the Association shall have the right but not the obligation, to record a notice setting forth the amount of any delinquent Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments which are secured by the Association's lien. If the Association records a notice of lien, the Association may charge the Owner of the Lot against which the Notice of Lien is Recorded a lien fee in an amount established from time to time by the Board.

(c) The Association's Lien for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments shall have priority over all liens, other

interests and encumbrances except for (i) liens and encumbrances Recorded before the recording of this Declaration, (ii) liens for real estate taxes and other governmental assessments and charges; or (iii) the lien of any First Mortgage or seller's interest in a first contract for sale recorded prior to the Assessment Lien. Any First Mortgagee or any other Person acquiring title or coming into possession of a Lot through foreclosure of the First Mortgage, purchase at a foreclosure sale or trustee's sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure shall acquire title free and clear of any claims for unpaid Assessments and charges against the Lot which became payable prior to the acquisition of such Lot by the First Mortgagee or other Person. Any assessments and charges against the Lot which accrue prior to such sale or transfer shall remain the obligation of the defaulting Owner.

(d) The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law including, but not limited to, (i) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien, or (ii) bringing an action to foreclose the Assessment Lien in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

6.10 Purposes for which Association's Funds May Be Used. The Association may use the funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the purpose of (i) discharging and performing the Association's duties and obligations under the Community Documents or applicable law, (ii) exercising the rights and powers granted to the Association by the Community Documents or applicable law, (iii) providing or promoting activities and services the Board deems appropriate, necessary or desirable to foster or promote the common good and general welfare of the Property and the Owners, Lessees and Residents, (iv) contracting for services (including, without limitation, association management, trash collection or cable television) to be provided to Owners, Lessees and Residents, and (v) taking such other action as the Board deems necessary, appropriate or desirable for the management and administration of the Association for the benefit of the Association or the Project. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Regular Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes. The Board may hire an affiliate of Declarant to manage the Property and/or the Association as long as the fees are "market" based.

6.11 Transfer Fee.

(a) Each Person who purchases a Lot from a Person other than the Declarant shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Board to compensate the Association for the administrative cost resulting from the transfer of a Lot. The transfer fee is not intended to compensate the Association for the costs incurred in the preparation of the statement which the Association is required to mail to deliver to a purchaser under A.R.S. Section 33-1806A and, therefore, the transfer fee shall be in addition to the fee which the Association is entitled to charge pursuant to A.R.S. Section 33-1806C.

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

6.12 Reserves. The Board of Directors shall establish reserves for the future periodic maintenance, repair or replacement of the major components of the Common Areas. The reserves may be funded from Regular Assessments or any other revenue of the Association. All amounts designated as reserves shall be deposited by the Board of Directors in a separate bank account (the "Reserve Account") to be held for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Unless the Association is exempt from Federal or State taxes, all reserves shall be accounted for as contributions to the capital of the Association and segregated from the regular income of the Association or in any other manner authorized by law or regulation of the Internal Revenue Service that will prevent such funds from being taxed as income of the Association. Funds in the Reserve Account may only be used to pay costs and expenses related to the periodic maintenance repair and replacement of the Common Areas, unless the expenditure of any or all of the funds in the Reserve Account for other purposes is approved by the vote of Owners holding at least two-thirds (2/3) of the votes in the Association. Upon sale or transfer of the Property, a \$_____ contribution to the Reserve Account for maintenance of the Common Areas will be charged, such amount is subject to increase by the Board of Directors.

6.13 Preparation of Budget. The operating budget prepared by the Board for each year as provided in Article 6 shall be based on the Board 's best judgment of estimated revenues and expenses and the reserves reasonably necessary and proper to carry out the Board's responsibilities for the management, operation, maintenance, care and improvement of the Association, and additions, if any, to be made to the contingency reserve to be used only for unpredictable expenses and unanticipated obligations and not as a general reserve for foreseeable or recurring expenditures. The Board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Owners shall be required.

6.14 Financial Records. The Board shall provide for a reasonable review or compilation of the annual finances of the Association. The review or compilation shall be completed no later than 180 days after the end of the Association's fiscal year and shall be made available upon request to the Members within 30 days after its completion.

ARTICLE 7 - INSURANCE

7.1 Scope of Coverage.

(a) Commencing not later than the time of the first conveyance of a Lot to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

(1) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Areas and all other portions of the Property which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

(2) Property insurance on all Common Areas insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Common Areas, as determined by the Board; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy;

(3) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of the State of Arizona;

(4) Such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners; and

(5) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (i) that there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and Members of their household; (ii) no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy; (iii) that the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by

Owners or their mortgagees or beneficiaries under deeds of trust; (iv) a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners; (v) statement of the name of the insured as the Association; and (vi) for policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

(b) The premiums for any insurance obtained by the Association pursuant to this Section 7.1 shall be included in the budget of the Association and shall be paid by the Association.

7.2 Certificates of Insurance. An insurer that has issued an insurance policy under this Article 7 shall issue a certificate or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates of insurance have been issued.

7.3 Payment of Insurance Proceeds. With respect to any loss to any Common Areas covered by property insurance obtained by the Association in accordance with this Article 7, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Article 7 of this Declaration the proceeds shall be disbursed for the repair or restoration of the damage to the Common Areas.

7.4 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Areas which is damaged or destroyed shall be repaired or replaced promptly by the Association unless repair or replacement would be illegal under any state or local health or safety statute or ordinance, or Owners representing at least eighty percent (80%) of the total authorized votes in the Association vote not to repair or replace the damaged or destroyed Improvements. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If all of the Common Areas is not repaired or replaced, insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either be retained by the Association as an additional capital reserve.

ARTICLE 8 - ARCHITECTURAL CONTROL

8.1 Architectural Review Committee. An Architectural Review Committee is hereby established to perform the functions set forth in this Declaration with respect to

architectural control and other controls contained in this Declaration. The Architectural Review Committee shall be governed by the following provisions:

(a) So long as the Declarant is the Owner of one or more Lots, the Declarant shall have the sole right to determine the number of Members on the Architectural Review Committee and to appoint and remove the Members of the Architectural Review Committee. At such time as the Declarant no longer is the Owner of any Lot, the Board shall determine the number of Members on the Architectural Review Committee, and the Members of the Architectural Review Committee shall be appointed and may be removed by the Board. The Declarant may at any time voluntarily surrender its right to appoint and remove the Members of the Architectural Review Committee, and in that event the Declarant may require, for so long as the Declarant is the Owner of any Lot, that specified actions of the Architectural Review Committee, as described in a Recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. At least one (1) Member of the Architectural Review Committee must be a Member of the Board who shall serve as chairperson of the Architectural Review Committee.

(b) The Architectural Review Committee may adopt, amend and repeal Design Guidelines, standards and procedures to be used in rendering its decisions. Such guidelines, standards and procedures may include, without limitation, provisions regarding (i) the size and height of Residences (ii) architectural design, with particular regard to the harmony of the design with the surrounding structures and typography (iii) placement of Residences and other buildings (iv) landscaping design, content and conformance with the character of the Property and permitted and prohibited plants (v) requirements concerning exterior color schemes, exterior finishes and materials, (vi) signage, (vii) perimeter and screen wall design and appearance (viii) time periods for commencement and completion of any approved construction or modification, and (ix) rules and regulations governing construction activities. Any adoption, amendment or repeal of the Design Guidelines after the Declarant no longer has the right to appoint the Architectural Review Committee must be approved by the Board.

8.2 Permitted Structures. There may be erected on any one Lot not more than one single family residence plus such accessory and auxiliary garages, barns, guest houses, and tack rooms as are incidental to single family residential use. All structures shall be on-site, stick built homes with a minimum livable area of one thousand six hundred (1,600) square feet (not including attached or detached garage area). Each residence must have a minimum three-car garage (attached or detached) with a floor area of not less than six hundred (600) square feet. No manufactured or mobile homes are allowed.

8.3 Septic Systems. Septic systems on all Lots shall be installed and maintained in accordance with the standards of the Coconino County Health Department and the Arizona Department of Environmental Quality. If any septic system requires a Wisconsin mound or other alternative septic system, such system shall be properly landscaped so as to blend in with the area.

8.4 Approval Required.

(a) No construction or modification shall be made or done without the prior written approval of the Architectural Review Committee; provided, however, that the provisions of this Article 8 do not apply to, and approval of the Architectural Review Committee shall not be required for, any construction or modification or any other work made by, or on behalf of, the Declarant or by, or on behalf of, any Person who controls, is controlled by or is under common control with the Declarant. Neither the Association nor the Architectural Review Committee shall have any authority or control over any construction or modification, or any other work made by, or on behalf of, the Declarant or by, or on behalf of, any Person who controls, is controlled by or is under common control with the Declarant. Neither the Association nor the Architectural Review Committee shall take any action that would restrict, impede or interfere with the development of the Project, the construction of Improvements on the Common Areas by the Declarant or the Association or any construction or modification or any other work made by, or on behalf of, the Declarant or by, or on behalf of, any Person who controls, is controlled by or is under common control with the Declarant.

(b) If the Architectural Review Committee fails to approve or disapprove an application for approval within forty-five (45) days after the complete application, together with any fee payable pursuant to Article 8 and all supporting information, plans and specifications requested by the Architectural Review Committee, have been submitted to the Architectural Review Committee, the Owner submitting such plans may deliver to the Architectural Review Committee a demand that the Architectural Review Committee act on the plans submitted by the Owner. If the Architectural Review Committee does not disapprove the plans within thirty (30) days after receipt of the demand from the Owner, then the plans shall be deemed approved. The approval by the Architectural Review Committee of any construction or modification shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any construction or modification subsequently submitted for approval.

8.5 Review of Plans.

(a) In reviewing plans and specifications for any construction or modification, the Architectural Review Committee may consider any and all factors which the Architectural Review Committee, in its sole and absolute discretion, determines to be relevant including, but not limited to (i) the harmony of the proposed Improvements with existing Improvements in the Property or with Improvements previously approved by the Architectural Review Committee but not yet constructed, (ii) the location of the proposed Improvements in relation to existing topography, finished grade elevations, roads, and other structures, (iii) the exterior design, finish materials and color of the proposed Improvements, and/or (iv) compliance of the proposed Improvements with this Declaration and the Design Guidelines. The Architectural Review Committee may disapprove plans and specifications for any construction or modification even though the plans and specifications may be in substantial compliance with this Declaration and the Design Guidelines if the Architectural Review Committee, in its sole and absolute discretion, determines that the proposed

construction or modification, or some aspect or portion thereof, is undesirable or unattractive. Decisions of the Architectural Review Committee may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and attractiveness of certain Improvements. Each Owner agrees that the decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to this Declaration. Approval of plans and specifications for any construction or modification, or any amendment to such plans and specifications, submitted to the Architectural Review Committee shall not unreasonably be withheld by the Architectural Review Committee.

(b) The approval required of the Architectural Review Committee pursuant to this Article 8 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation.

(c) The Architectural Review Committee, by resolution, may exempt certain construction or modifications from the application and approval requirements of this Article 8, provided such construction or modifications are undertaken in strict compliance with the requirements of such resolution. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint or redecorate the interior of a Residence without approval so long as such activity does not affect the exterior appearance of the Residence.

8.6 Variances. The Architectural Review Committee may authorize variances from compliance with any provision of the Design Guidelines in circumstances where the design meets the intent of the provision sought to be varied and where granting of the variance would enhance design innovation and excellence, or when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations so require, and the Architectural Review Committee determines, in its sole discretion, that the objective of the particular requirement can still be achieved. No variance shall be effective unless in writing and signed by an authorized representative of the Architectural Review Committee. No variance may be contrary to this Declaration or estop the Architectural Review Committee from denying a variance in other circumstances including, without limitation, circumstances similar or identical to circumstances under which the Architectural Review Committee previously granted a variance. For purpose of this Section 8.6, the inability to obtain approval of any governmental agency, issuance of any permit, or the terms of any financing shall not constitute hardships.

8.7 Construction of Improvements. Upon receipt of approval from the Architectural Review Committee for any construction or modification, the Owner who had requested such approval shall commence the construction or modification approved by the Architectural Review Committee within ninety (90) days after the date the construction or modification was approved by the Architectural Review Committee and shall diligently pursue such construction or modification so that it is completed as soon as reasonably

practicable and within such time as may be prescribed by the Architectural Review Committee. If the construction or modification is not commenced within the time period presented in this Section 8.7, the Architectural Review Committee may revoke its prior approval of the construction or modification.

8.8 No Changes Without Approval. Any construction or modification approved by the Architectural Review Committee must be done or performed in accordance with the plans and specifications approved by the Architectural Review Committee. No change, deletion or addition to the plans and specifications approved by the Architectural Review Committee may be made without the prior approval of the Architectural Review Committee.

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

8.10 Time for Approval. Subject to the other provisions of this Declaration, if the Architectural Review Committee fails to approve or disapprove any design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and the Owner will have been deemed to have complied with this Article 8. Plans must be mailed via USPS Certified Mail or FedEx to the Architectural Review Committee address listed above.

8.11 Review Fee. The Architectural Review Committee shall have the right to charge a fee for reviewing requests for approval of any construction or modification, which fee shall be payable at the time the application for approval is submitted to the Architectural Review Committee. The fee charged by the Architectural Review Committee may include the actual or estimated fees or costs incurred or anticipated to be incurred by the Architectural Review Committee in consulting with, or having the application reviewed by, architects, engineers or other professionals. The Association may retain architects, engineers or other Persons as deemed necessary to review applications or otherwise assist the Architectural Review Committee. With respect to any requests made to the Architectural Review Committee to review any plans, drawings or specifications for any work done or proposed, the requesting Lot Owner shall remit a "Review Fee" made payable to the Red Lake Mountain Ranch Homeowners Association. Initially, the Review Fee will be \$_____, which amount is subject to change pursuant to a fee schedule to be established as part of the Design Guidelines. The Architectural Review Committee shall have no obligations to review any plans until such time as the designated fee has been paid.

8.12 New Construction. All Improvements constructed on Lots shall be of new construction, and no buildings or other structures shall be removed from other locations on to any Lot.

8.13 No Warranty. The approval by the Architectural Review Committee of any construction or modification shall not be deemed a warranty or representation by the Architectural Review Committee as to the quality of such construction or modification or that such construction or modification conforms to any applicable building codes or other federal, state or local law, statute, ordinance, rule or regulation.

8.14 Conditional Approval. The Architectural Review Committee may condition its approval of plans and specifications upon the agreement by the Owner submitting such plans and specifications to furnish to the Association a bond or other security acceptable to the Architectural Review Committee in an amount determined by the Architectural Review Committee to be reasonably sufficient to (i) assure the completion of the proposed Improvements or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (ii) repair any damage which might be caused to any of Common Areas as a result of such work. Provided there is no damage caused to any Common Areas by the Owner or its agents or contractors, any such bond shall be released or security shall be fully refundable to the Owner upon the completion of the Improvements in accordance with the plans and specifications approved by the Architectural Review Committee and the Owner's written request to the Architectural Review Committee.

8.15 Liability. Neither the Architectural review Committee nor any Member thereof nor the Association nor the Declarant shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; (c) the development of any Lot, or (d) the execution and filing of any estoppel certificate, whether or not the facts are correct; provided, however that with respect to the liability of a Member, such Member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limited the generality of the foregoing provisions of this Section 8.15, the Architectural Review Committee, or any Member thereof, may, but is not required to, consult with or hear the views of the Declarant or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural review Committee.

ARTICLE 9 - CONSTRUCTION AND ARCHITECTURAL RESTRICTIONS

9.1 Construction and Architectural Restrictions. Without the written permission of the Architectural Review Committee first obtained in accordance with Article 8 of this Declaration, no Person or entity of any nature shall commence or maintain any improvements of any nature upon any of said Lots, including without limitation excavation, site preparation, tree removal, demolition of existing improvements, landscaping, fences, walkways, roadways, driveways, signs, exterior lights, foundations, exterior painting, walls or buildings of any nature (other than repainting in colors substantially similar to the colors originally approved). In no event shall the Architectural Review Committee approve any

buildings or improvements, nor shall any buildings or improvements be constructed or maintained upon any of said Lots, which violate any of the following restrictions:

- (a) There may be erected on any one Lot not more than one single-family residence (which may include guest quarters) with attached garage, plus such accessory and auxiliary garages, barns and tack rooms as are incidental to the single-family residential use. All structures erected or maintained on any Lot or tract must be site built of new construction, built to UBC standards and all Coconino County and Arizona State codes and regulations. No modular or mobile homes are to be allowed. The maximum number of accessory buildings shall be no more than two. It shall also be the responsibility of each Lot Owner to construct structures on each Lot in accordance with the finished floor elevation that is depicted on the approved subdivision plat for each Lot, unless a waiver is obtained from Coconino County.
- (b) Only detached single-family dwellings containing a minimum livable area of One Thousand Six Hundred (1,600) square feet may be constructed on any Lot.
- (c) Each single-family dwelling must have a minimum of a 3-car attached garage with a floor area of not less than Six Hundred (600) square feet. The design and style of the garage shall be consistent with the rest of the dwelling.
- (d) Any quarters erected for guests or employees may be connected to the main residence by a common roof and the area of said quarters will not be included in the minimum livable area of the main residence set forth above. All construction for the guest quarters will be of the same type and material as the main residence and comply with current Coconino County standards for guest quarters.
- (e) All dwellings must have standard architectural appearance and no nonconventional home may be constructed.
- (f) The body and roof of the main residence and any guest house shall be of standard materials and colors that are earth tones as approved at the discretion of the Architectural Review Committee described in Articles 8 of this Declaration. Roof pitch shall be a minimum of six-twelfth's (6/12) pitch. No rooftop HVAC units shall be allowed. Roof vents must be painted to match roof or house colors. No metallic or reflective materials are to be allowed.
- (g) A residence, guest house, garage, barn, stable or similar structure may be erected on a Lot prior to the construction of the primary single-family residence; however, construction of the primary residence must be completed within two (2) years from start of construction. Any construction not completed within two (2) years shall be assessed a penalty of \$150.00 per day for each day of non-completion. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within ten (10) days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as a lien against the offending Lot Owner's

property. All material must be new or approved by the Coconino County Building Inspector. All construction shall (i) be according to the rules and regulations governing construction in Coconino County, (ii) be accomplished under a building permit issued by Coconino County, and (iii) be completed under the latest codes and requirements in effect in Coconino County at the time of construction.

(h) All structures on all Lots must be at least fifty (50') feet from the front, forty (40') feet from the side Lot lines, and fifty (50') feet from the rear Lot line or any equestrian easement. All barns, stables, feeding/watering facilities, or similar structures must be built so that their wall is at least forty (40') feet from the rear and side property lines, and at least one hundred (100') feet from any dwellings on the adjoining Lots.

(i) In order to protect the "equestrian" area of the subdivision, no fence shall be erected within sixteen (16') feet of the front property line of any Lot, or in that area designated as "open space", equestrian easement", "public utility easement", "common area", or any other easement as shown on the final plat. In addition, for the benefit of all Members, a fifty (50') foot wide equestrian easement is designated between Lots 6 and 7 and also between Lots 21 and 22 and is centered on the Lot lines separating Lots 6 and 7, and Lots 21 and 22, respectively.

(j) Any fences erected on the property shall be constructed in a manner and fashion consistent with the character of the surrounding area. The fencing shall be installed in a neat and professional manner using new materials. All fencing shall be constructed of standard materials as approved at the discretion of the Architectural Review Committee pursuant to Articles 8 and Article 9 of this Declaration. The finished height of any fence shall not exceed six (6') feet. Any fence erected within twenty (20') feet of a County road cannot be more than three (3') feet in height. No fence shall be erected within sixteen (16') feet of the front of the property line of any Lot. All fences must comply with Coconino County ordinances and regulations. No fencing shall be constructed of chain link.

(k) None of the Lots shall be subdivided into smaller Lots, and no portion of any said Lots or any easement or other interest shall be conveyed, leased, or otherwise disposed of without the prior written approval of the Declarant.

9.2 Further Subdivision, Property Restrictions and Rezoning. Without the prior written approval of the Architectural Review Committee and the Board, no Owner other than the Declarant shall do any of the following (i) further subdivide a Lot or separate the Lot into smaller Lots or parcels, (ii) convey or transfer less than all of a Lot, or (iii) replat the Lot or combine the Lot with other Lots. No further covenants, conditions, restrictions or easements shall be recorded by any Owner, Lessee, or other Person other than the Declarant against any Lot without the provisions thereof having been first approved by the Architectural Review Committee and the Board. No application for rezoning, variances or use permits pertaining to any Lot shall be filed with any governmental authority by any Person other than the Declarant unless the application has been approved by the Architectural

Review Committee and the Board and the proposed use otherwise complies with this Declaration. If one or more contiguous Lots are owned by a single owner, each such Lot shall pay the assessments described in Article 6 of this Declaration. The time for construction of such residence, however, must comply with Section 9.1(g) of this Declaration.

9.3 Address Numbers. All Lot owners shall post their address number on their residence. All numbers shall be at least four (4") inches in height and shall be visible from the street.

9.4 Use of Outdoor Lighting. Except as initially installed by the Declarant, no spotlights, floodlights or other high intensity lighting shall be placed or utilized upon any Lot or any structure erected thereon which in any manner will allow light to be directed or reflected on any other property except as approved by the Architectural Review Committee. No outdoor flood lighting may be used in a manner that might be considered a nuisance to other residents. This includes, but is not limited to corral lighting, barn lighting or tennis court lighting. All lighting shall conform to the Coconino County Dark Sky Lighting Ordinance.

9.5 Drainage. The drainage across individual Lots and throughout the Association is to be protected and preserved in its natural state, and no development or improvements of any kind shall take place within the drainage, unless approved in advance by the ARC and the necessary governmental agencies. It shall be the responsibility of each Lot Owner to protect, preserve, and maintain any and all drainage patterns located within the boundaries of its Lot. With the exception of fencing, corrals and related facilities that do not appreciably reduce the capacities or conflict with the drainage patterns, no building or structure of any kind shall be permitted in the drainage patterns and, unless in the event of a repair, the drainage grade(s) shall not be changed. Additionally, each Lot Owner shall be responsible to maintain the drainage patterns in accordance with its original condition and, if the drainage pattern becomes damaged or altered, the Lot Owner shall be responsible for immediately restoring the drainage area to its original condition. Upon written notice of violation from Red Lake Mountain Ranch Homeowners Association or Coconino County, the Lot owner must restore the drainage pattern within thirty (30) days. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within ten (10) days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as a lien against the offending Lot Owner's property.

9.6 Utility Service.

(a) No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Review Committee. No provision of this Declaration shall be deemed to forbid the erection of temporary power or telephone

structures incident to the construction of buildings or structures approved by the Architectural Review Committee. All water tanks shall be installed underground unless fully screened and approved by the Architectural Review Committee.

(b) All utility services such as electricity, telephone, cable TV, water line and gas lines shall be installed underground in accordance with local county codes at the time of installation, and subject to the requirements of the supplying utility company. A satellite dish is allowed if placed in a non-conspicuous location approved by the Architectural Review Committee.

9.7 Destruction of Residence. If the residence constructed on a Lot should be destroyed by fire or other event, the Owner shall be required to demolish and remove the structure within three (3) months of the destruction. Thereafter, reconstruction shall commence pursuant to the provisions of Section 9.1(g) of this Declaration.

ARTICLE 10 - GENERAL PROVISIONS

10.1 Term. The covenants, conditions and restrictions of the Declaration shall remain in full force and effect for a period of twenty (20) years from the date this Declaration is recorded. Thereafter, they shall be deemed to have been renewed and automatically extended for successive periods of ten (10) years each.

10.2 Enforcement. Except as otherwise provided in this Declaration, the Declarant, the Association or any Owner shall have the right to enforce, by any proceeding at law, all covenants, conditions and restrictions. Failure to enforce any of the restrictions, rights, reservations, limitations, covenants and conditions contained in this Declaration shall not, in any event, be construed or held to be a waiver thereof or a consent to any further or succeeding breach of violation. Upon the breach or threatened breach of any of said covenants or restrictions, anyone owning or having interest in the lands covered by these restrictive covenants may bring an appropriate action in the proper court to enforce or restrain said violation or to compel compliance with the said covenants or restrictions or to collect damages on an account thereof; provided, however, that a violation of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now or record, or which hereafter may be placed of record, upon said Lots, or any part thereof, but provided further that these restrictive covenants shall, without limitation, apply to any Lots acquired through foreclosure or any deed in lieu of foreclosure of any said mortgage. If legal action is brought to enforce any of the covenants or conditions set forth in this Declaration, the prevailing party in such action shall be entitled to recover its costs and attorney's fees. The use of any one or more of the remedies provided for in this paragraph shall not defeat the lien of a purchase money or construction mortgage or deed of trust made in good faith and for value. In addition to enforcing the covenants, conditions and restrictions set forth in this Declaration and the other Governing Documents of the Association, the Board may enforce, or call for the enforcement of, local government ordinances and regulations, including zoning ordinances in effect and applicable to the Association. It is the specific intention of this

document and a part of the overall plan of the Association, that building, zoning and residential activities may be circumscribed by the Association more rigorously than would be permitted under ordinances of any governmental agency with jurisdiction over the property within the Association.

The Association may enforce the Community Documents in any manner provided for in the Community Documents or by law or in equity, including, but not limited to:

- (a1) imposing reasonable monetary fines after notice and an opportunity to be heard is given to the Owner or other violator. An Owner shall be responsible for payment of any fine levied or imposed against a Lessee or Resident of the Owner's Lot or by any guest or invitee of the Owner or any Lessee or Resident;
- (2) suspending an Owner's right to vote;
- (3) suspending any Person's right to use the Common Areas;
- (4) suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than 15 days delinquent in paying any assessment or other charge owed to the Association;
- (5) exercising self-help or taking action to abate any violation of the Community Documents in a non-emergency situation;
- (6) requiring an Owner, at the Owner's expense, to remove any structure or Improvement on such Owner's Lot in violation of this Declaration and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;
- (7) without liability to any Person, prohibiting any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Declaration or the Design Guidelines from continuing or performing any further activities in the Project;
- (8) towing vehicles which are parked in violation of this Declaration or the Rules and Regulations;
- (9) filing a suit at law or in equity to enjoin a violation of the Community Documents, to compel compliance with the Community Documents, to recover fines or money damages or to obtain such other relief as to which the Association may be entitled; and

(10) recording a written notice of violation by any Owner, Lessee or Resident of any restriction or other provision of the Community Documents. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (i) the name of the Owner, Lessee or Resident violating, or responsible for the violation of, the Community Documents; (ii) the legal description of the Lot against which the notice is being Recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner or occupant to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner and Resident, and any subsequent purchaser of the Lot, that there is such a violation. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Lot or constitute a waiver of any right of the Association to enforce the Community Documents.

(b) The Association shall not be obligated to take any enforcement action if the Board determines, in its sole discretion, that because of the strength of the Association's possible defenses, the time and expense of litigation or other enforcement action, the likelihood of a result favorable to the Association, or other facts deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Association.

(c) Any Owner shall also have the right to enforce this Declaration in any manner available at law or in equity. All rights and remedies of the Association under the Community Documents or at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association's right to exercise another right or remedy. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Community Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Community Documents in the future.

(d) If the Association retains or consults with an attorney with respect to any violation of the Community Documents by an Owner, the Lessees of an Owner or the Residents of the Owner's Lot, all attorney fees incurred by the Association shall be assessed against the Owner, whether or not a lawsuit is filed by the Association, and all such attorney fees shall be paid by the Owner to the Association on demand and shall be secured by the Assessment Lien. If any lawsuit is filed by the Association, an Owner, a Lessee or Resident to enforce the provisions of the Community Documents or in any other manner arising out of the Community Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorney fees incurred by the prevailing party in the action.

(e) Prerequisite to Litigation. In the event of a dispute between an Owner, the Association or Declarant, the complainant, as a condition precedent to instituting legal action, must first serve notice in writing on respondent advising them of the alleged grievance, the result desired and a date and time convenient for a meeting; the respondent

shall have a minimum of fifteen (15) days and a maximum of thirty (30) days from receipt of said notice in which to schedule a meeting for the purpose of arriving at a settlement of the controversy with the complainant. If a dispute cannot be resolved, both parties will go to binding arbitration with the cost of the arbitrator to be paid by the non-prevailing party.

10.3 Duration; Termination. This Declaration shall run with the land and bind the Property and all Lots and Common Areas and be in full force and effect in perpetuity unless terminated as provided in this Section 10.3. This Declaration may be terminated at any time if such termination is approved by the affirmative vote or written consent, or any combination thereof, of the Owners holding ninety percent (90%) or more of the votes in the Association. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Following the Recording of a Certificate of Termination, this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles. No termination of this Declaration shall be effective unless approved in writing by the Declarant if the Declarant owns one or more Lots at the time of the termination.

10.4 Binding Effect. The Declarant intends by this Declaration to impose upon the Property covenants, conditions, restrictions, and easements to create a general plan of development for the Property and to provide a flexible and reasonable procedure for the administration, maintenance, preservation, use and enjoyment of the Property. The Declarant declares that all of the Property shall be held, sold, used and conveyed subject to the easements, restrictions, conditions and covenants set forth in this Declaration which are for the purpose of protecting the value, desirability and appearance of the Property. The Declarant further declares that all easements, restrictions, conditions, and covenants in this Declaration shall run with the Property and shall be binding upon and inure to the benefit of the Declarant and all Owners, Lessees and Residents and all other Persons having or acquiring any right, title or interest in the Property or any part thereof, their heirs, successors, successors in title and assigns. Each Person who acquires any right, title or interest in the Property, or any part thereof, agrees to abide by all the provisions of the Community Documents. This Declaration shall be binding upon and shall be for the benefit of and enforceable by the Association. The Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of the Community Documents, or as to the compliance of any of the provisions of the Community Documents with public laws, ordinances, and regulations applicable thereto. By acceptance of a deed or acquiring any ownership interest in any of the Property affected by this Declaration, each Person, their heirs, personal representatives, successors and assigns to all of the covenants, conditions and restrictions imposed by this Declaration. In addition, each such Person by so doing thereby acknowledges intent that all of the covenants, conditions and restrictions contained in this Declaration shall run with the land and be binding on all future Owners. Furthermore, each such Person acknowledges that this Declaration shall be mutually beneficial and enforceable by future Owners.

10.5 Construction.

(a) The provisions of the Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the subdivision. This Declaration shall be construed and governed by the laws of the State of Arizona. The subdivision shall be subject to any and all rights and privileges which the County of Coconino, or the State of Arizona may have acquired through dedication or the filing or recording of maps or plats of said property, as authorized by law, and provided further that no conditions, restrictions or privileges or acts performed shall be in conflict with any Coconino County Zoning Ordinate or law.

(b) Restriction Severable. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity of any provision thereof shall have no affect on the validity or enforceability of any other provision.

(c) Rules Against Perpetuities. If the provisions hereunder are declared void by a court of proper jurisdiction by reason of the period of time stated in this Declaration for which the same shall be effective, then, in that event, said periods of time shall be reduced to a period of time which shall not violate the rules against perpetuities as set forth in the laws of the State of Arizona.

10.6 Disclaimer of Implied Covenants. The Declarant makes no representation or warranty that the Property will be developed in accordance with the zoning and development plan as it exists as of the Recording of this Declaration. Each Owner, Lessee, Resident and other Person acquiring any Lot or other property in Property acknowledges that the zoning and development plan may be amended from time to time by the County. The Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of the Community Documents or as to the compliance of any provision of the Community Documents with public laws, ordinances, or regulations applicable to Project. Nothing contained in this Declaration and nothing which may be represented to a purchaser by real estate brokers or salesmen shall be deemed to create any implied covenants, servitudes or restrictions with respect to the use of any property subject to this Declaration.

10.7 Amendments.

(a) This Declaration may be amended at any time by the affirmative vote of owners holding not less than two-thirds (2/3) of the votes in the Association. Any amendment to this Declaration must be approved in writing by the Declarant if the Declarant owns any Lot at the time of the amendment.

(b) Any amendment approved by the Owners or by the Board pursuant to this Section 10.7 shall be signed by the President or Vice President of the Association and shall be Recorded and any such amendment shall certify that the amendment has been

approved as required by this Section 10.7. Unless a later effective date is provided for in the amendment, any amendment to this Declaration shall be effective upon the Recording of the amendment.

(c) During the Declarant Control Period, the Declarant shall have the right to unilaterally amend the Declaration to comply with or make the Declaration consistent with any applicable federal, state or local law, ordinance or regulation, whether existing at the time the Declaration was Recorded or enacted after the Declaration was Recorded or correct any error or inconsistency or resolve any ambiguity in the Declaration. After the termination of the Declarant Control Period, the Board, without a vote of the Members, shall have the right to amend the Declaration to comply with or make the Declaration consistent with any applicable federal, state or local law, ordinance or regulation, whether existing at the time the Declaration was Recorded or enacted after the Declaration was Recorded or correct any error or inconsistency or resolve any ambiguity in the Declaration.

(d) Any challenge to an amendment to this Declaration for the reason that the amendment was not adopted by the required number of Owners or was not adopted in accordance with the procedures set forth in this Section 10.7 must be made within one (1) year after the Recording of the amendment.

10.8 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.

10.9 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.

10.10 Laws, Ordinances and Regulations. The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Declarant, the Board or the Architectural Review Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation to also comply with all applicable laws, ordinances and regulations. Any violation of any state, municipal, or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration.

10.11 References to this Declaration in Deeds. Deeds to and instruments affecting any Lot or any other part of the Property may contain the covenants, conditions and restrictions set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this

Declaration shall be binding upon the grantee-Owner or other Person claiming through any instrument and his heirs, executors, administrators, successors and assignees.

10.12 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 in the singular shall include the plural; and words in the plural shall include the singular.

10.13 Captions and Titles. All captions, titles or 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 of context thereof. Unless otherwise specified, all references in this Declaration to Articles or Sections refer to Articles and Section of this Declaration.

10.14 Notices. All notices, demands, statements or other communications required to be given or served under this Declaration shall be in writing and shall be deemed to have been duly given and served if delivered personally, sent by Federal Express or other overnight delivery service, sent by United States mail, postage prepaid or sent by fax, electronic mail or other form of wireless communication, as follows (i) if to an Owner, at the mailing address, email address or fax number which the Owner provides to the Secretary of the Association for the purpose of notice or, if no such mailing address, email address or fax number is provided, at the street address of the Lot of such Owner, or (ii) if to the Association or the Architectural Review Committee, at the principal place of business of the Association as shown on the records of the Arizona Corporation Commission or at such other mailing address, email address or fax number as may be designated by the Association in a written notice to the Owners pursuant to this Section 10.14. Notice given by personal delivery, overnight delivery service, fax, electronic mail or other form of wireless communication shall be deemed to have been received by the Person to whom the notice was addressed when the notice is actually received. A notice given by United States mail shall be deemed to have been received by the Person to whom the notice was addressed on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Lot is owned by more than one Person, notice to one of the Owners shall constitute notice to all Owners of the same Lot.

10.15 Controlling Document; Conflicting Provisions. This Declaration supersedes and replaces all prior residential declarations for the Property including, without limitation, the documents recorded at Document No. 3493895, Document No. 3493703 and Instrument No. 89-21765, Official Records of Coconino County, Arizona. In the case of any conflict between the Articles, Bylaws or other Community Documents, and this Declaration, the terms and provisions of this Declaration shall control.

[SIGNATURES ON THE FOLLOWING PAGE]

DECLARANT:

RLD64, LLC, an Arizona limited liability company

By:
Name: Forrest Wald
Title: Manager

ASSOCIATION:

RED LAKE MOUNTAIN RANCH HOMEOWNERS' ASSOCIATION, an Arizona nonprofit corporation

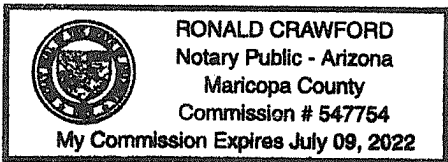
By:
Name: Forrest Wald
Title: President

STATE OF ARIZONA)
) ss.
County of MARICOPA)

On 13 JAY², 2021, Forrest Wald personally appeared before me in his capacities as the Manager of RLD64 LLC, and the President of RED LAKE MOUNTAIN RANCH HOMEOWNERS' ASSOCIATION, and acknowledged to me that he executed this Declaration on behalf of each entity, being duly authorized to do so.

SEAL:

Notary Public



**Exhibit A
to
Declaration**

(Legal Description of Property)

PARCEL NO. 1

Lots 1 through 54, inclusive, and related common area tracts, all as shown on the Plat of RED LAKE MOUNTAIN RANCH, recorded in Case 5, Maps 12-12A, and the AMENDED PLAT OF RED LAKE MOUNTAIN RANCH, recorded as Instrument No. 3493537, Official Records of Coconino County, Arizona.

(Parcel 1 Owned by Declarant)

PARCEL NO. 2


Tract "A", of the AMENDED PLAT OF RED LAKE MOUNTAIN RANCH, recorded as Instrument No. 3493537, Official Records of Coconino County, Arizona.

(Parcel 2 Owned by the Association)

RECORDING CERTIFICATE

RETURN TO:

Capitana Investments Ltd.
4300 N. Miller Rd. #120
Scottsdale, AZ 85251

	HELEN L. HUGGINS COCONINO COUNTY RECORDER OFFICIAL RECORDS OF COCONINO COUNTY	
	INST#: 89-21765 PEE: 6	24.88
AT THE REQUEST OF: CAPITANA INVESTMENTS LTD		
DATE: 10/19/89 TIME: 11:38		
DKT: 1365 PG: 591 #PAGES: 28		

1305-591

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RED LAKE MOUNTAIN RANCH SUBDIVISION

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH SUBDIVISION

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LEGAL DESCRIPTION

OF

RED LAKE MOUNTAIN RANCH SUBDIVISION,

A PORTION OF SECTION 3, T.33N, R.2E, OF THE G&SR&M, COCONINO COUNTY, ARIZONA
DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 3 AND RUNNING THENCE S2°28'17"W ALONG THE EAST LINE OF SAID SECTION 3, 5,208.38 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 3; THENCE S88°15'36"W ALONG THE SOUTH LINE OF SAID SECTION 3, 2,368.97 FEET TO THE SOUTHEAST CORNER OF THAT PARCEL OF LAND DESCRIBED IN DOCKET 737, PAGE 167 RECORDS OF COCONINO COUNTY, ARIZONA; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL N89°05'23"W PARALLEL TO HIGHWAY 64, 148.63 FEET TO THE POINT OF CURVATURE OF A CURVE, NON-TANGENT, CONVEX TO THE EAST HAVING A RADIUS OF 5,629.60 FEET, AT WHICH POINT THE RADIAL LINE BEARS N70°48'41"E; THENCE NORTHERLY ALONG THE ARC OF SAID NON-TANGENT CURVE 1,633.95 FEET THROUGH A CENTRAL ANGLE OF 16°33'00" TO A POINT ON THE END OF SAID NON-TANGENT CURVE, AT WHICH POINT A RADIAL LINE BEARS N57°27'41"E, SAID CURVE BEING SUBTENDED BY CHORD BEARING N80°54'49"W, 1,630.22 FEET; THENCE N2°30'23"W STILL PARALLEL TO HIGHWAY 64, 305.42 FEET TO THE NORTHEAST CORNER OF SAID PARCEL; THENCE N85°23'13"E, 256.45 FEET; THENCE N2°30'23"W PARALLEL TO THE EASTERLY RIGHT-OF-WAY LINE OF HIGHWAY 64, 3,156.65 FEET TO A POINT ON THE NORTH BOUNDARY OF SAID SECTION 3; THENCE S89°44'36"E ALONG SAID NORTH BOUNDARY, 193.95 FEET TO THE NORTH 1/4 CORNER OF SAID SECTION 3; THENCE N86°54'32"E ALONG THE NORTH LINE OF SAID SECTION 3, 2,650.93 FEET TO THE POINT OF BEGINNING. SAID SUBDIVISION CONTAINING 321.512 ACRES MORE OR LESS.

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RED LAKE MOUNTAIN RANCH SUBDIVISION

COCONINO COUNTY, ARIZONA

KNOW ALL MEN BY THESE PRESENTS:

This Declaration made and entered into this 21st day of September, 1989, by CAPITANA INVESTMENTS, LTD. as Owner, hereinafter designated "The Declarant" which holds the land hereinafter referred to; whereas, the Declarant is the owner of Red Lake Mountain Ranch, County of Coconino, State of Arizona, as per plat thereof recorded on the 17th day of October, 1989 in Case 5, Map 12A; and

Whereas, the Declarant intends to sell, dispose of or convey from time to time all or a portion thereof the parcels in said Subdivision above described, and desires to subject the same to certain protective reservations, covenants, conditions and restrictions between it and the acquirers and/or users of the parcels in said Subdivision.

Now, therefore, Know All Men By These Presents that the Declarant hereby certifies and declares that it has established and does hereby establish a general plan for the protection, maintenance, development and improvement of said Subdivision, and that this declaration is designed for the mutual benefit of the parcels in said Subdivision and Declarant has fixed and does hereby fix the protective conditions upon and subject to which all parcels and portions of said Subdivision and all interest therein shall be held, leased or sold and/or conveyed by the owners or users thereof, each and all of which is and are for the mutual benefit of the parcels in said Subdivision and of each owner thereof, and shall run with the land, and shall inure to and pass with each parcel of land in said Subdivision, and shall apply to and bind the respective successors in interest thereof, and further are and each thereof is imposed upon each and every parcel or individual portion of said Subdivision as a mutual equitable servitude in favor of each and every other lot, parcel or individual portion of land therein as the dominant tenement.

ARTICLE I

COMMITTEE OF PROPERTY OWNERS

The Red Lake Mountain Ranch Committee of Property Owners, Inc., a non profit Arizona Corporation, is a property owners association for the general welfare and benefit of the owners. The Committee, acting through its Board of Directors and Officers, shall take the appropriate action in performing all functions and duties assigned to the Committee by this Declaration or properly delegated to it by its Members.

Membership in the association, except for membership of the

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incorporators, the Declarant and the first Board of Directors, shall be limited to the owners of parcels within this subdivision. Such membership shall be subject to all of the provisions of this Declaration, the Committee's Articles of Incorporation and Bylaws. Each grantee of the Declarant, by the acceptance of a deed of conveyance, or each purchaser under any agreement of sale, or each person at any time owning or acquiring any interest in any parcel, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared and all impositions and obligations hereby imposed. Such persons shall be members of the Committee subject to the Articles, Bylaws and all rules and regulations adopted by the Committee. An owner of a parcel shall automatically, upon becoming the owner of the parcel, be a member of the Committee, and shall remain a member of the Committee until such time as his ownership for any reason ceases, at which time his membership in the Committee shall automatically terminate. Ownership of a parcel shall be the sole qualification and criterion for membership. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any parcel. Membership shall not be transferred, pledged or alienated in any way except on the sale of such parcel and then only to such purchaser or by intestate succession, testamentary disposition, foreclosure of mortgage of record, or other legal processes. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Committee. In the event that the owner of any parcel shall fail or refuse to transfer the membership registered to the purchaser of such parcel, the Committee shall have the right to record the transfer upon the books of the Committee and issue a new membership to the purchaser. Thereupon, the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered. The record owner of a parcel shall be entitled to one membership in the Committee and there shall be no more than one membership for each parcel. In the event any parcel is owned by two or more persons or entities, the single membership for that parcel shall be joint and shall be issued in the names of all owners. The owners shall designate to the Committee in writing, at the time of the issuance, the one who shall have the power to vote the membership, and in the absence of such designation the board shall designate the owner who shall have the power to vote the membership. At the discretion of the board, no certificates of membership need be issued. If certificates are not issued, memberships shall be evidenced solely by an official list of members kept by the secretary of the Committee.

Section 1.1: Voting Rights. Members shall be all owners of parcels within the subdivision. Each parcel shall be entitled to one vote.

The Board of Directors (the "Board") shall consist of not less than three members who shall be elected at each annual meeting of the members of the Committee as more particularly set forth in the Articles of Incorporation and Bylaws.

In the event any owner shall be in arrears in payment of any amount due under the provisions of this declaration for a period fifteen (15) days, the owners right to vote as a member of the association shall be suspended and shall remain suspended until all payments are brought current and all defaults are cured.

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Section 1.2: Covenants for Assessments. The owners hereby grant, transfer and assign to the Committee an easement to all roadways and street easements which the owners possess in the subdivision for the Committee to use in maintaining said roadways and streets.

The Committee shall be responsible for all maintenance of roads in Red Lake Mountain Ranch subdivision. In addition, it is hereby agreed by all owners and the Committee that all roadways and streets can be used by all owners, and there is hereby created an easement for the owners, their guests and invitees and the Committee, its assigns and employees for ingress and egress and access to all properties for the purposes not otherwise restricted herein including, but not limited to, fire and police protection, if available. All roadways and streets within Red Lake Mountain Ranch subdivision are private roads and hereafter exempted from county maintenance and/or repair. Maintenance of roadways within the subdivision as well as legal access roads shall be at the sole expense of the parcel owners as stated on the final recorded land division map: "ALL ROADS AND STREETS ARE PRIVATELY OWNED AND ARE TO BE MAINTAINED BY THE PROPERTY OWNERS, INCLUDING THE ACCESS ROAD".

The Board shall levy assessments against each parcel to collect the funds necessary to cover the costs and expenses incurred by the Committee together with adequate reserve funds determined by the Committee and the Board to be appropriate. The assessments levied by the Committee shall be used for the purpose of taxes on the Committee's property, if any, insurance, expenses of operation, road maintenance, and the discharge of Committee's duties under this declaration and other agreements to which the Committee is a party.

Each owner of a parcel within the subdivision by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Committee regular assessments and charges. Such assessments are to be fixed, established and collected from time to time as hereinafter set forth. The assessments, together with interest thereon and costs of collection, as hereinafter provided, shall be a charge on the land and shall be continuing lien (the "assessment lien") upon each parcel against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees incurred in the collection thereof, shall also be the personal obligation of the owner of such parcel at the time when the assessment fell due. The personal obligation and liability of the owner shall not be deemed to limit or discharge the charge against the land and the continuing lien upon the parcel against which such assessment is made.

The amount and time of payment of regular assessments will be determined by the Board pursuant to the Articles of Incorporation and Bylaws. Such assessments will be made giving due consideration to the current maintenance costs and future need of the Committee. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate total common expenses to be incurred for the forth coming fiscal year. The Board shall set the amount of the regular assessment for each parcel. The regular assessment for each parcel shall be that fractional amount of the total common expenses determined by the Board, defined as one divided by the total number of parcels.

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Written notice of the regular assessments shall be sent to every owner. Each owner shall thereafter pay to the Committee his regular assessment in such manner and such times or installments as are established by the Board. In the event the Board determines that the estimate of total charges for the current year is, or will become, inadequate to meet all common expenses, for any reasons, it shall immediately determine the approximate amount of such inadequacy, issue a supplemental estimate of the total common expenses and give written notice thereof to every owner. If the Board determines that the amount collected or to be collected through regular assessments is in excess of the Committee's needs, the Board in its discretion may refund to the owners who paid such assessments all or any portion of such excess, reduce the amount of the regular assessments or abate collection of regular assessments as it deems appropriate. In no event shall a reduction in the amount of or abatement in collection of regular assessments pursuant to this section, result in a quality of services diminished from those upon which the common expense budget was based.

Each parcel shall become subject to the assessment as of the first day of the calendar month following the conveyance of a parcel by the Declarant to an individual purchaser.

Assessments shall be payable in the amount specified by the notice of assessment and no offsets against such amount shall be permitted for any reasons including, without limitation, a claim that the Committee is not properly exercising its duties or responsibilities under this Declaration.

Any assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such assessment is not paid within thirty (30) days after the delinquency date, a late charge of ten dollars (\$10.00) per month, or such other amount as the Board shall from time to time determine, shall be levied and the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum.

The Committee may, at its option, bring an action at law against the owner personally obligated to pay the same and/or foreclose the assessment lien against the parcel in accordance with the then prevailing law of the State of Arizona relating to the foreclosure of liens upon real property. There shall be added to the amount of such assessment, any late charges, interest, recording fees, expenses and costs incurred in filing an assessment lien and in collecting the amounts due and reasonable attorney's fees incurred in connection with such collection efforts, regardless of whether or not a legal suit is commenced. Each member invests in the Committee or its agents, the right and power to bring all actions of law or lien foreclosure against such members for collection of such delinquent assessments. The lien provided for in this section shall be in favor of the Committee and shall be for the benefit of all other owners.

With respect to any delinquent assessment, the Committee is legally authorized and the owners hereby are deemed to have granted the right and irrevocably given consent for the Committee to record a notice of assessment lien in the office of Coconino County Recorder, appropriately describing the parcel and the amount of the delinquent assessment and other charges, to impose a lien of record against the parcel for the amount specified herein. A copy of the notice of assessment lien may be posted on the affected parcel.

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An assessment lien upon a parcel shall be subordinate to the lien of any prior recorded mortgage or deed of trust. All other liens or encumbrances recorded subsequent to the recordation of notice of assessment lien shall be junior and subordinate to the assessment lien as to the amount stated in such notice of assessment lien. Upon payment of all amounts due thereon, the Committee shall record an appropriate satisfaction and release of the assessment lien. The assessment lien and the rights to foreclosure shall be in addition to and not in substitution for all other rights and remedies which the Committee and its assigns may have hereunder and by law, including a suit to recover a money judgement for unpaid assessments. All property dedicated for public thorough fares and utility services shall be exempt from the assessments created herein.

ARTICLE II

GENERAL BUILDING AND USE RESTRICTIONS

Section 2.1: General Building Restrictions. Subject to the exemption of Declarant in Article V, no building or structure of any kind whatsoever other than a single family dwelling house shall be erected on any lot, which must first be approved by the Architectural and Community Protection Review Committee (hereinafter "Review Committee") (see Article XVII); provided also that any and each building or structure must also comply with Article VI hereto. All required county permits shall be obtained.

Section 2.2: General Use Restrictions. Subject to the exemption of Declarant in Article V, any lot, dwelling house, garage and any other appurtenant building or structure shall be used only for single family residential purposes only.

Section 2.3: Business or Commercial Restrictions. Subject to the exemption of the Declarant in Article V hereto, no part of any lot, dwelling house, garage or any other appurtenant building or structure shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other such non-residential purposes.

ARTICLE III

DECLARANT EXEMPTION

Section 3.1: In General. Declarant or its successors or assigns, will undertake the work of developing this subdivision. The completion of that work and sale is essential to the establishment and welfare of properties as a desirable residential community. In order that this work may be completed and the properties established as a fully occupied residential community as rapidly as possible, no lot owner, member, or purchaser shall do anything to interfere therewith, and these covenants shall not be understood or construed to: (a) prevent Declarant, its successors or assigns, or its/their contractors or subcontractors, from doing on any lot owned by them, whatever they determine to be necessary or advisable in connection with the completion of this work; or (b) prevent Declarant its successors or assigns, or its/their contractors or subcontractors, from erecting, constructing and maintaining on any common area, if any, or any lot or portion thereof owned or

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controlled by Declarant, or its successors or assigns, for its/their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business or completing this work and establishing the properties as a residential community and disposing of the same by sale; (c) prevent Declarant, at anytime prior to acquisition of title to a lot for dwelling unit by a purchaser from Declarant, to establish thereon such additional licenses, reservations and rights of way of itself, to utility companies, or to others as may from time to time may be reasonably necessary to the proper development and sale of these properties; or (d) Parcel _____ shall be set aside for the purpose of obtaining cinders for maintenance of the roads. Before Parcel _____ can be sold at the discretion of the Declarant, the excavated site will be revegetated and returned to as natural a state as possible. Once Parcel _____ has been sold the hauling of cinders from said parcel will be prohibited.

Section 3.2: Declarant Authorized Uses. Declarant (as developer), or its successors or assigns is hereby expressly authorized to erect or install reasonably necessary buildings, structures or units on any common area, if any, or on any lot owned or controlled by Declarant or its successors or assigns, and to utilize the same for the following uses notwithstanding any other condition, restriction, limitation, or provision in these covenants: (a) Utility Stations; (b) Community Buildings; (c) Model Home Exhibit Units; (d) Mobile sales and/or construction units.

Section 3.3: Miscellaneous: The Declarant or its successor shall be exempt from any levy or assessments against parcels it still owns as long as those parcels are for use as follows:

ARTICLE IV

BUILDING REQUIREMENTS AND RESTRICTIONS

Section 4.1: Prior Approval Required. No dwelling, building, fence, wall or other structure shall be commenced, erected, placed or altered on any lot until the construction plans and specifications, and a plan showing the location for the structure on the lot, have been reviewed and approved by the Review Committee as to the quality of workmanship and materials, harmony of external design with existing structures, location with respect to topography and finish grade elevation, in compliance with these covenants.

Section 4.2: Types of Buildings or Structures Permitted. No dwelling or building or other structure may be constructed or moved onto any lot in Red Lake Mountain Ranch subdivision, except the following: (1) newly constructed single family homes which are placed on permanent foundations and are constructed in accordance with the Coconino County building code; (2) garage and approved accessory buildings as provided in Article IV, section 4.1 heretofore and Section 6.3 herein; and (3) fences as provided in section 6.5 herein.

Section 4.3: Specific Building Requirements and Restrictions. (1) All dwelling units exterior walls and porches may be of, but not limited to, aluminum, simulated wood, wood, masonry, peeled log, adobe, pre-painted steel, or native stone. The use of corrugated iron or tar paper exteriors will not be approved. (2) All dwelling units shall have a minimum of 960 square feet of living space. (3) All dwelling units shall be placed on the lots at an elevation such that, when landscaped, proper surface water drainage away from

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the units shall occur or result. All dwelling units shall be constructed on permanent foundations. (4) Any storage building shall be attached and be a part of the garage or dwelling unit with the exterior siding and roofing to match the dwelling unit. (5) Each lot shall have adequate storage either as a part of the garage, or other approved accessory building, or dwelling unit. Adequate storage requires that there is the necessary space so that all personal property of any kind or nature whatsoever, except for firewood and except as specifically provided in Article IX hereto (garbage and refuse disposal) and Article X hereto (vehicle storage), can and must be enclosed in storage at all times so as not to be visible from neighboring lots or from the street. Firewood shall be stacked behind structures to prevent unsightly appearance from neighboring lots or from the street. (6) Masonry fireplace chimneys must extend to a solid ground foundation with adequate footings, and must be of fireproof construction lined with flue tile or fire brick. All exposed surfaces must be in keeping with the exposed building foundations, and spark arrestors shall be installed on the chimneys. The roofs of all buildings shall be kept clear of leaves and other inflammable material, other chimneys shall have proper covers to make them safe from disgorging sparks and inflammable material. (7) All plumbing, including but not limited to toilets, bathing facilities, sinks and kitchen facilities shall be of the modern inside type connected to inside connections below the surface of the ground and to a septic tank with an adequate leach drainage line below the surface. No outhouses or privies shall be allowed. (8) There shall be no flat roof allowed on any dwelling house or garage. Any storage or other approved accessory building, if separate, must have a roofline in keeping with the dwelling house, and it must be of similar construction. (9) Water storage tanks must be buried or shall be covered with a cover made of the same material as the dwelling house. (10) Simplicity of architectural design, good proportions and appearance of naturalness to the area setting, are desired in the completed structure. Ornate, elaborate, pretentious or showy structures, or parts thereof will be unacceptable. The architectural plans will include the classes of materials to be used, floor plans, a perspective sketch, simple front and side elevation and construction details for the foundation, sills, size and spacing of floor joists, framing roof pitch, size and spacing of rafters, electrical wiring, flue constructions, etcetera. (11) Power lines must be installed underground unless this requirement is waived by the Board of Supervisors.

Section 4.4: Antennas and Satellite Receivers. No outside television or any other type of antenna or satellite receiver dish may be installed without the prior written approval of the Review Committee. The Review Committee shall grant said approval only for the location upon the lot which will minimize any adverse visual impact upon the neighboring lots or upon the subdivision as a whole, considering the purposes outlined in Article II hereto and considering the aesthetic appearance of the subdivision as a desirable residential community.

Section 4.5: Fences. No fence, wall or hedge higher than 72 inches in height shall be erected or maintained on any lot. Style of all fences or walls must be approved in writing in advance by the Review Committee as to the quality and workmanship and materials, harmony of design with existing structures and location with respect to topography and finish grade elevation.

Section 4.6: Building Line and Setback Restrictions. No portion of any

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building or structure shall be located on any lot nearer than 60 feet to the front lot line, nor nearer than 25 feet to the rear lot line, nor nearer than 20 feet to each side lot line.

Section 4.7: Landscaping. Each lot owner is responsible to landscape and maintain the lot and dwelling unit in a clean, attractive and well kept fashion. Only trees and shrubs which are aesthetically pleasing in nature and do not create nuisances or spread diseases are permitted. All landscaping must be completed within twelve (12) months from the time construction of the dwelling unit is completed.

Section 4.8: Building Time Limits. All construction of dwelling units shall be completed within twelve (12) months of commencement of construction. All debris and excess building materials shall be removed within thirty (30) days from the completion of the construction. All approved accessory buildings must be completed within six (6) months from the commencement of construction.

Section 4.9: Miscellaneous: None of the premises shall be used for other than residential purposes or for any of the following: circuses; carnivals; manufacturing or industrial purposes; produce packing; slaughtering or eviscerating of animals, fowl, fish, or other creatures; abattoirs or fat rendering; livery stables, kennels or other horse or cattle or other livestock pens for boarding; milling; or any use or purpose whatsoever which shall increase the fire hazard to any other of said structures located upon the premises.

ARTICLE V

ANIMAL RESTRICTIONS

NO animals of any kind shall be raised, bred, or kept in or on any lot, dwelling unit, garage, or other accessory building, or any part thereof, except usual and ordinary dogs, cats, fish, birds, and other usual and ordinary household pets and livestock animals normally associated with neighborhoods similar in character to Red Lake Mountain Ranch provided that such pets or livestock animals are not kept, raised, or bred for commercial purposes or in unreasonable quantities. "Unreasonable quantities" shall ordinarily mean no more than two (2) pets and eight (8) livestock animals per household or lot; provided that the Review Committee may determine that a reasonable number in any instance may be more or less, considering the adverse impacts upon neighboring lot owners, the effects on the nature and character of Red Lake Mountain Ranch subdivision as a first quality residential community, and the purposes outlined in Article II, hereto. Insects, reptiles, poultry, and swine are specifically, without limitation, excluded as pets or livestock animals which may, under any circumstances be raised, bred or kept within Red Lake Mountain Ranch subdivision. Animals belonging to owners, occupants or their guest, tenants, licensees or invitees while within Red Lake Mountain Ranch subdivision must be kept either within an enclosure or on a leash being held by a person capable of controlling the animal. No animals of any kind shall be permitted in any recreational common areas, if any. Notwithstanding the other provisions of this section, no animal which constitutes a nuisance to the neighborhood may be raised, bred or kept in or on any lot, dwelling unit, garage, or other accessory building, or any part thereof.

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ARTICLE VI

NUISANCE, NOXIOUS USE, AND ILLEGAL ACTIVITY

No noxious, illegal or offensive activity or use shall be carried in or upon any lot, dwelling unit, garage, or other accessory building or common area, if any, or any part thereof, nor shall anything be done on or therein which may be or become an unreasonable annoyance or nuisance to any other owner or to the neighborhood. No immoral, improper, or offensive or unlawful use shall be made of any lot, dwelling unit, garage, or other accessory building or common area, or any part thereof, and all valid laws, zoning ordinances, and the valid restrictions of all governmental bodies having jurisdiction thereof, shall be observed.

ARTICLE VII

GARBAGE AND REFUSE DISPOSAL

No rubbish, trash, or garbage or other waste materials shall be kept or permitted upon any lot or common area, if any, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom, so as to render the lot or common area, if any, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or its occupants. Such containers shall be exposed to the view of the neighboring lots only when set out for reasonable periods of time, not to exceed twelve (12) hours before or after scheduled trash collection hours, if any. There shall be no open fires which may cause offensive smoke or odors or create a safety hazard. Normal burning as permitted by local fire district is allowed. Incinerators for burning of trash must have "spark proof" tight fitting covers. No camp fires shall at any time be left unattended. Burning of tree branches, pine needles, or other inflammable materials shall be done under constant and careful supervision.

ARTICLE VIII

VEHICLE STORAGE

Only operable automobiles or motorcycles, and no more than three (3) per lot, may be regularly parked outside of the garage on any lot. No on street parking whatsoever shall be allowed. All additional or other vehicles, including but not limited to, boats, recreational vehicles, trailer houses or trailer coaches, motor homes, camping trailers, utility trailers, non-operable automobiles, trucks, snow mobiles, all terrain vehicles, and etc., must be stored within the garage out of sight or within areas specifically designated for such storage by the Review Committee; PROVIDED that temporary use (outside the garage) of recreational vehicles, trailer coaches or trailer houses, motor homes, camping trailers, and etcetera, shall be permitted during the construction of the permanent dwelling unit, but not to exceed six (6) months from the date of the lot purchase, subject to county approval and the obtaining of all required county permits. Vehicle storage within the development is limited to lot owner's personal vehicles only. There shall be no commercial vehicle storage whatsoever.

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ARTICLE IX

RESTRICTIONS ON SIGNS

No sign, poster, display, billboard, or other advertising device of any kind shall be displayed on any lot, dwelling unit, garage, or other accessory building except signs, regardless of size, used by the grantor (as developer) or its successors or assigns or by the builder to advertise the property during the construction and sale period. All such permitted signs shall conform to the requirements of all applicable governmental statutes and ordinances.

ARTICLE X

NO WATER SERVICE

It is the individual lot owners responsibility to provide his own water service. All water service systems must conform to all state and/or local standard plans and specifications.

ARTICLE XI

DRAINAGE

There shall be no interference with the established drainage pattern over any lot unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Review Committee.

ARTICLE XII

SUBSEQUENT SUBDIVISION

No parcel shall be conveyed or subdivided smaller than that shown or delineated upon the original Red Lake Mountain Ranch plat map. Nothing herein contained shall be construed so as to prevent the use of one parcel and all or a fraction of an adjoining parcel as one building site, after which time such whole lot and adjacent part of the other lot shall be considered and one parcel for the purposes of these restrictions.

ARTICLE XIII

ZONING STIPULATIONS

All parcels in Red Lake Mountain Ranch subdivision are zoned RS-5 SINGLE FAMILY RESIDENTIAL, MOBILE HOMES PROHIBITED. The Review Committee will have final authority to determine any issues as to what may constitute a mobile home. RS-5 Regulations, as defined and set forth in the Coconino County Zoning Ordinances shall apply to parcels 1 through 54 in Red Lake Mountain Ranch Subdivision.

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ARTICLE XIV

RESERVATION OF EASEMENTS

Section 14.1: Specific Easements. Easements for installation and maintenance of utilities and drainage facilities are hereby reserved as shown on the recorded plats.

Section 14.2: General Blanket Easements. There is hereby created a blanket easement upon and through and across, and over and under, all lots and common areas, if any, within Red Lake Mountain Ranch for ingress, egress, installation, replacing, repairing, and maintaining, all utilities and service lines and systems, including but not limited to: Electricity, telephone, and master antenna system and/or cable television system. By virtue of this easement, it shall be expressly permissible for the companies providing electrical, telephone, master television antenna, cable television service (if any) and/or other utilities to install, erect, and maintain all necessary pipe and conduit underground and other necessary equipment at above or below grade on said properties, and to equip at above or below grade on said properties, to affix and maintain the same on, above, across, and under the roofs and exterior walls of any buildings, and meters and shutoffs at or inside and/or outside any buildings. An easement is further granted to all police, fire protection, ambulance, and all similar persons, companies or agencies performing emergency services to enter upon or into the lots, dwelling units, garages, or other accessory buildings or common areas in the performance of their duties. Further, an easement is hereby granted to the Review Committee, it's officers, agents, or employees to enter into or to cross over the common areas, if any, or the lots and to enter any buildings during reasonable hours and upon request when the building is occupied (except in an emergency when request, hours, and occupation requirements may be dispensed with), to inspect and to perform the duties of the Review Committee provided herein. Notwithstanding anything to the contrary contained in this paragraph, no electrical lines, or other utilities may be installed or relocated within Red Lake Mountain Ranch except as initially approved by the Declarant or thereafter approved by the Declarant (as developer), or it's successors or assigns, for the Review Committee. Should any utility or organization furnishing a service covered by the general easement request that a specific easement be provided by a separate recordable document, Declarant (as developer), or its successors or assigns, shall have the right to grant such easement on said properties, provided it not be broader than the terms hereof. The easements provided for this section shall in no way effect any other recorded easement on said premises. The easement area of each lot and all improvements thereon shall be maintained continuously by the lot owner, except for those improvements for which a public authority or utility company is responsible.

Section 14.3: Blanket Easements to Correct Drainage. For a period of five (5) years from the date of conveyance of the first lot within Red Lake Mountain Ranch subdivision, the Declarant (as developer) reserves a blanket easement and right for itself, its successors and assigns, over and under the ground within this Red Lake Mountain Ranch subdivision, to maintain and correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such a right expressly includes the right to cut any tree, bushes or shrubbery, make any grading of the soil, or to take

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any other similar action reasonably necessary, following which the Declarant, its successors or assigns, shall restore the affected property to its original condition as near as practicable. Reasonable notice of intent to take such action shall be given to all affected owners unless an emergency appears to exist which precludes such notice.

ARTICLE XV

ARCHITECTURAL AND COMMUNITY PROTECTION REVIEW COMMITTEE ("REVIEW COMMITTEE")

Section 15.1: Composition of Review Committee. The Review Committee shall be composed of three representatives appointed initially by the Board.

At such time as Declarant no longer owns any interest in any lot in Red Lake Mountain Ranch subdivision, the composition of the Review Committee shall be changed to include three elected representative property owners from Red Lake Mountain Ranch subdivision.

A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. Neither the members of the Committee, nor its designated representatives shall be entitled to any compensation for services performed pursuant to these covenants. At any time, the then record owners of a majority of the lots within Red Lake Mountain Ranch subdivision shall have the power through a duly recorded written instrument to change the membership of the Review Committee.

Section 15.2: Time Requirements for Approval by the Review Committee. Whenever approval or consent of the Review Committee is required by these covenants, in the event the Review Committee either fails to approve or disapprove the plans, design, or other proposal, or to reasonably request additional information or material, within thirty (30) days after the required or requested plans, specifications, and/or other information or material have been submitted to the Review Committee by certified mail, return receipt requested, such approval shall not be required and such approval or consent requirements of these covenants shall be deemed to have been fully complied with.

Section 15.3: No Waiver of Future Approvals. The approval of the Review Committee of any proposals or plans or specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Review Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whenever subsequently, or additionally submitted for approval. Nothing herein is intended to interfere with the applicable laws and regulations of Coconino County, State of Arizona, these restrictions being an addition to those applicable laws and regulations.

Section 15.4: Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows: (a) upon the completion of any work

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for which approved plans, design, location or other specifications, are required under these covenants, the owner shall give written notice of completion to the Review Committee; (b) within sixty (60) days thereafter, if the Review Committee finds such work was not done in substantial compliance with the approved plan, design, location, or specifications, it shall notify the owner in writing of such non-compliance within sixty (60) day period, specifying the particulars of non-compliance, and shall require the owner to remedy the same; (c) if upon the expiration of thirty (30) days from the date of such notification, the owner shall have failed to remedy such non-compliance, after affording such owner notice and hearing, and the Review Committee shall determine a non-compliance exists, the owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Review Committee ruling. If the owner does not comply with the Review Committee ruling within such period, the Review Committee at it's option, may peacefully remedy the non-compliance, and the owner shall reimburse the Review Committee upon demand for all expenses incurred in connection therewith; PROVIDED that nothing in this section shall be deemed to preclude any enforcement action pursuant to Article XVIII hereto, including in relation to any non-compliance under this section; (d) If for any reason the Review Committee fails to notify the owner of any non-compliance within sixty (60) days after receipt of said written notice of completion from the owner, the work shall be deemed to be in accordance with said approved plans and specifications; (e) The Review Committee is authorized to reasonably extend the time limits provided in this section whenever weather conditions, unforeseen conditions of building site, acts of God, or other circumstances beyond the owners control make such extension reasonably necessary.

Section 15.5: Non-Liability of Review Committee Members. Neither Declarant, nor any member of the Review Committee, nor its representative, shall be liable to any owner for any loss, damage, or injury arising out of, or in any way connected with, the performance of the Review Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Review Committee.

Section 15.6: Review Committee - Address for Notices. For purposes of all communications or notices, the initial address of the Review Committee shall be c/o Charles H. Koski, 4300 N. Miller Rd., Suite 120, Scottsdale, Arizona, 85251. In the event that this address shall be changed, notice of such or other future changes, shall be permanently affixed to the entrance way of Red Lake Mountain Ranch subdivision, lot number 27, Red Lake Mountain Ranch subdivision, Coconino County State of Arizona.

ARTICLE XVI

ENFORCEMENT

Declarant (for so long as Declarant is the owner of a lot or lots within the development), and each and every owner and/or contract purchaser of a lot or lots within the development, shall have the right to enforce by any proceeding at law or in equity all covenants now or hereafter imposed by the provisions of this Declaration. The Declarants enforcement rights shall terminate at such time as the Declarant shall cease to be the owner of a lot

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or lots within the development except in the case Declarant regains ownership as a result of foreclosure. Failure of any party or entity to enforce any of these covenants shall in no way be deemed a waiver of the right to do so thereafter. The remedies herein provided for breach of covenants contained herein shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

ARTICLE XVII

CONSTRUCTION AND INTERPRETATION

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniformed plan for the development of a first quality residential community and those purposes as outlined in Article II hereto. In interpreting and applying the provision of these covenants, the covenants shall be held to be minimum requirements for the promotion of health, safety, morals, and general welfare. Therefore, when these covenants provide for a greater restriction upon the use of buildings or land, or require larger open spaces than are imposed or required by other laws, ordinances, rules, or regulations, the provisions of these covenants shall control. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. The singular shall include the plural and the plural the singular; the masculine, feminine and neuter shall include masculine, feminine and neuter.

ARTICLE XVIII

CONSTRUCTIVE NOTICE AND ACCEPTANCE

Every person who owns, occupies, or acquires any right, title, estate or interest in or to any lot or dwelling unit, or portion thereof does and shall be conclusively deemed to have consented and agreed to each and every covenant contained herein, whether or not any reference to such covenants is contained in the instrument by which such person acquired an interest in the property or any portion thereof.

ARTICLE XIX

NOTICES

Any notice permitted or required to be delivered as provided herein shall be in writing and shall be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage pre-paid, addressed to any person at the address given by such person to the Review Committee for the purpose of service of such notice, or to the residence of such person if no address has been given to the Review Committee. Such address may be changed from time to time by notice to the Review Committee.

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ARTICLE XX

NO REPRESENTATION OR WARRANTIES

No representations or warranties of any kind, express or implied, have been given or made by grantor or its agents or employees in connection with the lot, or any portion hereof, or any improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with a subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, except as specifically and expressly set forth in this declaration.

ARTICLE XXI

TERMINATION AND MODIFICATION

These covenants may be waived, terminated, or modified, but only if within thirty (30) days of the first (1st) anniversary of the date of the recording of these covenants or within thirty (30) days of each successive anniversary year thereafter, the written consent and agreement to such waiver, termination, or modification is secured from the owners of not less than seventy-five percent (75%) of the lots within Red Lake Mountain Ranch subdivision. No such waiver, termination, or modification shall be effective until and unless a proper instrument shall be recorded in the office of the auditor for Coconino County, State of Arizona.

ARTICLE XXII

SEVERABILITY

Invalidation of any of these covenants by judgement or court order shall in no way affect any other provision which shall remain in full force and effect.

1305-009

ARTICLE XXIII

EXECUTION

IN WITNESS WHEREOF, the undersigned Declarants (as developers), do hereby certify that they are the owners of the land platted in Coconino County, State of Arizona, as Red Lake Mountain Ranch subdivision and have hereby caused these provisions to be executed on this 16th day of October, 1989.

Jack Jakub
Jack Jakub, President
Capitana Investments, Ltd.

State of Arizona)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 16th day of October, 1989, by Jack Jakub.

C. H. Koski
Notary Public

My Commission will expire
July 13, 1991




NOTE: Each buyer should receive a copy of these covenants, as well as, acknowledge and accept as restriction of use of land in Deed.

Sign by Buyer also

Corrections of the
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

RED LAKE MOUNTAIN RANCH SUBDIVISION,

previously recorded by Capitana Investments, Ltd. on October
19, 1989 as Inst. #89-21765, DKT 1305, PG 591, * pages - 20.
Corrected pages 6 and 16 are hereby provided to correct errors
noted in the previously recorded document.

	HELEN L. HUGGINS COCOONING COUNTY RECORDER OFFICIAL RECORDS OF COCOONING COUNTY
INST: 98-02886 FEE: \$ 9.00	
AT THE REQUEST OF:	
CAPITANA INVESTMENTS LTD	
DATE: 02/13/98 TIME: 03:15	
DKT: 1323 PG: 357 #PAGES: 4	

1323-357

controlled by Declarant, or it's successors or assigns, for it's/their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of it's or their business or completing this work and establishing the properties as a residential community and disposing of the same by sale; (c) prevent Declarant, at anytime prior to acquisition of title to a lot for dwelling unit by a purchaser from Declarant, to establish thereon such additional licenses, reservations and rights of way of itself, to utility companies, or to others as may from time to time may be reasonably necessary to the proper development and sale of these properties; (d) Parcels 12 & 13 shall be set aside for the purpose of obtaining cinders for maintenance of the roads. Before Parcels 12 & 13 can be sold at the discretion of the Declarant, the excavated site will be revegetated and returned to as natural a state as possible. Once Parcels 12 & 13 have been sold, the hauling of cinders from said parcels will be prohibited.

Section 3.2: Declarant Authorized Uses. Declarant (as developer), or it's successors or assigns is hereby expressly authorized to erect or install reasonably necessary buildings, structures or units on any common area, if any, or on any lot owned or controlled by Declarant or it's successors or assigns, and to utilize the same for the following uses notwithstanding any other condition, restriction, limitation, or provision in these covenants: (a) Utility Stations; (b) Community Buildings; (c) Model Home Exhibit Units; (d) Mobile sales and/or construction units.

Section 3.3: Miscellaneous: The Declarant or its successor shall be exempt from any levy or assessments against parcels it still owns as long as those parcels are for sale.

ARTICLE IV

BUILDING REQUIREMENTS AND RESTRICTIONS

Section 4.1: Prior Approval Required. No dwelling, building, fence, wall or other structure shall be commenced, erected, placed or altered on any lot until the construction plans and specifications, and a plan showing the location for the structure on the lot, have been reviewed and approved by the Review Committee as to the quality of workmanship and materials, harmony or external design with existing structures. Location with respect to topography and finish grade elevation, in compliance with these covenants.

Section 4.2: Types of Buildings or Structures Permitted. No dwelling or building or other structure may be constructed or moved onto any lot in Red Lake Mountain Ranch subdivision, except the following: (1) newly constructed single family homes which are placed on permanent foundations and are constructed in accordance with the Coconino County building code; (2) garage and approved accessory buildings as provided in Article IV, Section 4.1 hereto and Section 6.3 herein; and (3) fences as provided in Section 6.5 herein.

Section 4.3: Specific Building Requirements and Restrictions. (1) All dwelling units exterior walls and porches may be of, but not limited to, aluminum, simulated wood, wood, masonry, peeled log, adobe, pre-painted steel, or native stone. The use of corrugated iron or tar paper exteriors will not be approved. (2) All dwelling units shall have a minimum of 960 square feet of living space. (3) All dwelling units shall be placed on the lots at an elevation such that, when landscaped, proper surface water drainage away from

ARTICLE XXIII

EXECUTION

IN WITNESS WHEREOF, the undersigned Declarants (as developers), do hereby certify that they are the owners of the land platted in Coconino County, State of Arizona, as Red Lake Mountain Ranch subdivision and have hereby caused these presents to be executed on this 2nd day of January, 1990.

Jack Jakub

Jack Jakub, President
Capitana Investments, Ltd.

State of Arizona)
) ss.
County of Maricopa)



This instrument was acknowledged before me this 30th day of January, 1990 by JACK JAKUB.

C. H. Koski


Notary Public

My commission will expire
July 13, 1991

RECORDING CERTIFICATE

RETURN TO:

Capitana Investments, Ltd.
4300 N. Miller Rd. #120
Scottsdale, AZ 85251

 HELEN L. HUGGINS
COCONINO COUNTY RECORDER
OFFICIAL RECORDS OF
COCONINO COUNTY

INST: 89-21765 FEE: \$ 24.00
AT THE REQUEST OF:
CAPITANA INVESTMENTS LTD
DATE: 10/19/89 TIME: 11:38
DKT: 1365 PG: 591 (PAGES: 28)

1323-360

When recorded mail to:

Brian Lee Wilson
Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH

This Declaration of Covenants, Conditions and Restrictions (hereinafter the "Declaration"), made this 18th day of July, 2008, by RED LAKE MOUNTAIN RANCH, LLC, an Arizona limited liability company (hereinafter the "Declarant"). Whose address is:

RED LAKE MOUNTAIN RANCH, LLC
7349 via Paseo del Sur, #515
Scottsdale, AZ 85258

WHEREAS, Declarant is the Owner of real property in Coconino County, Arizona legally described on Exhibit on "A" attached hereto; and

WHEREAS, the property of Declarant is shown on the final plat of the subdivision attached as Exhibit "B" and shall hereinafter be referred to as the "Initial Covered Property";

WHEREAS, Declarant desires to establish and maintain the rural and equestrian nature of the Initial Covered Property for the benefit of all owners; and

WHEREAS, Declarant desires to reserve the right to annex and subject the Additional Property (as defined in Article I, Section 1.01) to this Declaration

NOW, THEREFORE, Declarant declares that the Initial Covered Property and any part of the Additional Property which is annexed and subjected to this Declaration is and shall be held, conveyed, encumbered, leased and used subject to the following covenants, conditions and restrictions which are for the purpose of enhancing and protecting the value of the Initial Covered Property and any part of the additional Property which is annexed and subjected to this Declaration. The covenants, conditions and restrictions set forth herein shall run with the Initial Covered Property and any part of the Additional Property which is annexed and subjected to this Declaration; shall be binding upon all persons having any interest in the Initial Covered Property or any part of the Additional Property that is annexed and subjected to this Declaration; shall inure to the Association; and may be enforced by Declarant or its successors, by any Owner or

their successors, the Association, or by any entity having an interest in the Initial Covered Property or any part of the Additional Property that is annexed and subjected to this Declaration.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases shall have the following meanings:

Section 1.01 "Additional Property" means any real property, together with all improvements situated hereon, specified within this section. No additional property is specified.

Section 1.02 "Assessments" means the Annual Assessment and any Special Assessments.

Section 1.03 "Assessment Lien" means the lien created and imposed by Section 3.05 hereof.

Section 1.04 "Association" means Red Lake Mountain Ranch Homeowners Association Inc.

Section 1.05 "Board" means the Board of Directors of the Association.

Section 1.06 "Builder" means any Owner engaged in the business of construction Dwelling Units for the purpose of resale in the ordinary course of such Person's business.

Section 1.07 "Common Maintenance Areas" means: (a) all bike, pedestrian and equestrian trails or paths located within the public rights-of-way shown on a Plat or otherwise designated in this Declaration; (b) all real property, together with the improvements situated thereon, which are designated on a Plat or in a document recorded with the County Recorder of Coconino County, Arizona as being common areas to be owned and/or maintained by the Association; (c) gating located at Forest Service entrance; and (d) all retention basins or berms, whether located within the Property of outside the boundaries of the Property, that are for the benefit of the Property and over which the Association and/or the Owners have been granted an easement for the retention of storm water by a document recorded with the Coconino County Recorder. Maintenance of all such easements shall be the obligation of the Owners and/or Association as set forth in Section 2.06. Control of all common maintenance areas shall be vested in the Declarant until such time as control has transferred to the Association pursuant to Article III, Section 3.01. At such time, control of all common areas shall be vested in the Association.

Section 1.08 "Declarant" means Red Lake Mountain Ranch, LLC, its heirs, successors, or assigns.

Section 1.09 "Declaration" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as the same may be from time to time amended.

Section 1.10 "Dwelling Unit" shall mean the structure constructed on a lot, designated to be used as a place of residence.

Section 1.11 "Improvement" or "Improvements" shall mean any and all alterations of the land, other than interior modifications of existing structures, including, but not limited to, outbuildings, ramadas, garages, guest houses, servant's quarters, swimming pools, wall, fencing, stables, landscaping and driveways, whether intended to be temporary or permanent.

Section 1.12 "Lot" shall mean those parcels of real property shown on the recorded subdivision plat.

Section 1.13 "Member" means a lot owner in the Subdivision and a member of the Association.

Section 1.14 "Owner" shall mean (a) the record Owner, whether one or more persons of legal title in the fee simple of any Lot or (b) the purchaser of a lot under a recorded executory contract for the sale of real property. The foregoing does not include persons who hold an interest in a lot of security for the performance of an obligation, or a lessee or tenant, or a purchaser under an executory contract of sale which has not "closed" and been recorded in the Office of the County Recorder of Coconino County, Arizona.

Section 1.15 "Person" shall mean an individual or any other entity with the legal right to hold title to real property.

Section 1.16 "Plat" shall mean (a) the final subdivision plat for the Red Lake Mountain Ranch Unit 1, and (b) any subdivision plat recorded against any part of the Additional Property annexed and subjected to this Declaration pursuant to Article V, Section 5.07.

Section 1.17 "Property" or "Subdivision" shall mean (a) the real property, together with all improvements situated thereon, described on Exhibit A attached hereto and included within Red Lake Mountain Ranch Unit 1 as shown on the final plat attached hereto as Exhibit B, and (b) any part of the Additional Property annexed and subjected to this Declaration pursuant to Article V, Section 5.07.

Section 1.18 "Roads" shall mean all roads designated on the final plat of the subdivision which are dedicated to the County of Coconino.

ARTICLE II

USES AND RESTRICTIONS

Without the written permission of the Architectural Review Committee first obtained in accordance with Article IV, no person or entity of any nature shall commence or maintain any improvements of any nature upon any of said Lots, including without limitation excavation, site preparation, tree removal, demolition of existing improvements, landscaping, fences, walkways, roadways, driveways, signs, exterior lights, foundations, exterior painting, walls or buildings of any nature (other than repainting in colors substantially similar to the colors originally approved). In no event shall the Architectural Review Committee approve any buildings or improvements, nor shall any buildings or improvements be constructed or maintained upon any of said Lots, which violate any of the following restrictions:

Section 2.01 Construction and Architectural Restrictions.

A. There may be erected on any one lot not more than one single-family residence (which may include guest quarters) with attached garage, plus such accessory and auxiliary garages, barns and tack rooms as are incidental to the single-family residential use. All structures erected or maintained on any lot or tract must be site built of new construction, built to UBC standards and all Coconino County and Arizona State codes and regulations. No modular or mobile homes are to be allowed. The maximum number of accessory buildings shall be no more than two. It shall also be the responsibility of each Lot Owner to construct structures on each Lot in accordance with the finished floor elevation that is depicted on the approved subdivision plat for each Lot, unless a waiver is obtained from Coconino County.

B. Only detached single-family dwellings containing a minimum livable area of One Thousand Six Hundred (1,600) square feet may be constructed on any lot.

C. Each single-family dwelling must have a minimum of a 2-car attached garage with a floor area of not less than Four Hundred (400) square feet. The design and style of the garage, shall be consistent with the rest of the dwelling and oriented so garage doors cannot be seen from the street.

D. Guest quarters may be erected to be occupied solely by non-paying guests or servants. Any quarters for guests or employees may be connected to the main residence by a common roof and the area of said quarters will not be included in the minimum livable area of the main residence set forth above. All construction for the guest quarters will of the same type and material as the main residence and comply with current County standards for guest quarters.

E. All dwellings must have standard architectural appearance and no non-conventional home may be constructed.

F. The body and roof of the main residence and any guest house shall be of standard materials and colors that are earth tones as approved in the discretion of the

Architectural Review Committee described in Article IV below. Roof pitch shall be a minimum of 4/12 pitch. No rooftop HVAC units shall be allowed. Roof vents must be painted to match roof or house colors. No metallic or reflective materials are to be allowed.

G. A residence, guest house, garage, barn, stable or similar structure may be erected on a lot prior to the construction of the primary single-family residence; however, construction of the primary residence must be completed within 2 years from start of construction. Any construction not completed within two years shall be assessed a penalty of \$100.00 per day for each day of non-completion. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within 10 days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as a lien against the offending Lot Owner's property. All material must be new or approved by the Coconino County Building Inspector. All construction shall (i) be according to the rules and regulations governing construction in Coconino County, (ii) be accomplished under a building permit issued by Coconino County, and (iii) be completed under the latest codes and requirements in effect in Coconino County at the time of construction.

H. All utility services such as electricity, telephone, cable TV, water lines and gas lines shall be installed underground in accordance with local county codes at the time of installation, and subject to the requirements of the supplying utility company. Any and all utility storage tanks, including water, gas, propane, etc., must be installed underground. A satellite dish is allowed if placed in a non-conspicuous location approved by the Architectural Review Committee.

I. Septic systems on all lots shall be installed and maintained in accordance with the standards of the Coconino County Health Department and the Arizona Department of Environmental Quality. Should any septic system require a Wisconsin mound or other alternative septic system, it shall be properly landscaped so as to blend in with the area.

J. All structures on all lots must be at least fifty (50') feet from the front, forty (40') feet from the side lot lines, and fifty (50') feet from the rear lot line or any equestrian easement. All barns, stables, feeding/watering facilities or similar structures must be built so that their wall are at least forty (40') feet from the rear and side property lines, and at least one hundred (100') feet from any dwellings on the adjoining lots.

K. In order to protect the "equestrian" area of the subdivision, no fence shall be erected within 16 feet of the front property line of any lot, or in that area designated as "open space", "equestrian easement", "public utility easement", "common area", or any other easement as shown on the final plat. In addition, for the benefit of all members, a fifty (50') foot wide equestrian easement is designated between Lots 6 and 7 and also between Lots 21 and 22, and is centered on the lot lines separating Lots 6 and 7 and Lots 21 and 22, respectively.

L. Any fences erected on the property shall be constructed in a manner and fashion consistent with the character of the surrounding area. The fencing shall be installed in a neat and professional manner using new materials. All fencing shall be constructed of standard materials as approved at the discretion of the Architectural Review Committee described in Article IV below. The finished height of any fence shall not exceed six (6') feet. Any fence erected within twenty (20') feet of a County road cannot be more than three (3') feet in height. No fence shall be erected within sixteen (16') feet of the front of the property line of any lot. All fences must comply with Coconino County ordinances and regulations.

M. None of the Lots shall be subdivided into smaller lots, and no portion of any said Lots or any easement or other interest therein shall be conveyed, leased or otherwise disposed of without the prior written approval of the Declarant. In the event one or more contiguous lots are owned by a single lot owner, each such lot shall pay the assessments described in Section 3.05. However, if the owner intends to use all of such lots for his primary residence, the owner shall not be required to construct a separated residence on each such lot as required in Section 2.01(A). The time for construction of such residence, however, must comply with Section 2.01(G).

N. All lot owners shall post their address number on their residence. All numbers shall at least four inches in height and shall be visible from the street.

O. Drainage. The drainage across individual Lots and throughout Red Lake Mountain Ranch is to be protected and preserved in its natural state, and no development or improvements of any kind shall take place within the drainage, unless approved in advance by the ARC and the necessary governmental agencies. It shall be the responsibility of each Lot Owner to protect, preserve, and maintain any and all drainage patterns located within the boundaries of its Lot. With the exception of fencing, corrals and related facilities that do not appreciably reduce the capacities or conflict with the drainage patterns, no building or structure of any kind shall be permitted in the drainage patterns and, unless in the event of a repair, the drainage grade(s) shall not be changed. Additionally, each Lot Owner shall be responsible to maintain the drainage patterns in accordance with its original condition and, in the event the drainage pattern becomes damaged or altered, the Lot Owner shall be responsible for immediately restoring the drainage area to its original condition.

Upon written notice of violation from Homeowners Association or County, the lot owner must restore the drainage pattern within 30 days. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within 10 days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as alien against the offending Lot Owner's property.

P. Destruction of Residence. In the event the residence constructed on a lot should be destroyed by fire or other event, the Owner shall be required to demolish and remove the structure within three (3) months of the destruction. Thereafter, re-construction shall commence pursuant to the provisions of Section 2.01.

Q. Use of Outdoor Lighting. No outdoor flood lighting may be used in a manner that might be considered a nuisance to other residents. This includes, but is not limited to corral lighting, barn lighting or tennis court lighting. All lighting shall conform to the Coconino County Lighting Ordinance.

Section 2.02 General Use Restrictions.

A. No boarders or renters of a portion of any said Lots shall be permitted, but an entire Lot, together with the improvements thereon, may be rented only to a single family. All lease agreements must be in writing and must provide that the failure of any lessees to comply with the Declaration shall be a default under the lease; however, no Dwelling Unit may be leased or rented for a period of less than thirty (30) days. Rental of any guest house is prohibited, the occupancy thereof being limited to members of record Owner's family, guests or servants.

B. No garage, barn, stable, tack room, trailer, mobile home, motor vehicle or any temporary structure of any nature may be used as a permanent residence on any lot or tract. Temporary use is permitted, in small trailers and motor homes, for short periods of time (visitors, family members, home construction). Such temporary use, however, will not exceed a continuous period of two weeks or four weeks in the aggregate during any one calendar year, except during home construction the time period may be extended to six months.

C. No open fires or burning shall be permitted on any Lot and no incinerators or like equipment shall be placed, allowed or maintained upon any Lot. The foregoing shall not be deemed to preclude the use in customary fashion of outdoor barbecues or grills, unless such use is prevented or restricted by fire protection rules or regulations.

D. All fireplace chimneys and outlets from stoves, heating appliances and outside fire boxes must be protected from flying sparks by the use of approved spark arrestors. All other fire management issues shall be under the control of the Association.

E. Each Owner shall at all times maintain his entire Lot cleared of hazardous growth, vegetation, dead wood and/or trees, and other flammable or host materials.

F. No motor-driven vehicles of any kind shall make use of any easements or areas set aside for pedestrian or equestrian use.

G. No hotel or motel, store, multi-family dwelling, boarding house, guest ranch or any other place of business of any kind, and no hospital, sanitarium or other place for the care or treatment of the sick or disabled, physically or mentally; nor any facility for the care or treatment for compensation of sick or disabled animals shall ever be erected or permitted upon any lot, or any part thereof, and no business of any kind or character whatsoever shall be conducted in or from any residence or building on any of said lots or tracts, except for a home office or other activity that can be operated within a residence and without disturbing neighboring properties. A specific exception will be

made for sales offices erected by the Declarant and used in activities supporting the sale of lots, which are allowed.

H. It is the intent of these restrictions to preserve the rural atmosphere of the property and, therefore, tree cutting is prohibited except, during construction, only those trees needing to be removed to construct the dwelling (and any outbuilding) or access the dwelling may be removed. No private road or driveway shall be constructed, and no native growth shall be removed or destroyed, without the prior written approval of the Architectural Review Committee. Approval shall not be granted for removal or destruction of native growth except as necessary for the construction and maintenance of roads, driveways, and such other structures as are permitted on a building site. In the event native growth is removed or destroyed without the approval of the Architectural Review Committee, the Owner shall be required, at its cost, to replant same. If the Owner fails to do so, the Declarant or Association shall have the right to replant same and charge the cost to Owner. If Owner fails to pay such cost within 10 days, a lien for such cost may be recorded against Owner's property. Notwithstanding any other provision of this Subparagraph H to the contrary, an Owner may remove trees or other native vegetation for fire protection purposes or if the tree or other native vegetation dies or becomes infested with the bark beetle.

I. The following shall not be permitted within 16 feet of the front property line of any lot within the subdivision (other than existing large trees and/or rocks where removal would deleteriously impact the appearance of the lot as determined by the Architectural Review Committee):

1. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.
2. Fences, retainer walls, and other structures.
3. Large rocks.

J. The following shall not be permitted within 5 feet of a vault or meter owned by a public utility:

1. Large rocks.
2. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.

Section 2.03 Noise and Visual Restrictions.

A. Storing of trailers, boats, campers, cars or horse trailers shall be kept reasonably out of sight so as not to be a visual nuisance to adjoining properties; either in a garage or approved outbuilding, along side yards in a neat, inconspicuous manner, or within fenced or planted perimeters. Under no circumstances may a stored trailer be lived in during the period of storage. All vehicles must have a valid current registration.

B. No tanks of any kind, elevated above the surface of the ground or visible in any manner, shall be erected, placed or permitted on any of said Lots. No exterior clothesline equipment shall be permitted on any of said Lots. All rubbish, trash or garbage shall be kept in airtight containers and not allowed to accumulate on any of said Lots. Woodpiles, service yards, and said rubbish, trash or garbage containers shall be kept screened by fencing or adequate planting so as to conceal them from view of streets and of neighboring parcels or any recreation areas. Incineration of rubbish, trash, garbage, or vegetation shall not be permitted.

C. No motor vehicle which is under repair and not in operation condition shall be placed or permitted to remain on the road or any portion of any lot unless it is within an enclosed garage or structure.

D. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any of said lots or tracts, nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the holder or occupant of any surrounding property; PROVIDED, HOWEVER, that a single "For Sale" sign, not larger than twenty-four inches (24") by twenty-four inches (24"), may be placed on any lot and such signs shall not be deemed in violation of these restrictions. Signs identifying residences or ranches will also be allowed at the entrance to such property. Declarant has the right during the initial sale of lots to use larger advertising signs to promote and market the subdivision.

E. None of the land shall be used, in whole or in part, for the storage of any property or thing that will cause the land to appear in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance or material be kept upon the land that will emit a foul or obnoxious odor, or cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property.

F. All rubbish, trash and garbage shall be removed from the lots and shall not be allowed to accumulate thereon. All garbage must be kept in closed containers, and must be concealed from view of the surrounding lots and roads.

G. Noises which would be nuisance to the neighbors such as continually or frequently barking dogs, abnormally loud motors or engines, excessively loud music, or any other noise producing sources which disturb the normal levels of sound in a rural atmosphere shall not be permitted.

H. With the exception of small stereos, no outside speakers, amplifiers or other sound producing equipment shall be permitted to be installed or maintained on any Lot. Stereo speakers shall be confined to the rear area of a lot. Antennas and satellite dishes shall be permitted provided they do not extend above the roof of the house more than five (5) feet.

I. All lighting shall conform to Coconino County Dark Sky Lighting Ordinance.

Section 2.04 Animal Restrictions.

Livestock and poultry are permitted pursuant to County Code; however, under no circumstances shall the number of livestock, horses and poultry animals exceed County Code. Exotic animals are permitted only by means of a special use permit, and those requirements and regulations associated with this permit granted to the owner by Coconino County. Total number of horses shall not exceed three (3) per lot. Total domestic animals such as dogs and cats shall not exceed four (4) each per lot. All domestic animals shall be contained within the boundaries of the property by fencing or similar means of restraint and provided adequate and reasonable shelter. Animals leaving the boundaries of the property shall be supervised and controlled by the owner or other responsible party. Owner shall provide one covered stall for each horse kept on the said Lot, such covered stall to comply with all other provisions of the Declaration. For purposes of this section, a mare and foal shall be considered one horse until said foal is weaned; however, said period of time shall not exceed six (6) months from the date of birth of the foal. All stables, corrals or other facilities for the keeping of animals shall be kept in a clean and sanitary fashion so as not to create a nuisance or odor to surrounding property owners.

Section 2.05 Roads and Maintenance Obligations. All roads within the subdivision are common areas and their maintenance and repair shall be the obligation of the Association.

Section 2.06 Common Areas and Maintenance Obligations. Until such time as control has transferred to the Association pursuant to Article III, Section 3.01, the maintenance of all common areas, including drainage easements, shall be the responsibility of the Declarant. Upon transfer of control, the maintenance of these items shall be the responsibility of the Association. Pursuant to Article III, Section 3.05, the Association shall have the right to assess and collect such fees as are necessary to maintain the common areas, including the drainage easement.

Section 2.07 Water and Mining Restrictions.

A. No surface or ground water appurtenant to the subject real property shall be contaminated in any manner, nor may surface water be used or stored in a manner injurious to any adjacent property owners. The placing or throwing of refuse, debris, garbage or any other material not occurring naturally into any surface water, drainage channel or stream bed is prohibited. An owner of any parcel created from the property may divert or use surface water on his parcel in a reasonable manner, provided that drainage to property adjoining the parcel shall not be changed.

B. No oil or mineral drilling, development, refining, quarrying, or mining operation of any nature shall be permitted on the property. No derrick or other structure designed or used in boring for oil or natural gas shall be erected, placed or permitted upon any part of the property, nor shall any oil, natural gas, petroleum, asphaltum or

hydrocarbon products or minerals of any kind with the exception of water, be produced or extracted therefrom.

Section 2.08 Rights of Builders. Notwithstanding any other provision of this Declaration to the contrary, a Builder shall have the right to maintain model homes and sales offices on Lots owned or leased by the Builder and to construct and maintain parking areas for the purpose of accommodating persons visiting such model homes and sales offices provided: (a) the plans and specifications for the model homes and sales offices, and related landscaping, must be approved in writing by the Architectural Review Committee; (b) the location and design of the parking areas incidental to such model homes and sales offices must be approved in writing by the Architectural Review Committee; (c) the opening and closing hours for such model homes and sales offices must be approved in writing by the Architectural Review Committee; and (d) the construction, operation and maintenance of such model homes and sales offices otherwise complies with all provisions of this Declaration. Any home constructed as a model home shall cease to be used as a model home and any sales office shall cease to be used as a sales office at any time the Builder is not actually engaged in the construction and sale of Lots. Notwithstanding any other provision of this Declaration to the contrary, a Builder may store supplies of brick, block, lumber and other building material on a Lot owned or leased by a Builder during the course of construction of Improvements on Lots provided such materials are kept in areas approved in writing by the Architectural Review Committee. Normal Construction activities of the Builder in connection with the construction of Improvements shall not be considered a nuisance or otherwise prohibited by this Declaration. A Builder constructing Improvements on Lots shall keep the Lots in a clean, safe and neat condition free of weeds, trash and debris throughout the construction process.

Article III

HOMEOWNERS ASSOCIATION, DUES AND VOTING REGULATIONS

Section 3.01 Nature of Association. All rights, duties, and obligations of the Association described herein shall be vested in and shall be exercised by the Declarant until the earlier of January 1, 2015 or the date on which the Declarant records with the Coconino County Recorder a notice of relinquishing the Declarant's right under Article V, Section 5.07 to annex and subject the Additional Property to this Declaration. Thereafter, the Declarant shall appoint a Board of Directors for the Association, consisting of at least three (3) lot owners, and control shall thereafter be vested in the Association. The Association shall have all rights and powers prescribed by law, provided that all acts shall be consistent with the provisions of this Declaration and shall be necessary, desirable, or convenient for effectuating the purposes set forth herein. The Association shall have the following two classes of voting membership:

- (a) Class A. Class A Memberships shall be all Memberships, except the Class B Memberships held by the Declarant. Until the Transition Date, defined below, Class A Members shall have no right to vote. After the Transition Date, each Lot Owner shall be entitled to one vote for each Class A Membership held by the Lot

Owner, subject to the authority of the Board to suspend the voting rights of the Lot Owner for violations of the Declaration in accordance with the provisions hereof.

(b) Class B. Until converted to Class A Memberships as provided below, each Membership owned by Declarant shall be a Class B Membership. Declarant shall be entitled to one vote for each Class B Membership held by Declarant. Class B Memberships shall cease and be converted to Class A Memberships on the first to occur of the following (herein referred to as the "Transition Date"):

(1) The date which is 90 days after the date when the Declarant owns less than one-third (1/3) of the lots or Property in Red Lake Mountain Ranch;

(2) January 1, 2015; or

(3) The date Declarant notifies the Board in writing that the Declarant is terminating its Class B Memberships and converting such Memberships to Class A Memberships.

Section 3.02 Organization. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Except as expressly provided otherwise in this Declaration, any action required to be taken by the Association and any approval required from the Association may be taken or given by the Board. The term of office for each Board member shall be three (3) years with revolving terms. Any new Board member appointed to replace a member who has been resigned or been removed shall serve such member's unexpired term. Any Board member who has resigned, been removed or whose term has expired may be re-appointed if such member accepts reappointment. The right to appoint and remove a Board member shall be by written consent of fifty-one percent (51%) of the Owners.

Section 3.03 Association Rules. By a majority vote of the Board, the Association may, from time to time, adopt, amend and repeal nondiscriminatory Association Rules not inconsistent with this Declaration, as the Board deems necessary or convenient to carry out the intents and purposes of the Declaration and the duties of the Board including Association Rules establishing changes for services and copies provided by the Association pursuant to this Declaration.

Section 3.04 Membership. Each Owner shall automatically become a Member of the Association; provided, however, that:

(a) Membership shall be appurtenant to each Lot and run with the title thereto. Such Membership shall commence upon becoming an Owner and automatically terminate when he ceases to be an Owner; and upon the transfer of his ownership interest to the new Owner succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association.

(b) If there is more than one Owner of any Lot, all the Owners of such Lot shall designate one person to be the Member.

(c) If one person owns more than one Lot, the owner shall be entitled to one vote for each lot owned, and shall pay all assessments hereinafter described, for each Lot owned.

(d) The Association may, in addition to the other remedies hereinafter provided, suspend any Member or limit his voting rights for failure to pay dues and assessments or any violation of the Rules and Regulation of the Association.

Section 3.05 Assessments

(a) Each Owner of any Lot, other than the Developer, by acceptance of a deed therefore or by execution, as a buyer, of a contract to purchase a Lot, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Association annual assessments for common area maintenance and upkeep and special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided, the annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on each Lot.

(b) The assessments levied by the Association shall be used exclusively to maintain those items set forth in Article II, Section 2.06, as well as promoting the recreation, health, safety and welfare of the residents of the subdivision and the services and facilities located therein. Said assessments shall also be used to cover operating costs of the Association, including legal and accounting fees.

(c) The maximum annual assessment shall be \$240.00 per year. The maximum annual assessment may be increased effective January 1 of each year by the Board without a vote of the members by an amount not to exceed ten percent (10%) of the maximum annual assessment for the previous calendar year; provided, however, that such limitations may be exceeded at any time with the consent of 51% of the Lot owning Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than thirty (30) days' written notice to all such Members.

(d) In addition to the annual assessments authorized above, the Association may levy in any assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement including the necessary fixtures and personal property related thereto; provided, however, that any such assessment shall have the approval of 51% of the Lot owning Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than (30) days' written notice to all such Members.

(e) Both annual and special assessments must be fixed at a rate uniform for all lots on an annual basis in advance beginning Jan 1, 2008. Checks are to be mailed to:

Brian Lee Wilson, Property Manager
Red Lake Mountain Ranch HOA
c/o Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

(f) The first annual assessment beginning Jan 1, 2008 shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and notify the Members within a reasonable time thereafter. The Association shall, upon demand at any time from any interested person, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

(g) Any assessments which are not paid when due shall be delinquent. Each member of the Association shall pay to the Association within thirty (30) days of receipt of an invoice setting forth the amount of the assessment. In the event any invoice is not paid within thirty (30) days from the date the same is deposited in the United States mail addressed to the Member at his address as shown on the records of the Association, the amount of such invoice shall be and become a lien upon said Lot when the Association causes to be filed in the office of the County Recorder of Coconino County an affidavit of non-payment of such invoice and mails a copy of same by certified mail, return receipt requested, to such Member at his address as shown on the records of the Association. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest legal rate per annum, and the Association may bring an action at law against the Owner obligated to pay the same, or foreclose the lien against the Lot pursuant to Arizona law pertaining to foreclosure of realty mortgages.

(h) Subordination of the Lien to Mortgages: The lien for all such assessments shall be junior and subordinate to the lien of any purchase money or construction mortgage or re-financing made in good faith and for value. In other words, the Homeowners Association does not have first lien rights on a said Lot, and would take a second position to any lending institution carrying a first mortgage on the property.

(i) The Association shall not be obligated to spend in any year all of the sums received by it in such year (whether by way of annual or special assessments, fees or otherwise) and may carry forward as surplus any balances remaining (rather than apply such surplus to reduction of the annual assessment in future years) in such amounts as the Board, in its discretion, may determine to be desirable for the greater financial security of the Association.

(j) Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments

which become due prior to such sale or transfer. No sale or transfer shall relieve such lot owner from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IV

ARCHITECTURAL REVIEW COMMITTEE

Section 4.01 Organization, Power of Appointment and Removal of Architectural Design Review Committee Members. An Architectural Review Committee is hereby established to perform the functions set forth in this Declaration with respect to architectural control and other controls contained in this Declaration. The Architectural Review Committee shall be governed by the following provisions:

(a) Committee Composition. The Architectural Review Committee shall consist of three (3) members and two (2) alternate members. None such members shall be required to be an architect or to meet any other particular qualifications for membership. In the event one or two of the regular members are absent or disabled, the remaining Architectural Review Committee member or members, even though less than a quorum, may, but are not required to, designate either or both of the alternate members to act as substitutes and such alternates shall then assume the full authority of regular members of that meeting. The consulting architect shall have no voting rights on the Architectural Review Committee, and the members of the Architectural Review Committee shall serve without compensation.

(b) Terms of Office. The term of office for each Architectural Review Committee member shall be three (3) years with revolving terms. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Any member who has resigned, been removed or whose term has expired may be reappointed if such member accepts reappointment.

(c) Appointment and Removal. The Declarant shall have the right to appoint and remove the members of the Architectural Review Committee until the earlier of January 1, 2015 or the date on which the Declarant records with Coconino County Recorder a notice relinquishing the Declarant's right to appoint and remove members of the Architectural Control Committee. Thereafter, the right to appoint and remove all regular members of the Architectural Review Committee at any time shall be vested solely in the Owners by majority vote; provided, however, that no regular member may be removed from the Architectural Review Committee except by the vote or written consent of 51% of all of the Owners. The regular members shall have the right to appoint up to two (2) alternate members of the Architectural Review Committee. Such appointees must be Owners at the time of such appointment and shall serve until such time as the regular members designate.

(e) Resignations. Any regular or alternate member of the Architectural Review Committee may at any time resign from the Architectural Review Committee by recording a notice of their resignation.

(d) Address: The initial address of the Architectural Review Committee is:

Brian Lee Wilson, Property Manager
Red Lake Mountain Ranch HOA
c/o Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

The address may be changed from time to time by a majority vote of the Architectural Review Committee

Section 4.02 Duties. It shall be the right and duty of the Architectural Review Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Review Committee Rules, and to carry out all other duties imposed upon it by this Declaration. Without in any way limiting the generality of the foregoing provisions of this Section, the Architectural Review Committee or any member thereof may, but is not required to, consult with or hear the view of any Owner with respect to any plans, drawings, specifications or other proposals submitted to the Architectural Review Committee.

Section 4.03 Meetings. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereafter, shall appoint a committee chairman, and shall prepare Minutes of Meetings. The vote of any two members at a meeting shall constitute the act of the Architectural Review Committee unless the unanimous decision of the Architectural Review Committee is otherwise required.

Section 4.04. Architectural Review Committee Rules. The Architectural Review Committee may, from time to time, adopt, amend and repeal rules and regulations. The Architectural Review Committee shall interpret and implement this Declaration by setting forth the standards and procedures for design review and the guidelines for architectural design, landscaping, color schemes, exterior window coverings, exterior finishes and materials and similar features which are recommended or required for use within the Property.

Section 4.05. Waiver. The approval by the Architectural Review Committee of any plans, drawings or specifications for any work done or proposed, or of any other matter requiring the approval of the Architectural Review Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 4.06. Time for Approval. Subject to the other provisions contained herein, in the event the Architectural Review Committee fails to approve or disapprove any design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and the Owner will have been deemed to have complied with this Article. Plans must be mailed via USPS Certified Mail or FedEx to the Architectural Review Committee address listed above.

Section 4.07. Processing Fee. With respect to any requests made to the Architectural Review Committee to review any plans, drawings or specifications for any work done or proposed, the requesting Lot Owner shall remit a "Review Fee" in the amount of \$300.00 made payable to the Red Lake Mountain Ranch HOA. The Architectural Review Committee shall have no obligations to review any plans until such time as the designated fee has been paid. The review fee may be increased from time to time by the Association pursuant to Section 3.03. All such fee increases shall be recorded with the Coconino County Recorder.

Section 4.08. Liability. Neither the Architectural Review Committee nor any member thereof nor the Association nor the Declarant shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; (c) the development of any Lot, or (d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing provisions of this section, the Architectural Review Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Declarant or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Review Committee.

ARTICLE V

GENERAL PROVISIONS

Section 5.01 Term. The covenants, conditions and restrictions of the Declaration shall remain in full force and effect for a period of twenty (20) years from the date this Declaration is recorded. Thereafter, they shall be deemed to have been renewed and automatically extended for successive periods of ten (10) years each.

Section 5.02. Amendments. This Declaration may be amended by an instrument in writing signed by Owners and representing sixty-seven percent (67%) of the Lots and approved by Declarant as long as Declarant owns any Lots. Any amendment that does not apply equally to all lots within the subdivision must be approved by 100% of the lot owners. All amendments shall be effective upon recordation with the Coconino County Recorder.

Section 5.03. Enforcement and Non-waiver.

A. Enforcement. Except as otherwise provided herein, the Declarant the Association or any Owner shall have the right to enforce, by any proceeding at law, all covenants, conditions and restrictions. Failure to enforce any of the restrictions, rights, reservations, limitations, covenants and conditions contained herein shall not, in any

event, be construed or held to be a waiver thereof or a consent to any further or succeeding breach or violation. Upon the breach or threatened breach of any of said covenants or restrictions, anyone owning or having interest in the lands covered by these restrictive covenants may bring an appropriate action in the proper court to enforce or restrain said violation or to compel compliance with the said covenants or restrictions herein contained or to collect damages on a account thereof; provided, however, that a violation of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now or record, or which hereafter may be placed of record, upon said lots, or any part thereof, but provided further that these restrictive covenants shall, without limitation, apply to any lots acquired through foreclosure or any deed in lieu of foreclosure of any said mortgage. In the event legal action is brought to enforce any of the covenants or conditions set forth herein, the prevailing party in such action shall be entitled to recover its costs and attorney's fees. The use of any one or more of the remedies provided for in this paragraph shall not defeat the lien of a purchase money or construction mortgage or deed of trust made in good faith and for value.

B. Prerequisite to Litigation. In the event of a dispute between an Owner, the Association or Declarant, the complainant, as a condition precedent to instituting legal action, must first serve notice in writing on respondent advising them of the alleged grievance, the result desired, and a date and time convenient for a meeting; the respondent shall have a minimum of fifteen (15) days and a maximum of thirty (30) days from receipt of said notice in which to schedule a meeting for the purpose of arriving at a settlement of the controversy with the complainant. If a dispute cannot be resolved both parties will go to binding arbitration with the cost of the arbitrator to be paid by the non prevailing party.

Section 5.04 Construction.

A. Interpretation. The provisions of the Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the subdivision. This Declaration shall be construed and governed by the laws of the State of Arizona. The subdivision shall be subject to any and all rights and privileges which the County of Coconino, or the State of Arizona may have acquired through dedication or the filing or recording of maps or plats of said property, as authorized by law, and provided further that no conditions, restrictions or privileges or acts performed shall be in conflict with any Coconino County Zoning Ordinance or law.

B. Restriction Severable. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity of any provision thereof shall no affect the validity or enforceability of any other provision.

C. Rules Against Perpetuities. In the event the provisions hereunder are declared void by a court of proper jurisdiction by reason of the period of time herein stated for which the same shall be effective, then, in that event, said periods of time shall be reduced to a period of time which shall not violate the rules against perpetuities as set forth in the laws of the State of Arizona.

D. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural, and the plural the singular; and the masculine shall include the feminine or neuter, and the feminine the masculine or neuter.

E. Captions. All captions and titles used in this Declaration are intended solely for convenience or reference purposes only and in no way define, limit or describe the true intent and meaning of the provisions hereof.

Section 5.05 Delivery of Notices. Any written notice required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered five (5) days after it has been deposited in the United States mail, postage prepaid, addressed as follows: if to an Owner, to the address of the Owner within the subdivision.

Section 5.06 Binding Effect. By acceptance of a deed or acquiring any ownership interest in any of the Property affected by this Declaration, each person, their heirs, personal representatives, successors and assigns to all of the covenants, conditions and restrictions imposed by this Declaration. In addition, each such person by so doing thereby acknowledges intent that all of the covenants, conditions and restrictions contained herein shall run with the land and be binding on all future Owners. Furthermore, each such person acknowledges that this Declaration shall be mutually beneficial and enforceable by future Owners.

Section 5.07 Annexation of Additional Property. The Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property. The annexation of all or any portion of the Additional Property shall be effected by the Declarant Recording a Declaration of Annexation setting forth the legal description of the Additional Property being annexed and stating that such portion of the Additional Property is annexed and subjected to this Declaration. If the portion of the Additional Property being annexed is not owned by the Declarant, the Declaration of Annexation must be signed by the Owner of fee title to the portion of the Additional Property being annexed. The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. The property annexed by the Declarant pursuant to this Section need not be contiguous with other property already subject to this Declaration, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. The Declarant makes no assurances as to which, if any, part of the Additional Property will be annexed. The Declarant's right under this Section to annex all or any part of the Additional Property shall expire on the earlier of January 1, 2015 or the date on which the Declarant records with the Coconino County Recorder a notice expressly relinquishing its rights under this Section.

Section 5.08 Personal Liability. The declarant, nor any member of the Board, the ARC or any other committee of the Association, no officer of the Association and no other employee of the Association shall be personally liable to any Member, or to any

EXHIBIT A

Lots 1-54, RED LAKE MOUNTAIN RANCH, as shown on the plat thereof recorded in Case 5, Maps 12-12A, records of Coconino County, Arizona.

EXHIBIT B

Tract A, AMENDED PLAT of RED LAKE MOUNTAIN RANCH, as shown on the plat thereof recorded in Instrument No. 3493537



WHEN RECORDED PLEASE MAIL TO:

**Brian Lee Wilson
Dallas Real Estate
5200 E. Cortland Blvd, Suite D-1
Flagstaff, AZ 86004**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH**

**This instrument is being recorded to correct and replace Instrument # 3493703,
records of Coconino County, Arizona**

When recorded mail to:

Brian Lee Wilson
Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED LAKE MOUNTAIN RANCH

This Declaration of Covenants, Conditions and Restrictions (hereinafter the "Declaration"), made this 18th day of July, 2008, by RED LAKE DEVELOPMENT, LLC, an Arizona limited liability company (hereinafter the "Declarant"). Whose address is:

RED LAKE DEVELOPMENT, LLC
3310 W. Bell RD #207
Phoenix, AZ 85053

WHEREAS, Declarant is the Owner of real property in Coconino County, Arizona legally described on Exhibit on "A" attached hereto; and

WHEREAS, the property of Declarant is shown on the final plat of the subdivision attached as Exhibit "B" and shall hereinafter be referred to as the "Initial Covered Property";

WHEREAS, Declarant desires to establish and maintain the rural and equestrian nature of the Initial Covered Property for the benefit of all owners; and

WHEREAS, Declarant desires to reserve the right to annex and subject the Additional Property (as defined in Article I, Section 1.01) to this Declaration

NOW, THEREFORE, Declarant declares that the Initial Covered Property and any part of the Additional Property which is annexed and subjected to this Declaration is and shall be held, conveyed, encumbered, leased and used subject to the following covenants, conditions and restrictions which are for the purpose of enhancing and protecting the value of the Initial Covered Property and any part of the additional Property which is annexed and subjected to this Declaration. The covenants, conditions and restrictions set forth herein shall run with the Initial Covered Property and any part of the Additional Property which is annexed and subjected to this Declaration; shall be binding upon all persons having any interest in the Initial Covered Property or any part of the Additional Property that is annexed and subjected to this Declaration; shall inure to the Association; and may be enforced by Declarant or its successors, by any Owner or

their successors, the Association, or by any entity having an interest in the Initial Covered Property or any part of the Additional Property that is annexed and subjected to this Declaration.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases shall have the following meanings:

Section 1.01 “Additional Property” means any real property, together with all improvements situated hereon, specified within this section. No additional property is specified.

Section 1.02 “Assessments” means the Annual Assessment and any Special Assessments.

Section 1.03 “Assessment Lien” means the lien created and imposed by Section 3.05 hereof.

Section 1.04 “Association” means Red Lake Mountain Ranch Committee of Property Owners, INC.

Section 1.05 “Board” means the Board of Directors of the Association.

Section 1.06 “Builder” means any Owner engaged in the business of construction Dwelling Units for the purpose of resale in the ordinary course of such Person’s business.

Section 1.07 “Common Maintenance Areas” means: (a) all bike, pedestrian and equestrian trails or paths located within the public rights-of-way shown on a Plat or otherwise designated in this Declaration; (b) all real property, together with the improvements situated thereon, which are designated on a Plat or in a document recorded with the County Recorder of Coconino County, Arizona as being common areas to be owned and/or maintained by the Association; (c) gating located at Forest Service entrance; and (d) all retention basins or berms, whether located within the Property of outside the boundaries of the Property, that are for the benefit of the Property and over which the Association and/or the Owners have been granted an easement for the retention of storm water by a document recorded with the Coconino County Recorder. Maintenance of all such easements shall be the obligation of the Owners and/or Association as set forth in Section 2.06. Control of all common maintenance areas shall be vested in the Declarant until such time as control has transferred to the Association pursuant to Article III, Section 3.01. At such time, control of all common areas shall be vested in the Association.

Section 1.08 “Declarant” means Red Lake Development, LLC, its heirs, successors, or assigns.

Section 1.09 “Declaration” shall mean the covenants, conditions and restrictions herein set forth in this entire document, as the same may be from time to time amended.

Section 1.10 “Dwelling Unit” shall mean the structure constructed on a lot, designated to be used as a place of residence.

Section 1.11 “Improvement” or “Improvements” shall mean any and all alterations of the land, other than interior modifications of existing structures, including, but no limited to, outbuildings, ramadas, garages, guest houses, servant’s quarters, swimming pools, wall, fencing, stables, landscaping and driveways, whether intended to be temporary or permanent.

Section 1.12 “Lot” shall mean those parcels of real property shown on the recorded subdivision plat.

Section 1.13 “Member” means a lot owner in the Subdivision and a member of the Association.

Section 1.14 “Owner” shall mean (a) the record Owner, whether one or more persons of legal title in the fee simple of any Lot or (b) the purchaser of a lot under a recorded executory contract for the sale of real property. The foregoing does not include persons who hold an interest in a lot of security for the performance of an obligation, or a lessee or tenant, or a purchaser under an executory contract of sale which has not “closed” and been recorded in the Office of the County Recorder of Coconino County, Arizona.

Section 1.15 “Person” shall mean an individual or any other entity with the legal right to hold title to real property.

Section 1.16 “Plat” shall mean (a) the final subdivision plat for the Red Lake Mountain Ranch Unit 1, and (b) any subdivision plat recorded against any part of the Additional Property annexed and subjected to this Declaration pursuant to Article V, Section 5.07.

Section 1.17 “Property” or “Subdivision” shall mean (a) the real property, together with all improvements situated thereon, described on Exhibit A attached hereto and included within Red Lake Mountain Ranch as shown on the final plat attached hereto as Exhibit B, and (b) any part of the Additional Property annexed and subjected to this Declaration pursuant to Article V, Section 5.07.

Section 1.18 “Roads” shall mean all roads designated on the final plat of the subdivision which are dedicated to the County of Coconino.

ARTICLE II

USES AND RESTRICTIONS

Without the written permission of the Architectural Review Committee first obtained in accordance with Article IV, no person or entity of any nature shall commence or maintain any improvements of any nature upon any of said Lots, including without limitation excavation, site preparation, tree removal, demolition of existing improvements, landscaping, fences, walkways, roadways, driveways, signs, exterior lights, foundations, exterior painting, walls or buildings of any nature (other than repainting in colors substantially similar to the colors originally approved). In no event shall the Architectural Review Committee approve any buildings or improvements, nor shall any buildings or improvements be constructed or maintained upon any of said Lots, which violate any of the following restrictions:

Section 2.01 Construction and Architectural Restrictions.

A. There may be erected on any one lot not more than one single-family residence (which may include guest quarters) with attached garage, plus such accessory and auxiliary garages, barns and tack rooms as are incidental to the single-family residential use. All structures erected or maintained on any lot or tract must be site built of new construction, built to UBC standards and all Coconino County and Arizona State codes and regulations. No modular or mobile homes are to be allowed. The maximum number of accessory buildings shall be no more than two. It shall also be the responsibility of each Lot Owner to construct structures on each Lot in accordance with the finished floor elevation that is depicted on the approved subdivision plat for each Lot, unless a waiver is obtained from Coconino County.

B. Only detached single-family dwellings containing a minimum livable area of One Thousand Six Hundred (1,600) square feet may be constructed on any lot.

C. Each single-family dwelling must have a minimum of a 2-car attached garage with a floor area of not less than Four Hundred (400) square feet. The design and style of the garage, shall be consistent with the rest of the dwelling and oriented so garage doors cannot be seen from the street.

D. Guest quarters may be erected to be occupied solely by non-paying guests or servants. Any quarters for guests or employees may be connected to the main residence by a common roof and the area of said quarters will not be included in the minimum livable area of the main residence set forth above. All construction for the guest quarters will of the same type and material as the main residence and comply with current County standards for guest quarters.

E. All dwellings must have standard architectural appearance and no non-conventional home may be constructed.

F. The body and roof of the main residence and any guest house shall be of standard materials and colors that are earth tones as approved in the discretion of the

Architectural Review Committee described in Article IV below. Roof pitch shall be a minimum of 4/12 pitch. No rooftop HVAC units shall be allowed. Roof vents must be painted to match roof or house colors. No metallic or reflective materials are to be allowed.

G. A residence, guest house, garage, barn, stable or similar structure may be erected on a lot prior to the construction of the primary single-family residence; however, construction of the primary residence must be completed within 2 years from start of construction. Any construction not completed within two years shall be assessed a penalty of \$100.00 per day for each day of non-completion. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within 10 days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as a lien against the offending Lot Owner's property. All material must be new or approved by the Coconino County Building Inspector. All construction shall (i) be according to the rules and regulations governing construction in Coconino County, (ii) be accomplished under a building permit issued by Coconino County, and (iii) be completed under the latest codes and requirements in effect in Coconino County at the time of construction.

H. All utility services such as electricity, telephone, cable TV, water lines and gas lines shall be installed underground in accordance with local county codes at the time of installation, and subject to the requirements of the supplying utility company. Any and all utility storage tanks, including water, gas, propane, etc., must be installed underground. A satellite dish is allowed if placed in a non-conspicuous location approved by the Architectural Review Committee.

I. Septic systems on all lots shall be installed and maintained in accordance with the standards of the Coconino County Health Department and the Arizona Department of Environmental Quality. Should any septic system require a Wisconsin mound or other alternative septic system, it shall be properly landscaped so as to blend in with the area.

J. All structures on all lots must be at least fifty (50') feet from the front, forty (40') feet from the side lot lines, and fifty (50') feet from the rear lot line or any equestrian easement. All barns, stables, feeding/watering facilities or similar structures must be built so that their wall are at least forty (40') feet from the rear and side property lines, and at least one hundred (100') feet from any dwellings on the adjoining lots.

K. In order to protect the "equestrian" area of the subdivision, no fence shall be erected within 16 feet of the front property line of any lot, or in that area designated as "open space", "equestrian easement", "public utility easement", "common area", or any other easement as shown on the final plat. In addition, for the benefit of all members, a fifty (50') foot wide equestrian easement is designated between Lots 6 and 7 and also between Lots 21 and 22, and is centered on the lot lines separating Lots 6 and 7 and Lots 21 and 22, respectively.

L. Any fences erected on the property shall be constructed in a manner and fashion consistent with the character of the surrounding area. The fencing shall be installed in a neat and professional manner using new materials. All fencing shall be constructed of standard materials as approved at the discretion of the Architectural Review Committee described in Article IV below. The finished height of any fence shall not exceed six (6') feet. Any fence erected within twenty (20') feet of a County road cannot be more than three (3') feet in height. No fence shall be erected within sixteen (16') feet of the front of the property line of any lot. All fences must comply with Coconino County ordinances and regulations.

M. None of the Lots shall be subdivided into smaller lots, and no portion of any said Lots or any easement or other interest therein shall be conveyed, leased or otherwise disposed of without the prior written approval of the Declarant. In the event one or more contiguous lots are owned by a single lot owner, each such lot shall pay the assessments described in Section 3.05. However, if the owner intends to use all of such lots for his primary residence, the owner shall not be required to construct a separated residence on each such lot as required in Section 2.01(A). The time for construction of such residence, however, must comply with Section 2.01(G).

N. All lot owners shall post their address number on their residence. All numbers shall at least four inches in height and shall be visible from the street.

O. Drainage. The drainage across individual Lots and throughout Red Lake Mountain Ranch is to be protected and preserved in its natural state, and no development or improvements of any kind shall take place within the drainage, unless approved in advance by the ARC and the necessary governmental agencies. It shall be the responsibility of each Lot Owner to protect, preserve, and maintain any and all drainage patterns located within the boundaries of its Lot. With the exception of fencing, corrals and related facilities that do not appreciably reduce the capacities or conflict with the drainage patterns, no building or structure of any kind shall be permitted in the drainage patterns and, unless in the event of a repair, the drainage grade(s) shall not be changed. Additionally, each Lot Owner shall be responsible to maintain the drainage patterns in accordance with its original condition and, in the event the drainage pattern becomes damaged or altered, the Lot Owner shall be responsible for immediately restoring the drainage area to its original condition.

Upon written notice of violation from Homeowners Association or County, the lot owner must restore the drainage pattern within 30 days. All costs associated therewith, including attorney's fees and interest at WSJ Prime plus 2% shall be charged to the offending Lot Owner. If said costs are not paid within 10 days of written notice, the unpaid amount and any further attorney's fees incurred may be recorded as alien against the offending Lot Owner's property.

P. Destruction of Residence. In the event the residence constructed on a lot should be destroyed by fire or other event, the Owner shall be required to demolish and remove the structure within three (3) months of the destruction. Thereafter, re-construction shall commence pursuant to the provisions of Section 2.01.

Q. Use of Outdoor Lighting. No outdoor flood lighting may be used in a manner that might be considered a nuisance to other residents. This includes, but is not limited to corral lighting, barn lighting or tennis court lighting. All lighting shall conform to the Coconino County Lighting Ordinance.

Section 2.02 General Use Restrictions.

A. No boarders or renters of a portion of any said Lots shall be permitted, but an entire Lot, together with the improvements thereon, may be rented only to a single family. All lease agreements must be in writing and must provide that the failure of any lessees to comply with the Declaration shall be a default under the lease; however, no Dwelling Unit may be leased or rented for a period of less than thirty (30) days. Rental of any guest house is prohibited, the occupancy thereof being limited to members of record Owner's family, guests or servants.

B. No garage, barn, stable, tack room, trailer, mobile home, motor vehicle or any temporary structure of any nature may be used as a permanent residence on any lot or tract. Temporary use is permitted, in small trailers and motor homes, for short periods of time (visitors, family members, home construction). Such temporary use, however, will not exceed a continuous period of two weeks or four weeks in the aggregate during any one calendar year, except during home construction the time period may be extended to six months.

C. No open fires or burning shall be permitted on any Lot and no incinerators or like equipment shall be placed, allowed or maintained upon any Lot. The foregoing shall not be deemed to preclude the use in customary fashion of outdoor barbecues or grills, unless such use is prevented or restricted by fire protection rules or regulations.

D. All fireplace chimneys and outlets from stoves, heating appliances and outside fire boxes must be protected from flying sparks by the use of approved spark arrestors. All other fire management issues shall be under the control of the Association.

E. Each Owner shall at all times maintain his entire Lot cleared of hazardous growth, vegetation, dead wood and/or trees, and other flammable or host materials.

F. No motor-driven vehicles of any kind shall make use of any easements or areas set aside for pedestrian or equestrian use.

G. No hotel or motel, store, multi-family dwelling, boarding house, guest ranch or any other place of business of any kind, and no hospital, sanitarium or other place for the care or treatment of the sick or disabled, physically or mentally; nor any facility for the care or treatment for compensation of sick or disabled animals shall ever be erected or permitted upon any lot, or any part thereof, and no business of any kind or character whatsoever shall be conducted in or from any residence or building on any of said lots or tracts, except for a home office or other activity that can be operated within a residence and without disturbing neighboring properties. A specific exception will be

made for sales offices erected by the Declarant and used in activities supporting the sale of lots, which are allowed.

H. It is the intent of these restrictions to preserve the rural atmosphere of the property and, therefore, tree cutting is prohibited except, during construction, only those trees needing to be removed to construct the dwelling (and any outbuilding) or access the dwelling may be removed. No private road or driveway shall be constructed, and no native growth shall be removed or destroyed, without the prior written approval of the Architectural Review Committee. Approval shall not be granted for removal or destruction of native growth except as necessary for the construction and maintenance of roads, driveways, and such other structures as are permitted on a building site. In the event native growth is removed or destroyed without the approval of the Architectural Review Committee, the Owner shall be required, at its cost, to replant same. If the Owner fails to do so, the Declarant or Association shall have the right to replant same and charge the cost to Owner. If Owner fails to pay such cost within 10 days, a lien for such cost may be recorded against Owner's property. Notwithstanding any other provision of this Subparagraph H to the contrary, an Owner may remove trees or other native vegetation for fire protection purposes or if the tree or other native vegetation dies or becomes infested with the bark beetle.

I. The following shall not be permitted within 16 feet of the front property line of any lot within the subdivision (other than existing large trees and/or rocks where removal would deleteriously impact the appearance of the lot as determined by the Architectural Review Committee):

1. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.
2. Fences, retainer walls, and other structures.
3. Large rocks.

J. The following shall not be permitted within 5 feet of a vault or meter owned by a public utility:

1. Large rocks.
2. Trees, plants, shrubs, or other types of vegetation/landscaping with large roots.

Section 2.03 Noise and Visual Restrictions.

A. Storing of trailers, boats, campers, cars or horse trailers shall be kept reasonably out of sight so as not to be a visual nuisance to adjoining properties; either in a garage or approved outbuilding, along side yards in a neat, inconspicuous manner, or within fenced or planted perimeters. Under no circumstances may a stored trailer be lived in during the period of storage. All vehicles must have a valid current registration.

B. No tanks of any kind, elevated above the surface of the ground or visible in any manner, shall be erected, placed or permitted on any of said Lots. No exterior clothesline equipment shall be permitted on any of said Lots. All rubbish, trash or garbage shall be kept in airtight containers and not allowed to accumulate on any of said Lots. Woodpiles, service yards, and said rubbish, trash or garbage containers shall be kept screened by fencing or adequate planting so as to conceal them from view of streets and of neighboring parcels or any recreation areas. Incineration of rubbish, trash, garbage, or vegetation shall not be permitted.

C. No motor vehicle which is under repair and not in operation condition shall be placed or permitted to remain on the road or any portion of any lot unless it is within an enclosed garage or structure.

D. No advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any of said lots or tracts, nor shall the premises be used in any way for any purpose which may endanger the health or unreasonably disturb the holder or occupant of any surrounding property; PROVIDED, HOWEVER, that a single "For Sale" sign, not larger than twenty-four inches (24") by twenty-four inches (24"), may be placed on any lot and such signs shall not be deemed in violation of these restrictions. Signs identifying residences or ranches will also be allowed at the entrance to such property. Declarant has the right during the initial sale of lots to use larger advertising signs to promote and market the subdivision.

E. None of the land shall be used, in whole or in part, for the storage of any property or thing that will cause the land to appear in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance or material be kept upon the land that will emit a foul or obnoxious odor, or cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property.

F. All rubbish, trash and garbage shall be removed from the lots and shall not be allowed to accumulate thereon. All garbage must be kept in closed containers, and must be concealed from view of the surrounding lots and roads.

G. Noises which would be nuisance to the neighbors such as continually or frequently barking dogs, abnormally loud motors or engines, excessively loud music, or any other noise producing sources which disturb the normal levels of sound in a rural atmosphere shall not be permitted.

H. With the exception of small stereos, no outside speakers, amplifiers or other sound producing equipment shall be permitted to be installed or maintained on any Lot. Stereo speakers shall be confined to the rear area of a lot. Antennas and satellite dishes shall be permitted provided they do not extend above the roof of the house more than five (5) feet.

I. All lighting shall conform to Coconino County Dark Sky Lighting Ordinance.

Section 2.04 Animal Restrictions.

Livestock and poultry are permitted pursuant to County Code; however, under no circumstances shall the number of livestock, horses and poultry animals exceed County Code. Exotic animals are permitted only by means of a special use permit, and those requirements and regulations associated with this permit granted to the owner by Coconino County. Total number of horses shall not exceed three (3) per lot. Total domestic animals such as dogs and cats shall not exceed four (4) each per lot. All domestic animals shall be contained within the boundaries of the property by fencing or similar means of restraint and provided adequate and reasonable shelter. Animals leaving the boundaries of the property shall be supervised and controlled by the owner or other responsible party. Owner shall provide one covered stall for each horse kept on the said Lot, such covered stall to comply with all other provisions of the Declaration. For purposes of this section, a mare and foal shall be considered one horse until said foal is weaned; however, said period of time shall not exceed six (6) months from the date of birth of the foal. All stables, corrals or other facilities for the keeping of animals shall be kept in a clean and sanitary fashion so as not to create a nuisance or odor to surrounding property owners.

Section 2.05 Roads and Maintenance Obligations. All roads within the subdivision are common areas and their maintenance and repair shall be the obligation of the Association.

Section 2.06 Common Areas and Maintenance Obligations. Until such time as control has transferred to the Association pursuant to Article III, Section 3.01, the maintenance of all common areas, including drainage easements, shall be the responsibility of the Declarant. Upon transfer of control, the maintenance of these items shall be the responsibility of the Association. Pursuant to Article III, Section 3.05, the Association shall have the right to assess and collect such fees as are necessary to maintain the common areas, including the drainage easement.

Section 2.07 Water and Mining Restrictions.

A. No surface or ground water appurtenant to the subject real property shall be contaminated in any manner, nor may surface water be used or stored in a manner injurious to any adjacent property owners. The placing or throwing of refuse, debris, garbage or any other material not occurring naturally into any surface water, drainage channel or stream bed is prohibited. An owner of any parcel created from the property may divert or use surface water on his parcel in a reasonable manner, provided that drainage to property adjoining the parcel shall not be changed.

B. No oil or mineral drilling, development, refining, quarrying, or mining operation of any nature shall be permitted on the property. No derrick or other structure designed or used in boring for oil or natural gas shall be erected, placed or permitted upon any part of the property, nor shall any oil, natural gas, petroleum, asphaltum or

hydrocarbon products or minerals of any kind with the exception of water, be produced or extracted therefrom.

Section 2.08 Rights of Builders. Notwithstanding any other provision of this Declaration to the contrary, a Builder shall have the right to maintain model homes and sales offices on Lots owned or leased by the Builder and to construct and maintain parking areas for the purpose of accommodating persons visiting such model homes and sales offices provided: (a) the plans and specifications for the model homes and sales offices, and related landscaping, must be approved in writing by the Architectural Review Committee; (b) the location and design of the parking areas incidental to such model homes and sales offices must be approved in writing by the Architectural Review Committee; (c) the opening and closing hours for such model homes and sales offices must be approved in writing by the Architectural Review Committee; and (d) the construction, operation and maintenance of such model homes and sales offices otherwise complies with all provisions of this Declaration. Any home constructed as a model home shall cease to be used as a model home and any sales office shall cease to be used as a sales office at any time the Builder is not actually engaged in the construction and sale of Lots. Notwithstanding any other provision of this Declaration to the contrary, a Builder may store supplies of brick, block, lumber and other building material on a Lot owned or leased by a Builder during the course of construction of Improvements on Lots provided such materials are kept in areas approved in writing by the Architectural Review Committee. Normal Construction activities of the Builder in connection with the construction of Improvements shall not be considered a nuisance or otherwise prohibited by this Declaration. A Builder constructing Improvements on Lots shall keep the Lots in a clean, safe and neat condition free of weeds, trash and debris throughout the construction process.

Article III

HOMEOWNERS ASSOCIATION, DUES AND VOTING REGULATIONS

Section 3.01 Nature of Association. All rights, duties, and obligations of the Association described herein shall be vested in and shall be exercised by the Declarant until the earlier of January 1, 2015 or the date on which the Declarant records with the Coconino County Recorder a notice of relinquishing the Declarants right under Article V, Section 5.07 to annex and subject the Additional Property to this Declaration. Thereafter, the Declarant shall appoint a Board of Directors for the Association, consisting of at least three (3) lot owners, and control shall thereafter be vested in the Association. The Association shall have all rights and powers prescribed by law, provided that all acts shall be consistent with the provisions of this Declaration and shall be necessary, desirable, or convenient for effectuating the purposes set forth herein. The Association shall have the following two classes of voting membership:

- (a) Class A. Class A Memberships shall be all Memberships, except the Class B Memberships held by the Declarant. Until the Transition Date, defined below, Class A Members shall have no right to vote. After the Transition Date, each Lot Owner shall be entitled to one vote for each Class A Membership held by the Lot

Owner, subject to the authority of the Board to suspend the voting rights of the Lot Owner for violations of the Declaration in accordance with the provisions hereof.

(b) Class B. Until converted to Class A Memberships as provided below, each Membership owned by Declarant shall be a Class B Membership. Declarant shall be entitled to one vote for each Class B Membership held by Declarant. Class B Memberships shall cease and be converted to Class A Memberships on the first to occur of the following (herein referred to as the "Transition Date"):

(1) The date which is 90 days after the date when the Declarant owns less than one-third (1/3) of the lots or Property in Red Lake Mountain Ranch;

(2) January 1, 2015; or

(3) The date Declarant notifies the Board in writing that the Declarant is terminating its Class B Memberships and converting such Memberships to Class A Memberships.

Section 3.02 Organization. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Except as expressly provided otherwise in this Declaration, any action required to be taken by the Association and any approval required from the Association may be taken or given by the Board. The term of office for each Board member shall be three (3) years with revolving terms. Any new Board member appointed to replace a member who has been resigned or been removed shall serve such member's unexpired term. Any Board member who has resigned, been removed or whose term has expired may be re-appointed if such member accepts reappointment. The right to appoint and remove a Board member shall be by written consent of fifty-one percent (51%) of the Owners.

Section 3.03 Association Rules. By a majority vote of the Board, the Association may, from time to time, adopt, amend and repeal nondiscriminatory Association Rules not inconsistent with this Declaration, as the Board deems necessary or convenient to carry out the intents and purposes of the Declaration and the duties of the Board including Association Rules establishing changes for services and copies provided by the Association pursuant to this Declaration.

Section 3.04 Membership. Each Owner shall automatically become a Member of the Association; provided, however, that:

(a) Membership shall be appurtenant to each Lot and run with the title thereto. Such Membership shall commence upon becoming an Owner and automatically terminate when he ceases to be an Owner; and upon the transfer of his ownership interest to the new Owner succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association.

(b) If there is more than one Owner of any Lot, all the Owners of such Lot shall designate one person to be the Member.

(c) If one person owns more than one Lot, the owner shall be entitled to one vote for each lot owned, and shall pay all assessments hereinafter described, for each Lot owned.

(d) The Association may, in addition to the other remedies hereinafter provided, suspend any Member or limit his voting rights for failure to pay dues and assessments or any violation of the Rules and Regulation of the Association.

Section 3.05 Assessments

(a) Each Owner of any Lot, other than the Developer, by acceptance of a deed therefore or by execution, as a buyer, of a contract to purchase a Lot, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Association annual assessments for common area maintenance and upkeep and special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided, the annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on each Lot.

(b) The assessments levied by the Association shall be used exclusively to maintain those items set forth in Article II, Section 2.06, as well as promoting the recreation, health, safety and welfare of the residents of the subdivision and the services and facilities located therein. Said assessments shall also be used to cover operating costs of the Association, including legal and accounting fees.

(c) The maximum annual assessment shall be \$240.00 per year. The maximum annual assessment may be increased effective January 1 of each year by the Board without a vote of the members by an amount not to exceed ten percent (10%) of the maximum annual assessment for the previous calendar year; provided, however, that such limitations may be exceeded at any time with the consent of 51% of the Lot owning Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than thirty (30) days' written notice to all such Members.

(d) In addition to the annual assessments authorized above, the Association may levy in any assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement including the necessary fixtures and personal property related thereto; provided, however, that any such assessment shall have the approval of 51% of the Lot owning Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than (30) days' written notice to all such Members.

(e) Both annual and special assessments must be fixed at a rate uniform for all lots on an annual basis in advance beginning Jan 1, 2008. Checks are to be mailed to:

Brian Lee Wilson, Property Manager
Red Lake Mountain Ranch Committee Of Property Owners, Inc.
c/o Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

(f) The first annual assessment beginning Jan 1, 2008 shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and notify the Members within a reasonable time thereafter. The Association shall, upon demand at any time from any interested person, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

(g) Any assessments which are not paid when due shall be delinquent. Each member of the Association shall pay to the Association within thirty (30) days of receipt of an invoice setting forth the amount of the assessment. In the event any invoice is not paid within thirty (30) days from the date the same is deposited in the United States mail addressed to the Member at his address as shown on the records of the Association, the amount of such invoice shall be and become a lien upon said Lot when the Association causes to be filed in the office of the County Recorder of Coconino County an affidavit of non-payment of such invoice and mails a copy of same by certified mail, return receipt requested, to such Member at his address as shown on the records of the Association. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest legal rate per annum, and the Association may bring an action at law against the Owner obligated to pay the same, or foreclose the lien against the Lot pursuant to Arizona law pertaining to foreclosure of realty mortgages.

(h) Subordination of the Lien to Mortgages: The lien for all such assessments shall be junior and subordinate to the lien of any purchase money or construction mortgage or re-financing made in good faith and for value. In other words, the Homeowners Association does not have first lien rights on a said Lot, and would take a second position to any lending institution carrying a first mortgage on the property.

(i) The Association shall not be obligated to spend in any year all of the sums received by it in such year (whether by way of annual or special assessments, fees or otherwise) and may carry forward as surplus any balances remaining (rather than apply such surplus to reduction of the annual assessment in future years) in such amounts as the Board, in its discretion, may determine to be desirable for the greater financial security of the Association.

(j) Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments

which become due prior to such sale or transfer. No sale or transfer shall relieve such lot owner from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IV

ARCHITECTURAL REVIEW COMMITTEE

Section 4.01 Organization, Power of Appointment and Removal of Architectural Design Review Committee Members. An Architectural Review Committee is hereby established to perform the functions set forth in this Declaration with respect to architectural control and other controls contained in this Declaration. The Architectural Review Committee shall be governed by the following provisions:

(a) Committee Composition. The Architectural Review Committee shall consist of three (3) members and two (2) alternate members. None such members shall be required to be an architect or to meet any other particular qualifications for membership. In the event one or two of the regular members are absent or disabled, the remaining Architectural Review Committee member or members, even though less than a quorum, may, but are not required to, designate either or both of the alternate members to act as substitutes and such alternates shall then assume the full authority of regular members of that meeting. The consulting architect shall have no voting rights on the Architectural Review Committee, and the members of the Architectural Review Committee shall serve without compensation.

(b) Terms of Office. The term of office for each Architectural Review Committee member shall be three (3) years with revolving terms. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Any member who has resigned, been removed or whose term has expired may be reappointed if such member accepts reappointment.

(c) Appointment and Removal. The Declarant shall have the right to appoint and remove the members of the Architectural Review Committee until the earlier of January 1, 2015 or the date on which the Declarant records with Coconino County Recorder a notice relinquishing the Declarant's right to appoint and remove members of the Architectural Control Committee. Thereafter, the right to appoint and remove all regular members of the Architectural Review Committee at any time shall be vested solely in the Owners by majority vote; provided, however, that no regular member may be removed from the Architectural Review Committee except by the vote or written consent of 51% of all of the Owners. The regular members shall have the right to appoint up to two (2) alternate members of the Architectural Review Committee. Such appointees must be Owners at the time of such appointment and shall serve until such time as the regular members designate.

(e) Resignations. Any regular or alternate member of the Architectural Review Committee may at any time resign from the Architectural Review Committee by recording a notice of their resignation.

(d) Address: The initial address of the Architectural Review Committee is:

Brian Lee Wilson, Property Manager
Red Lake Mountain Ranch Committee Of Property Owners, Inc.
c/o Dallas Real Estate
5200 East Cortland Blvd, Suite D-1
Flagstaff, AZ 86004

The address may be changed from time to time by a majority vote of the Architectural Review Committee

Section 4.02 Duties. It shall be the right and duty of the Architectural Review Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Review Committee Rules, and to carry out all other duties imposed upon it by this Declaration. Without in any way limiting the generality of the foregoing provisions of this Section, the Architectural Review Committee or any member thereof may, but is not required to, consult with or hear the view of any Owner with respect to any plans, drawings, specifications or other proposals submitted to the Architectural Review Committee.

Section 4.03 Meetings. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereafter, shall appoint a committee chairman, and shall prepare Minutes of Meetings. The vote of any two members at a meeting shall constitute the act of the Architectural Review Committee unless the unanimous decision of the Architectural Review Committee is otherwise required.

Section 4.04 Architectural Review Committee Rules. The Architectural Review Committee may, from time to time, adopt, amend and repeal rules and regulations. The Architectural Review Committee shall interpret and implement this Declaration by setting forth the standards and procedures for design review and the guidelines for architectural design, landscaping, color schemes, exterior window coverings, exterior finishes and materials and similar features which are recommended or required for use within the Property.

Section 4.05 Waiver. The approval by the Architectural Review Committee of any plans, drawings or specifications for any work done or proposed, or of any other matter requiring the approval of the Architectural Review Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 4.06 Time for Approval. Subject to the other provisions contained herein, in the event the Architectural Review Committee fails to approve or disapprove any design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and the Owner will have been deemed to have complied with this Article. Plans must be mailed via USPS Certified Mail or FedEx to the Architectural Review Committee address listed above.

Section 4.07. Processing Fee. With respect to any requests made to the Architectural Review Committee to review any plans, drawings or specifications for any work done or proposed, the requesting Lot Owner shall remit a "Review Fee" in the amount of \$300.00 made payable to the of Red Lake Mountain Ranch Committee Property Owners, Inc. The Architectural Review Committee shall have no obligations to review any plans until such time as the designated fee has been paid. The review fee may be increased from time to time by the Association pursuant to Section 3.03. All such fee increases shall be recorded with the Coconino County Recorder.

Section 4.08. Liability. Neither the Architectural Review Committee nor any member thereof nor the Association nor the Declarant shall be liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; (c) the development of any Lot, or (d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing provisions of this section, the Architectural Review Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Declarant or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Review Committee.

ARTICLE V

GENERAL PROVISIONS

Section 5.01 Term. The covenants, conditions and restrictions of the Declaration shall remain in full force and effect for a period of twenty (20) years from the date this Declaration is recorded. Thereafter, they shall be deemed to have been renewed and automatically extended for successive periods of ten (10) years each.

Section 5.02. Amendments. This Declaration may be amended by an instrument in writing signed by Owners and representing sixty-seven percent (67%) of the Lots and approved by Declarant as long as Declarant owns any Lots. Any amendment that does not apply equally to all lots within the subdivision must be approved by 100% of the lot owners. All amendments shall be effective upon recordation with the Coconino County Recorder.

Section 5.03. Enforcement and Non-waiver.

A. Enforcement. Except as otherwise provided herein, the Declarant the Association or any Owner shall have the right to enforce, by any proceeding at law, all covenants, conditions and restrictions. Failure to enforce any of the restrictions, rights, reservations, limitations, covenants and conditions contained herein shall not, in any

event, be construed or held to be a waiver thereof or a consent to any further or succeeding breach or violation. Upon the breach or threatened breach of any of said covenants or restrictions, anyone owning or having interest in the lands covered by these restrictive covenants may bring an appropriate action in the proper court to enforce or restrain said violation or to compel compliance with the said covenants or restrictions herein contained or to collect damages on an account thereof; provided, however, that a violation of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now or record, or which hereafter may be placed of record, upon said lots, or any part thereof, but provided further that these restrictive covenants shall, without limitation, apply to any lots acquired through foreclosure or any deed in lieu of foreclosure of any said mortgage. In the event legal action is brought to enforce any of the covenants or conditions set forth herein, the prevailing party in such action shall be entitled to recover its costs and attorney's fees. The use of any one or more of the remedies provided for in this paragraph shall not defeat the lien of a purchase money or construction mortgage or deed of trust made in good faith and for value.

B. Prerequisite to Litigation. In the event of a dispute between an Owner, the Association or Declarant, the complainant, as a condition precedent to instituting legal action, must first serve notice in writing on respondent advising them of the alleged grievance, the result desired, and a date and time convenient for a meeting; the respondent shall have a minimum of fifteen (15) days and a maximum of thirty (30) days from receipt of said notice in which to schedule a meeting for the purpose of arriving at a settlement of the controversy with the complainant. If a dispute cannot be resolved both parties will go to binding arbitration with the cost of the arbitrator to be paid by the non prevailing party.

Section 5.04 Construction.

A. Interpretation. The provisions of the Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the subdivision. This Declaration shall be construed and governed by the laws of the State of Arizona. The subdivision shall be subject to any and all rights and privileges which the County of Coconino, or the State of Arizona may have acquired through dedication or the filing or recording of maps or plats of said property, as authorized by law, and provided further that no conditions, restrictions or privileges or acts performed shall be in conflict with any Coconino County Zoning Ordinance or law.

B. Restriction Severable. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity of any provision thereof shall not affect the validity or enforceability of any other provision.

C. Rules Against Perpetuities. In the event the provisions hereunder are declared void by a court of proper jurisdiction by reason of the period of time herein stated for which the same shall be effective, then, in that event, said periods of time shall be reduced to a period of time which shall not violate the rules against perpetuities as set forth in the laws of the State of Arizona.

D. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural, and the plural the singular; and the masculine shall include the feminine or neuter, and the feminine the masculine or neuter.

E. Captions. All captions and titles used in this Declaration are intended solely for convenience or reference purposes only and in no way define, limit or describe the true intent and meaning of the provisions hereof.

Section 5.05 Delivery of Notices. Any written notice required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered five (5) days after it has been deposited in the United States mail, postage prepaid, addressed as follows: if to an Owner, to the address of the Owner within the subdivision.

Section 5.06 Binding Effect. By acceptance of a deed or acquiring any ownership interest in any of the Property affected by this Declaration, each person, their heirs, personal representatives, successors and assigns to all of the covenants, conditions and restrictions imposed by this Declaration. In addition, each such person by so doing thereby acknowledges intent that all of the covenants, conditions and restrictions contained herein shall run with the land and be binding on all future Owners. Furthermore, each such person acknowledges that this Declaration shall be mutually beneficial and enforceable by future Owners.

Section 5.07 Annexation of Additional Property. The Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property. The annexation of all or any portion of the Additional Property shall be effected by the Declarant Recording a Declaration of Annexation setting forth the legal description of the Additional Property being annexed and stating that such portion of the Additional Property is annexed and subjected to this Declaration. If the portion of the Additional Property being annexed is not owned by the Declarant, the Declaration of Annexation must be signed by the Owner of fee title to the portion of the Additional Property being annexed. The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. The property annexed by the Declarant pursuant to this Section need not be contiguous with other property already subject to this Declaration, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. The Declarant makes no assurances as to which, if any, part of the Additional Property will be annexed. The Declarant's right under this Section to annex all or any part of the Additional Property shall expire on the earlier of January 1, 2015 or the date on which the Declarant records with the Coconino County Recorder a notice expressly relinquishing its rights under this Section.

Section 5.08 Personal Liability. The declarant, nor any member of the Board, the ARC or any other committee of the Association, no officer of the Association and no other employee of the Association shall be personally liable to any Member, or to any

EXHIBIT A

Lots 1-54 and Tract A, RED LAKE MOUNTAIN RANCH, as shown on the plat thereof recorded in Case 5, Maps 12-12A and Instrument No. 3493537, records of Coconino County, Arizona.

EXHIBIT B

AMENDED FINAL PLAT OF
Red Lake Mountain Ranch
 A portion of Red Lake Mountain Ranch, as recorded in Case 5, Map 12, records of Coconino County, Arizona, situated in Section 3, Township 23 North, Range 2 East, Gila and Salt River Meridian, Coconino County, Arizona.

**NO WATER SYSTEM IS PROVIDED FOR THE
 SUBDIVISION AS OF THE DATE OF RECORDATION
 OF THIS PLAT.**

ALL ROADS AND STREETS ARE PRIVATELY OWNED AND ARE TO BE MAINTAINED BY THE PROPERTY OWNERS.

DEDICATION:
 STATE OF ARIZONA
 COUNTY OF COCONINO
 CITY OF RED LAKE MOUNTAIN

COUNTY APPROVALS:
 SUPERVISOR: [Signature]
 CLERK: [Signature]
 COUNTY CLERK: [Signature]

CERTIFICATION:
 I, the undersigned, Surveyor, do hereby certify that the above is a true and correct copy of the original plat as recorded in the office of the County Clerk of Coconino County, Arizona, on this 24th day of July, 2008.

COMMISSIONER/DEPUTY:
 [Signature]
 COUNTY CLERK

LEGEND:
 1. All lots shown on this plat are subject to the terms and conditions of the original plat recorded in Case 5, Map 12, records of Coconino County, Arizona.
 2. All lots shown on this plat are subject to the terms and conditions of the original plat recorded in Case 5, Map 12, records of Coconino County, Arizona.
 3. All lots shown on this plat are subject to the terms and conditions of the original plat recorded in Case 5, Map 12, records of Coconino County, Arizona.
 4. All lots shown on this plat are subject to the terms and conditions of the original plat recorded in Case 5, Map 12, records of Coconino County, Arizona.

Northland Exploration Survey, Inc.
 Amended Final Plat
 of
 Red Lake Mountain Ranch
 Surveyed and Prepared by
 Northland Exploration Survey, Inc.
 11/07

3493537

For Illustration Purposes Only