

**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS**

FOR

FLAGSTAFF MEADOWS UNIT 3

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This Declaration of Covenants, Conditions, and Restrictions for Flagstaff Meadows Unit 3 (the "**Declaration**") is made as of this ____ day of _____, 2017 by Bellemont Homes, Ltd, an Arizona corporation (the "**Declarant**"). Declarant is the owner of the Property (defined herein).

ARTICLE 1 DEFINITIONS

1.1 "Annual Assessment" means the assessments levied against each Lot, and the Owner thereof, pursuant to Section 6.2 of this Declaration.

1.2 "Architectural Review Committee" or "ARC" means the committee of the Association to be created pursuant to Section 5.10 of this Declaration.

1.3 "Architectural Review Committee Rules" means the rules and guidelines adopted by the Board pursuant to Section 5.10 of this Declaration, as they may from time to time be amended or supplemented.

1.4 "Areas of Association Responsibility" means all Common Areas and any areas that may become the responsibility of the Association and any areas within the Property that the Association has administrative, maintenance, or other similar responsibilities, whether or not such areas have been conveyed to the Association.

1.5 "Articles" means the Articles of Incorporation of the Association as they may from time to time be amended.

1.6 "Assessment" means an Annual Assessment or Special Assessment.

1.7 "Assessment Lien" means the lien created and imposed by Article 6 of this Declaration.

1.8 "Assessment Period" means the period set forth in Section 6.5 of this Declaration.

1.9 "Association" means Flagstaff Meadows Unit 3 Homeowners Association, Inc.

1.10 "Association Rules" means the rules adopted by the Board pursuant to Section 5.3 of this Declaration, as they may from time to time be amended.

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

1.12 "Builder" means Abbott-Rhoton Investments, L.L.C., an Arizona limited liability company, or its assignee.

1.13 "Bylaws" means the Bylaws of the Association, as they may from time to time be amended.

1.14 "Common Area" means the real property designated as "Tracts M, N, O, P, Q, R, S, and T" on the Plat and all land, together with all Improvements situated thereon, which the Association at any time owns in fee or in which the Association has a leasehold interest for as long as the Association is the owner of the fee or leasehold interest.

1.15 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.16 "Declarant" means Bellemont Homes, Ltd. an Arizona corporation, or any successor, successor-in-title, or assign who takes title to any portion of the property described in this Declaration for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

1.17 "Declaration" means this Declaration of Covenants, Conditions, and Restrictions for Flagstaff Meadows Unit 3, as the same may be amended from time to time.

1.18 "Improvement" means any building, fence, wall or other structure; or any swimming pool, road, driveway, parking area; pipes, storm drain, utility, detention or retention basins, trails, sidewalk, tables, benches, bbq grill, tot-lot, playground, or any trees, plants, shrubs, grass or other landscaping improvements of every type and kind.

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

1.20 "Lot" means each parcel of real property designated as a lot on the Plat and, where the context indicates or requires, shall include any Residential Unit, building, structure or other Improvement situated on the Lot.

1.21 N/A

1.22 "Maintenance Standard" means the standard of maintenance of Improvements established from time to time by the Board or, in the absence of any standard established by the Board, the standard of maintenance of Improvements generally prevailing throughout the Project.

1.23 "Member" means any Person who is a member of the Association.

1.24 "Owner" means the record owner of a Lot. For the purposes herein, the Owner may act through such Owner's agent, provided that such agent is authorized in writing to act in such capacity.

1.25 "Parkway" means the area within the right-of-way between the sidewalk and the curb.

1.26 "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.27 "Plat" refers to the official Flagstaff Meadows Unit 3 Phase 1 Final Plat as recorded as docket number 3462670 in the Official Records of Coconino County Records, and all

amendments, supplements and corrections thereto including the lot split/combinations of Lots 298 through 340 into Parcels 1 through 28 as recorded in docket numbers 3774978, 3774979, 3774980, 3774981, and 3776442.

1.28 "Property" or "Project" means the real property described on the Plat, together with all Improvements located therein that may be constructed in phases.

1.29 "Project Documents" means this Declaration, the Articles, the Bylaws, the Association Rules, the Architectural Review Committee Rules, and the Architectural Guidelines.

1.30 "Purchaser" means any Person, other than the Declarant or Builder, who by means of a voluntary transfer becomes the Owner of a Lot, except for (i) a Person who purchases a Lot and then leases it to the Declarant or Builder 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.

1.31 "Recording" or "Record" means placing an instrument of public record in the office of the County Recorder of Coconino County, Arizona, and "Recorded" means having been so placed of public record.

1.32 "Resident" means each individual occupying or residing in any Residential Unit.

1.33 "Residential Unit" means any building, or portion of a building, situated upon a Lot and designed and intended for independent ownership and for use and occupancy as a residence, including any garage, and or any accessory building, used for residential purposes constructed on a Lot, or any improvement or structure constructed in connection therewith.

1.34 "Single Family" means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than five (5) persons not all so related, who maintain a common household in a Residential Unit.

1.35 "Sole Voting Rights" means the vested right of Declarant to all voting rights in the Association until the Turnover Date.

1.36 "Special Assessment" means any assessment levied and assessed pursuant to Section 6.4 of this Declaration.

1.37 "Turnover Date" means the earlier to occur of: (a) the date on which Declarant and/or Builder no longer collectively own a Lot within the Property; or (b) the date on which Declarant Records a written notice electing to terminate the Sole Voting Rights.

1.38 "Visible From Neighboring Property" means, with respect to any given object, that such object is or would be visible to a person six feet (6') tall, standing at ground level on any part of such neighboring property; provided, however that an object shall not be considered as being Visible From Neighboring Property if the object is visible to a person six feet (6') tall, standing at ground level on any part of neighboring property only by such person being able to see the object through a wrought iron fence and such object would not be visible to such person if the wrought iron fence were a solid fence.

ARTICLE 2

PLAN OF DEVELOPMENT

2.1 Property Subject to the Declaration. This Declaration is being recorded to establish a general plan for the development and use of the Project in order to protect and enhance the lasting value, unique community and desirability of the Project. Design guidelines will be created to enhance the atmosphere of Flagstaff Meadows Unit 3, in keeping with the site's landforms, vegetation and visual qualities. The Declarant declares that all of the property within the Project shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each Person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself or itself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the development and use of the Property and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the Lots and the membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

2.2 Disclaimer of Representations. Declarant makes no representations or warranties whatsoever that (i) the Project will be completed in accordance with the plans for the Project as they exist on the date this Declaration is signed or recorded; (ii) any property subject to this Declaration will be committed to or developed for a particular use or for any use; or (iii) the use of any property subject to this Declaration will not be changed in the future.

ARTICLE 3

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

3.1 Architectural Control.

3.1.1 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.

3.1.2 No excavation or grading work shall be performed on any Lot without the prior written approval of the Architectural Review Committee.

3.1.3 No Improvement shall be constructed or installed on any Lot without the prior written approval of the Architectural Review Committee.

3.1.4 No addition, alteration, repair, change or other work which in any way alters the exterior appearance, including but without limitation, the exterior color scheme, of any Lot, or the Improvements located thereon, from their appearance from when first constructed and delivered to Owner by the Declarant or Builder or as originally approved by the ARC, shall be made or done without the prior written approval of the Architectural Review Committee.

3.1.5 Any Owner desiring approval of the Architectural Review Committee for the construction, installation addition, alteration, repair, change or replacement of any Improvement which would alter the exterior appearance of the Lot or the Improvements located thereon, shall submit to the Architectural Review Committee an application form provided as part of the Architectural Guidelines for approval specifying in detail the nature and extent of the addition, alteration, repair, change or other work which the Owner desires to perform. Any Owner requesting the approval of the Architectural Review Committee shall also submit to the Architectural Review Committee any additional information, plans and specifications which the Architectural Review Committee may request.

3.1.6 The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change or other work pursuant to this Section shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change or other work subsequently submitted for approval.

3.1.7 Upon receipt of approval from the Architectural Review Committee for any construction, installation, addition, alteration, repair, change or other work, the Owner who had requested such approval shall proceed to perform, construct or make the addition, alteration, repair, change or other work approved by the Architectural Review Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Review Committee.

3.1.8 Any change, deletion or addition to the plans and specifications approved by the Architectural Review Committee must be approved in writing by the Architectural Review Committee.

3.1.9 The Architectural Review Committee shall have the right to charge a fee for reviewing requests for approval of any construction, installation, alteration, addition, repair, change or other work pursuant to this Section, which fee shall be payable at the time the application for approval is submitted to the Architectural Review Committee.

3.1.10 The provisions of this Section do not apply to, and approval of the Architectural Review Committee shall not be required for, the construction, erection, installation,

addition, alteration, repair, change or replacement of any improvements made by, or on behalf of, the Declarant and/or Builder.

3.1.11 The approval required of the Architectural Review Committee pursuant to this Section 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.

3.2 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, trailer or other structures be maintained or kept on any portion of the Property for a period in excess of twelve (12) months without the prior written approval of the Architectural Review Committee.

3.3 Maintenance of Lawns and Plantings. Each Owner of a Lot shall keep all shrubs, trees, hedges, grass and plantings of every kind located on his Lot and within the Parkway immediately adjacent to such Lot, including any landscaping installed by the Declarant and/or Builder within the Parkway immediately adjacent to such Lot, neatly trimmed, and shall keep all such areas properly cultivated and free of trash, weeds and other unsightly material; provided, however, that such Owner shall not be responsible for maintenance of any area over which (i) the Association assumes the responsibility in writing; (ii) the Association has been given such responsibility by this Declaration; or (iii) Coconino County or any municipality having jurisdiction over such property assumes responsibility, for so long as the Association, Coconino County or such municipality assumes or has responsibility. Notwithstanding the foregoing, at the time of recording of this Declaration, Coconino County has assumed no responsibility for maintenance of landscaping within the right-of-way nor Parkway.

3.4 Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to 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 occupants of such other property. No other nuisances 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 occupants. Normal construction activities and parking in connection with the building of Improvements on a Lot or other property shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots and other property 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 or other property 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. The Architectural Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance. The provisions of this Section shall not apply to construction activities of the Declarant and/or Builder.

3.5 Diseases and Insects. No Person shall permit any thing or condition to exist upon any Lot or other property which shall induce, breed or harbor infectious plant diseases or noxious insects.

3.6 Repair or Building. No Residential Unit, building or structure on any Lot or other property shall be permitted to fall into disrepair and each such Residential Unit, building or structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any Residential Unit, building or structure is damaged or destroyed, then, subject to the approvals required by Section 3.1 of this Declaration, such Residential Unit, building or structure shall be immediately repaired or rebuilt or shall be demolished.

3.7 Antennas and Satellite Dishes. No antenna, satellite dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation including, without limitation, direct broadcast satellite or microwave dishes (DBS), multi-channel multi-point distribution (wireless cable) providers (MMDS) or television broadcast (TVBS), together with their associated mounting hardware and mast, shall be erected, used, or maintained on any Lot without the prior written approval of the Architectural Review Committee. If approved by the Architectural Review Committee, the antenna or satellite dish placed, installed or kept on a residence must be (a) properly screened from the view of adjacent Lots or (b) be located in the rear yard of a Lot and set back at least eight (8) feet from all lot lines. Should an owner determine that an antenna or satellite dish cannot be so located within this criteria without (a) precluding reception of an acceptable quality signal or (b) unreasonably increasing the cost of installation, maintenance, or use of the antenna or satellite dish, the owner may apply for expedited approval of an alternative location or method of installation. If it is determined by the Owner and the Architectural Review Committee that an antenna system must be mounted on a residence or other structure and is visible from any other Lots, the Common Area or any street, the antenna system must be painted a color which will blend into the background against which the antenna system is mounted. When permitted by law with respect to digital satellite dishes, the Architectural Review Committee may require specific locations, size limitations, or screening devices so long as the restrictions do not impair the installation, maintenance, or use of the digital satellite dishes as the term impair is defined under the Telecommunications Act of 1996 and any rules promulgated under the Telecommunications Act of 1996, as either may be amended. In no case will antennas producing electromagnetic radiation or antennas used for Citizens Band radio or Amateur "Ham" radio transmissions be allowed. No antenna system may be located and mounted on any roof of a residence without prior approval of the Architectural Review Committee. Any transmission cable from the receiver to the house must be underground. Satellite dish antenna disguised as patio umbrellas, boulders or other artifacts or furniture are prohibited. No other transmitting or receiving radio antenna will be permitted to be located on any Lot.

3.8 Mineral Exploration. No Lot or other portion of the Property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

3.9 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or other portion of the Property, 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 maintained 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 effect such collection. All rubbish, trash, or garbage shall be removed from Lots and all other portions of the Property and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot or other portion of the Property.

3.10 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot or other portion of the Property so as to be Visible From Neighboring Property.

3.11 Utility Service. 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 or other portion of the Property 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 ARC.

3.12 Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot or other portion of the Property shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or other area from ground level to a height of eight (8) feet without the prior approval of the Architectural Review Committee.

3.13 Health, Safety and Welfare. In the event additional uses, activities, and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, Lessees and Residents, the Board may make rules restricting or regulating their presence in the Project as part of the Association Rules or may direct the Architectural Review Committee to make rules governing their presence on Lots or other portion of the Property as part of the Architectural Review Committee Rules.

3.14 Residential Use. All Residential Units shall be used, improved and devoted exclusively to residential use by a Single Family. No trade or business may be conducted on any Lot or in or from any Residential Unit, except that an Owner or other Resident of a Residential Unit may conduct a business activity within a Residential Unit 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 Residential Unit, (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Project, (iii) the business activity does not involve persons coming on to the Lot, parking in the streets, or the door-to-door solicitation of Owners or other Residents in the Project, and (iv) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other residents in the Project, as may be determined from time to time in the sole discretion of the Board. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (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 Residential Unit by the Owner thereof shall not be considered a trade or business within the meaning of this Section.

3.15 Animals. No animal, bird, fowl, poultry, reptile or livestock may be kept on any Lot, except for a reasonable number of dogs, cats, parakeets or similar household birds may be kept on a Lot if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. All dogs, cats or other pets permitted under this Section shall be confined to an Owner's Lot except that a dog or cat may be permitted to leave an Owner's Lot if such dog or cat is at all times kept on a leash not to exceed six feet (6') in length and is not permitted to enter upon any other Lot. No animal or bird shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, Lessee or Resident, the ARC shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal or bird is a nuisance, making an unreasonable amount of noise, or what a reasonable number of animals on any Lot is. Any decision rendered by the Architectural Review Committee shall be enforceable in the same manner as other restrictions set forth in this Declaration. Owner's shall promptly clean up after their animals whether it be in their Lot or in any other area of the Project. Any animal waste shall be properly disposed of.

3.16 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other Improvements; or (ii) that which Declarant or the Association may require for the operation and maintenance of the Project.

3.17 Signs. No signs whatsoever (including, but not limited to, commercial, political, "for sale", "for rent" and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot except:

3.17.1 Signs required by legal proceedings or protected as a matter of law.

3.17.2 Residence identification signs provided the size, color, content and location of such signs have been approved in writing by the ARC.

3.17.3 One (1) "For Sale" sign provided the size, color, design, message content, location and type has been approved in writing by the ARC.

3.17.4 Signs which may not be prohibited in this Declaration pursuant to A.R.S. §33-1808, as may be amended.

3.18 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner other than the Declarant, and no portion less than all of any such Lot shall be conveyed or transferred by any Owner other than the Declarant, without the prior written approval of the Architectural Review Committee. 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 in writing by the Architectural Review Committee. 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 proposed use otherwise complies with this Declaration.

3.19 Trucks, Trailers, Campers, Boats and Motor Vehicles. No trucks, automobiles, mobile homes, travel trailers, tent trailers, trailers, camper shells, detached campers, recreational vehicles, boats, boat trailers, horse trailers or other similar equipment or vehicle (collectively, the "Vehicles") may be parked, maintained, constructed, reconstructed or repaired on any Lot or Common Area or on any street without the prior written approval of the Architectural Review Committee except for (i) temporary construction trailers or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Review Committee; (ii) vehicles parked in garages on Lots so long as such vehicles are in good operating condition and appearance and are not under repair (other than emergency repairs); (iii) motor vehicles not exceeding seven (7) feet in height and eighteen (18) feet in length which do not display any commercial name, telephone number or message of any kind; (iv) Vehicles which are parked in a fenced rear or side yard of a Lot and are not Visible From Neighboring Property; or (v) Vehicles which the Association may not prohibit pursuant to A.R.S. §33-1809.

3.20 Motorcycles. No motorcycle, motorbike, all-terrain vehicle, off-road vehicle or any similar vehicle shall be parked, maintained or operated on any portion of the Project except in garages on Lots.

3.21 Towing of Vehicles. The Board shall have the right to have any truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer, horse trailer or similar equipment or vehicle or any automobile, motorcycle, motorbike, or other motor vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the owner of the vehicle or equipment. If the vehicle or equipment is owned by an Owner, any amounts payable to the Association shall be secured by the Assessment lien, and the Association may enforce collection of such amounts in the same manner provided for in this Declaration for the collection of Assessment.

3.22 Drainage. No Residential Unit, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Project, for any part thereof, or for any Lot as shown on the drainage plans on file with the municipality in which the Project is located, or as the Declarant or Builder may have constructed, excavated, or graded any portion of the Project. Owners are responsible for maintaining all points of entry of surface water flow and all points of exit of surface water flow of the Lot. The characteristics of the surface water flow are also to be maintained.

3.23 Garages, Carports. The interior of all garages shall be maintained in a neat, clean and slightly condition. Garages shall be used only for the parking of vehicles and shall not be used or converted for living or recreational activities without the prior written approval of the Architectural Review Committee. Garages may be attached to the residence or detached. Roll-up or horizontal swing doors are allowed. No carports shall be installed, placed or maintained on any Lot without the approval of the Architectural Review Committee.

3.24 Rooftop Air Conditioners and Equipment Prohibited. No evaporative coolers, air conditioning units, or other appurtenant equipment may be mounted, installed or maintained on the roof of any Residential Unit or other building so as to be Visible From Neighboring Property without the approval of the Architectural Review Committee.

3.25 Building Setbacks. All structures shall conform to typical setbacks and street side easements as shown on the Plat. Setbacks may be varied or altered by Coconino County issuance of a variance and approval by the Architectural Review Committee.

3.26 Landscaping. The Owner will install within six (6) months after the date on which a Residential Unit is first occupied, grass, trees, plants and other landscaping improvements (together with a drip irrigation or sprinkler system sufficient to water adequately any grass, trees, plants and other landscaping improvements) on that portion of the Lot which is between the Parkway adjacent to the Lot and the exterior wall of the Residential Unit or any wall separating the side or back yard of the Lot from the front yard of the Lot. Within six (12) months after the date on which a Residential Unit is first occupied, the Owner of the Lot upon which the Residential Unit is situated shall install grass, trees, plants and other landscaping improvements (together with a drip irrigation or sprinkler system sufficient to water adequately the grass, trees, plants and other landscaping improvements) in the side and back yard of the Lot. The Owner of a Lot may install landscaping extending into the Parkway adjacent to such Owner's Lot provided that such Owner installed landscaping does not violate the rules and regulations of the municipality. All landscaping installed pursuant to this Section must be installed in accordance with plans approved in writing by the Architectural Review Committee. If any Owner fails to landscape his/her Lot in the manner and within the time provided for in this Section, the Association shall have the right, but not the obligation, to enter upon such Owner's Lot to install such landscaping improvements as the Association deems appropriate, and the cost of any such installation shall be paid to the Association by the Owner of the Lot, upon demand from the Association. Any amounts payable by an Owner to the Association pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of Assessments.

3.27 Shared driveways. Driveways that serve more than one Residential Unit shall be maintained equally by both owners of the Residential Units. This includes regular maintenance such as snow removal, weed removal, stain removal, and removing leaves and other debris, this also includes long term repair and replacement costs. No parking is allowed on the shared driveways by either owner or their guests.

3.28 Variances. The Architectural Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Article 3 if the Architectural Review Committee determines in its discretion that (i) a restriction would create an unreasonable hardship or burden on an Owner, Lessee or Resident or a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete and (ii) that the activity permitted under the variance will not have any substantial adverse effect on the Owners, Lessees and Residents of the Project and is consistent with the high quality of life intended for residents of the Project.

ARTICLE 4

EASEMENTS

4.1 Owners' Easements of Enjoyment

4.1.1 Subject to the rights and easements granted to the Declarant in Section 4.3 and 4.4 of this Declaration, every Member, and any person residing with such Member, shall have the right to use the Common Area, which right shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(i) The right of the Association to regulate the use of the Common Area through the Association Rules and to prohibit access to such portions of the Common Area, such as landscaped areas, not intended for use by the Owners, Lessees or Residents.

(ii) The right of the Association to suspend the right of an Owner and such Owner's family, tenants and guests to use the Common Area if such Owner is more than fifteen (15) days delinquent in the payment of Assessments or other amounts due to the Association or if the Owner has violated any other provisions of the Project Documents and has failed to cure such violation within fifteen (15) days after the Association notifies the Owner of the violation.

4.1.2 If a Lot is leased or rented by the Owner thereof, the Lessee and the members of his family residing with such Lessee shall have the right to use the Common Area during the term of the lease except as provided in Section 4.1.1(ii) above.

4.2 Utility Easement. There is hereby created an easement upon, across, over and under the Common Area and the Lots for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Area or Lots but no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Common Area or Lots except as initially designed, approved and constructed by the Declarant or as approved by the Board.

4.3 Declarant's Use for Sales and Leasing Purposes. Declarant and Builder shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Area while the Declarant and/or Builder are selling Lots. Declarant reserves the right to place models, management offices and sales and leasing offices on any Lots owned by Declarant and/or Builder and on any portion of the Common Area in such number, of such size and such locations as Declarant deems appropriate.

4.4 Declarant's Easements.

4.4.1 Declarant shall have the right and an easement on and over the Areas of Association Responsibility to construct all Improvements the Declarant may deem necessary and to use the Areas of Association Responsibility and any Lots and other property owned by Declarant and/or Builder for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project.

4.4.2 The Declarant shall have the right and an easement upon, over, and through the Areas of Association Responsibility and the Lots as may be reasonably necessary for the purpose of discharging its obligations or exercising the rights granted to or reserved by the Declarant by this Declaration.

4.5 Easement in Favor of Association. The Lots are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

4.5.1 For inspection of the Lots in order to verify the performance by Owners of all items of maintenance and repair for which they are responsible;

4.5.2 For the maintenance, repair and replacement of the Areas of Association Responsibility;

4.5.3 For correction of emergency conditions in one or more Lots;

4.5.4 For the purpose of enabling the Association, the Board, the Architectural Review Committee or any other committees appointed by the Board to exercise and discharge their respective rights, powers and duties under the Project Documents;

4.5.5 For inspection of the Lots in order to verify that the provisions of the Project Documents are being complied with by the Owners, their guests, tenants, invitees and the other occupants of the Lot.

ARTICLE 5

THE ASSOCIATION: ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS

5.1 Formation of Association. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. In the event of any conflict or inconsistency between this Declaration and the Articles, Bylaws, Association Rules or Architectural Rules, this Declaration shall control.

5.2 Board of Directors and Officers. 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. Unless the Project Documents specifically require the vote or written consent of the Members, approvals or actions to be given be taken by the Association shall be valid if given or taken by the Association.

5.3 The Association Rules. The Board may from time to time, subject to the provisions of this Declaration, adopt, amend and modify rules and regulations pertaining to (i) the management, operation and use of Areas of Association Responsibility, (ii) minimum standards for any maintenance of Lots, or (iii) any other subject within the jurisdiction of the Association. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail.

5.4 Personal Liability. No member of the Board or of any committee of the Association, no officer of the Association, and no manager or other employee of the Association shall be personally liable to any Member, or to any other person or entity 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, the manager, 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 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 Project 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 Project Documents or reasonably necessary to effectuate any such right or privilege.

5.6 Identity of Members. Membership in the Association shall be limited to Owners of the Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

5.7 Voting. The Sole Voting Rights shall be vested solely with Declarant until the Turnover Date. Upon and after the Turnover Date, all voting rights in the Association shall be vested with respect to Owners, including Declarant, while Declarant remains an Owner of any Lot. An Owner shall have one vote per Lot. The vote appurtenant to a Lot owned in any form of joint or multiple ownership shall be exercised as such Persons among themselves shall determine.

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. In the event that a Lot is owned by more than one person or entity 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/she 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.

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 effected 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 said Lot to the new Owner thereof. Each Purchaser of a Lot shall notify the Association of his/her purchase within ten (10) days after he/she becomes the Owner of a Lot.

5.10 Architectural Review Committee. The Association shall have an Architectural Review Committee to perform the functions of the Architectural Review Committee set forth in this Declaration. The Architectural Review Committee shall be a Committee of the Board but members need not be Owners. The Architectural Review Committee shall consist of such number of regular members and alternate members as may be provided for in the Bylaws. So long as the Declarant or Builder owns any Lot, and even if the Declarant has turned over the Association, the Declarant shall have the sole right to appoint and remove the members of the Architectural Review Committee. At such time as neither the Declarant nor Builder owns any Lot, the members of the Architectural Review Committee shall be appointed 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 or Builder owns 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. The Board shall promulgate architectural guidelines and standards to be used by the Architectural Review Committee in rendering its decisions. The decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to this Declaration. The Architectural Review Committee may establish a reasonable processing fee to defer the costs of the Association in considering any requests for approvals submitted to the Architectural Review Committee, which fee shall be paid at the time the request for approval is submitted.

5.11 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Project Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Project Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board of Directors 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 Project Documents are corrected.

ARTICLE 6

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

6.1 Creation of Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by it, hereby covenants and agrees, and each Owner, other than the Declarant, 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. The Assessments together with interest, late charges and all costs including reasonably attorneys' fees incurred in attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. 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(s) 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. Each year, the Declarant may either (i) pay annual assessments for the Lots it owns; and/or (ii) make up any shortage in the budget.

6.2 Annual Assessments.

6.2.1 In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, including the establishment of replacement and maintenance reserves, the Board, for each Assessment Period shall assess against each Lot an Annual Assessment.

6.2.2 The Board shall give notice of the Annual 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 Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. 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 Assessments by any Members, it may increase the Annual assessment for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Board.

6.3 Rate of Assessment. The amount of the Annual Assessment for each Lot shall be the amount obtained by dividing the total budget of the Association for the Assessment Period for which the Annual Assessment is being levied by the total number of Lots within a particular phase of the Project. Once all phases are constructed, the Annual Assessment will be levied against all Lots in the Project.

6.4 Special Assessments. The Association may levy against each Lot, in any Assessment Period, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any

construction, reconstruction, repair or replacement of an improvement upon the Common Area, including fixtures and personal property related thereto.

6.5 Assessment Period. The period for which the Annual Assessment is to be levied (the "**Assessment Period**") shall be the calendar year, except that the first Assessment Period, and the obligation of the Owners to pay Annual Assessments shall commence upon the conveyance of the first Lot to a Purchaser and terminate on December 31 of each year, except for Owners that have failed to pay their Assessment during this period. Those Owners who have failed to pay their Assessments on time shall continue to have the obligation to pay their Assessments and are subject to the terms of paragraph 6.8 below. The Board, in its sole discretion from time to time, may change the Assessment Period.

6.6 Lots Subject to Assessment. All Lots in a particular phase shall be subject to assessment upon the conveyance of the first Lot to a Purchaser in that phase.

6.7 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on an annual 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 his liability for any Assessment or change under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement that the Assessment or any installation 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; successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.8 Effect of Nonpayment of Assessments: Remedies of the Association.

6.8.1 Any Assessment, or any installment of an Assessment, not paid within five (5) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate established from time to time by the Board. In addition, the Board of Directors may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within five days after such payment was due.

6.8.2 The Association shall have a lien on each Lot for (i) all Assessments levied against the Lot, (ii) all interest, lien fees, late charges and other fees and charges assessed against the Lot or payable by the Owner of the Lot, (iii) all fines levied against the Owner of the Lot, and (iv) all attorney fees, court costs, title report fees, costs and fees charged by any collection agency either to the Association or to an Owner and any other fees or costs incurred by the Association in attempting to collect Assessments or other amounts due to the Association by the Owner of a Lot. Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Association may, at its option,

record a Notice of Lien setting forth the name of the delinquent Owner as shown in the records of the Association, the legal description or street address of the Lot against which the Notice of Lien is recorded and the amount claimed to be past due as of the date of the recording of the Notice, including interest, lien recording fees and reasonable attorneys' fees.

6.8.3 The Assessment Lien shall have priority over all liens or claims except for (i) tax liens for real property taxes, (ii) assessments in favor of any municipal or other governmental body, and (iii) the lien of any first mortgage or first deed of trust. Any holder of a first mortgage 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 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 holder of a first mortgage 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 of the Lot.

6.8.4 The Association shall not be obligated to release the Assessment Lien until all delinquent Assessments, interest, lien fees, fines, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Lot have been paid in full.

6.8.5 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 securing the delinquent Assessments or (ii) bringing an action to foreclose the Assessment Lien against the Lot 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.

6.9 Evidence of Payment of Assessments. Upon receipt of a written request by a Member or any other Person, the Association, within a reasonable period of time thereafter, shall issue to such Member or other Person a written certificate stating (i) that all Assessments, interest, and other fees and charges have been paid with respect to any specified Lot as of the date of such certificate, or (ii) if all Assessments have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against any bona fide Purchaser of, or lender on, the Lot in question.

6.10 Rules for which Association's Funds may be Used. The Association shall apply all 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 common good and benefit of the Project and the Owners and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and Residents, maintenance of landscaping on Common Areas, open space, public right-of-way, and drainage areas within the Project, recreation, liability insurance, communications, ownership and operation of vehicle storage areas, education, transportation, health, utilities, public services, safety and indemnification of officers and directors of the Association. The Association may also expend its funds under the laws of the State of Arizona.

6.11 Surplus Funds. 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 Annual 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.

6.12 Transfer Fee. Each Purchaser of a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Board.

6.13 Fines. The Association shall have the power to establish and levy against an Owner a reasonable fine for the violation of the Project Documents by the Owner, any other Resident of the Owner's Lot or any family member, agent, guest or contractor of the Owner.

ARTICLE 7

MAINTENANCE

7.1 Areas of Association Responsibility and Public Right of Way.

7.1.1 The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Areas of Association Responsibility, and all Improvements located thereon, except the Association shall not be required to maintain areas which any governmental entity is obligated to maintain.

7.1.2 The Board shall be the sole judge as to the appropriate maintenance of all Areas of Association Responsibility and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

7.2 Lots. Each Owner of a Lot shall be responsible for maintaining, repairing or replacing his Lot, and all buildings, Improvements, Residential Units, and landscaping situated thereon; and any landscaping installed by the Declarant and/or Builder within the Parkway adjacent to such Lot. All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair. All grass, hedges, shrubs, vines and plants of any type on a Lot and within the Parkway shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Review Committee. No yard equipment, wood piles or storage areas may be maintained so as to be Visible From Neighboring Property or streets.

7.3 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of an Area of Association Responsibility is caused through the willful or negligent act of any Member, his family, tenants, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Member and the Member's Lot is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot pursuant to this Section in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

7.4 Improper Maintenance and Use of Lots. In the event 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 Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents, 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 fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen (14) 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 added to and become a part of the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Assessment Lien.

ARTICLE 8

INSURANCE

8. The Association shall maintain comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board. 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, maintenance, action or inaction by the Board and Architectural Review Committee for Areas of Association Responsibility and all other

portions of the Project which the Association is obligated to maintain under this Declaration.

ARTICLE 9 ANNEXATION

9.1 Right of Annexation. The additional land described on the Plat as “UNSUBDIVIDED FUTURE PHASE II OF FLAGSTAFF MEADOWS UNIT 3 APN: 204-07-141E” (hereinafter referred to as the “Additional Property”) may be annexed into the Property by Declarant without the consent of the Owners, Members, Designated Builders or any other party within ten (10) years of the date of recordation of this Declaration. Declarant shall in no way be obligated to annex the Additional Property but if, when and at such time as any or all of the Additional Property is annexed in accordance with the provisions of this Article 9, the Additional Property so annexed shall, in addition to and together with the Initial Property, be referred to as “Flagstaff Meadows Unit 3” or the “Property”.

9.2 Method of Annexation. The annexation of the Additional Property shall become effective upon the earlier to occur of the following: (a) the recording of a certificate of annexation signed and acknowledged by Declarant which (1) describes the Additional Property, (2) refers to this Declaration, (3) declares that the provision of this section shall become effective and affect such Additional Property, and (4) if and to the extent described by Declarant, sets forth supplemental, restrictions which shall apply to the Additional Property, provided that such supplemental resolutions shall not materially conflict with the provisions and restrictions set forth in this Declaration; or (b) without reducing the rights of Declarant stated in paragraph 9.4.1 below, the Recording of a deed conveying fee title to a Lot in such Additional Property to an Owner by Declarant, or Declarant’s successor or assigns.

9.3 Effect of Annexation. Upon annexation of the Additional Property, whether achieved pursuant to Paragraph (a) or to Paragraph (b) of Section 9.2 above, this Declaration shall apply to and affect such Additional Property, all of the Lots and Common Areas located therein, and the then and future Owners of such Lots, with the same effect as if said Additional Property was originally subjected to the provisions of this Declaration and to the same extent and degree as this Declaration shall and does apply to the initial Property, and the then and future Owners of said Lots. Thereupon, the powers and responsibilities of the Association and the Board shall be coextensive with regard to all property included within Flagstaff Meadows Unit 3; the Association shall, pursuant to the provisions of this Declaration, constitute the homeowner’s association for Flagstaff Meadows Unit 3 and shall own all of the Common Areas in the Additional Property and the rights and obligations of the Owners of Lots in the Additional Property shall be the same and identical to the rights and obligations of the Owners of the Lots in the initial Property.

9.4 Rights of Declarant. Notwithstanding any of the provisions regarding annexation set forth in Section 9.1 of this Article 9, Declarant shall have the following rights with regard to the Additional Property.

9.4.1 Declarant may, at its option, at any time hereafter, without requesting or receiving the consent of the Owners of any portion of the Property, or of any mortgagees of any Lot located therein, elect to permanently remove the Additional Property, or any portion thereof, from the

right of Declarant to include the Additional Property, or such portion thereof, in Flagstaff Meadows Unit 3, by Recording a written notice of such removal, signed by Declarant, in the Office of the Coconino County Recorder. Upon such Recording of a notice, the Additional Property, or portion thereof, shall no longer be eligible for inclusion in Flagstaff Meadows Unit 3 as contemplated under Section 9.1 of this Article 9.

9.4.2 Declarant reserves the right at any time and from time to time, without requesting or receiving the consent of the Owners of any portion of the Property, or of any mortgagees of any Lot located therein, to resubdivide, amend the subdivision map, modify, alter or otherwise change the legal or other status or configuration of the Additional Property, or any portion thereof, to enter into any written agreement with Coconino County, Arizona or the governing municipality, changing the location of any easements previously granted to said County or said governing municipality with respect to the Additional Property, and to grant easements to other third parties in connection with the development and/or improvement of the Additional Property, provided that no Lot on the property which is subject to such change, modification, amendment or easement has previously been sold by Declarant to an Owner. The power herein granted to Declarant shall be and is a power coupled with an interest and shall be irrevocable; each Owner of a Lot appoints Declarant as his attorney-in-fact for the purpose of effecting any such change, modification or amendment or of granting such easements.

9.5 Additional Annexation. Except for annexation of the Additional Property in accordance with the foregoing provisions of this Article 9, annexation of additional Lots and/or Common Areas shall require the prior written consent of two-thirds (2/3) of each class of Members eligible to vote.

ARTICLE 10

GENERAL PROVISIONS

10.1 Enforcement. The Association or any Owner shall have the right to enforce the Project Documents and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (i) shall have been executed pursuant to, or subject to, the provisions of this Declaration, or (ii) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant.

10.2 Term: Method of Termination. This Declaration shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is recorded. After which time, this Declaration shall be automatically extended for successive periods of ten (10) years each. 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 representing 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 with the County Recorder of Coconino County, Arizona, 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. Thereupon this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

10.3 Amendments Except for amendments made pursuant to Subsection 9.3.2 or 9.3.3 of this Declaration, the Declaration may only be amended by the written approval or the affirmative vote, or any combination thereof, of Owners representing ninety percent (90%) or more of the votes in the Association.

10.3.1 The Board may amend this Declaration or the Plat, without obtaining the approval or consent of any Owner or mortgage holder, in order to conform this Declaration or the Plat to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant or the Board.

10.3.2 So long as the Declarant or Builder owns any Lot, and even if the Declarant has turned over the Association, any amendment to this Declaration must be approved in writing by the Declarant.

10.3.3 Any amendment approved pursuant to Subsection 9.3.1 of this Declaration or by the Board pursuant to Subsection 9.3.2 of this Declaration shall be signed by the President or Vice President of the Association and shall be recorded with the County Recorder of Coconino County, Arizona. Any such amendment shall certify that the amendment has been approved as required by this Section.

10.4 Interpretation. Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, Association Rules or Architectural Review Committee Rules, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control. In the event of any conflict between the Bylaws and the Association Rules or the Architectural Review Committee Rules, the Bylaws shall control.

10.5 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.

10.6 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.

10.7 Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

10.8 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 Board or the ARC 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.

10.8.1 Any violations 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 herein.

10.9 References to this Declaration in Deeds. Deeds to and instruments affecting any Lot or any part of the Project may contain the covenants, conditions and restrictions herein 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.

10.10 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.

10.11 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.

10.12 Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, this Declaration or resolution of the Board to be given to any Owner, Lessee or Resident then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within Coconino County. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner.

Date: _____

Bellemont Homes, Ltd., an Arizona corporation

By: _____
Brian Gibbons Rhoton, member

By: _____
Jeremy Todd Abbott, member

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____day of _____ 2017, by _____, member of Bellemont Homes, Ltd., an Arizona corporation.

Notary Public

My commission expires:

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____day of _____ 2017, by _____, member of Bellemont Homes, Ltd., an Arizona corporation.

Notary Public

My commission expires: