



When recorded, return to:

Thunder Mountain Ranch
P.O. Box 10535
Sedona, AZ 86339

AMENDED AND RESTATED ALL INCLUSIVE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THUNDER MOUNTAIN RANCH
Yavapai County, Arizona

THIS AMENDED AND RESTATED ALL INCLUSIVE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS for Thunder Mountain Ranch is made effective as of the date of its recording in the Official Records of Yavapai County, Arizona.

RECITALS:

A. A Master Declaration of Covenants, Conditions and Restrictions ("Unit I Master Declaration") was executed and recorded in Book 3253 at Page 288, Yavapai County Recorder's office, as to Thunder Mountain Ranch, according to the Plat of Record (as amended, the "Unit I Plat") in Book 32 of Maps, Page 49-53 (referred to as "Unit I").

B. A Declaration of Covenants, Conditions and Restrictions for Unit I ("Unit I Declaration") was executed and recorded in Book 3253 at Page 298, and an Amendment to the Unit I Declaration was recorded in Book 3549, at page 776, Yavapai County Recorder's office, as to Thunder Mountain Ranch, according to the Plat of Record in Book 32 of Maps, Page 49-53.

C. A Master Declaration of Covenants Conditions and Restrictions ("Unit 2 Master Declaration") was executed and recorded in Book 3611, Page 252, Yavapai County Recorders office as to Thunder Mountain Ranch 2, pursuant to Map recorded in Book 33 of Maps, Page 17 (referred to as "Unit 2").

D. A Declaration of Covenants, Conditions and Restrictions for Unit 2 ("Unit 2 Declaration") was executed and recorded in Book 3611, Page 253, Yavapai County Recorders office as to Thunder Mountain Ranch 2, pursuant to Map recorded in Book 33 of Maps, Page 17 (as amended, the "Unit 2 Plat").

E. The Unit I Plat and the Unit I Declaration were amended to change the use of certain property that was included therein ("Unit I, Amended") from a proposed townhouse development to individual Building Envelopes, like the balance of the Unit I development. This

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F. On February 27, 2002, Thunder Mountain Ranch Limited Liability Company, an Arizona limited liability company, as Declarant, who was then the owner of all Parcels within Unit I, Amended, and more than fifty percent (50%) of the Parcels in Unit 2, and (ii) the Owners of more than fifty percent (50%) of the Parcels in Unit I made and executed that certain Restated and All Inclusive Declaration of Covenants, Conditions and Restrictions (“First Restated Declaration”), which instrument was recorded in the office of the Yavapai County Recorder on March 20, 2002 in Book 3910 at Page 875. The First Restated Declaration was approved by a two-thirds vote of the Associations under the Unit I Declaration and the Unit 2 Declaration. The restating and combining of all the covenants, conditions and restrictions for Units I and 2 were made in accordance with paragraph D of Part 8 the Unit I Declaration and the Unit 2 Declaration and Article XII of the Unit I Master Declarations and the Unit 2 Master Declaration.

G. On June 10, 2003, Thunder Mountain Ranch Limited Liability Company, an Arizona limited liability company, as Declarant, who was then the owner of all Parcels within Unit I, Amended, and more than fifty percent (50%) of the Parcels in Unit 2, and (ii) the Owners of more than fifty percent (50%) of the Parcels in Unit I made and executed that certain Restated and All Inclusive Declaration of Covenants, Conditions and Restrictions (the “Restated Inclusive Declaration”), which instrument was recorded in the office of the Yavapai County Recorder on June 17, 2003 in Book 4042 at Page 605. The Restated Inclusive Declaration was approved by a two-thirds vote of the Associations under the Unit I Declaration and the Unit 2 Declaration. The restating and combining of all the covenants, conditions and restrictions for Units I and 2 were made in accordance with paragraph D of Part 8 the Unit I Declaration and the Unit 2 Declaration and Article XII of the Unit I Master Declarations and the Unit 2 Master Declaration.

H. Pursuant to Paragraph 10(D) of the Restated Inclusive Declaration, the Restated Inclusive Declaration may be amended by an instrument or counterparts thereof executed by the Owners of at least fifty percent (50%) of the Parcels in the Thunder Mountain Ranch development and by the Declarant as to any amendments adopted during the period of time that the Declarant owns any Parcels.

I. The undersigned individuals constitute the Owners of at least fifty percent (50%) of the Parcels in the Thunder Mountain development and the Declarant.

J. By executing this Amended and Restated All Inclusive the Declaration of Covenants, Conditions and Restrictions, the undersigned Owners and the Declarant intend to amend and restate the Restated Inclusive Declaration as hereinafter set forth.

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

It is hereby declared that all of the Property (as hereinafter defined), or any portion thereof, shall be held, sold and conveyed subject to the following covenants, conditions, and restrictions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of all the Property, and all of which are hereby declared to be for the benefit of all the real property described herein and the Owners thereof, their heirs, successors, grantees and assigns.

1. PURPOSE OF THESE COVENANTS, CONDITIONS AND RESTRICTIONS

The general purposes of these covenants, conditions and restrictions are to assure the use of the Property for attractive residential purposes only (as set forth herein), to secure to each Parcel Owner the full benefit and enjoyment of his or her Parcel and residence in furtherance of a common plan and to maintain the aesthetic harmony and the property values of the Parcels.

2. DEFINITIONS

As used herein, the following terms have the following meanings:

A. "Architectural Review Committee" means the committee provided for in Part 6 of This Declaration.

B. "Association" means Thunder Mountain Ranch Property Owners Association, Inc., as referred to in Part 3 of This Declaration. By Articles of Amendment and Merger filed in the office of the Arizona Corporation Commission on April 1, 2002, the Thunder Mountain Ranch Unit I Property Owners Association, the Thunder Mountain Ranch Property Owners Sanitary Association One, Inc., the Thunder Mountain Ranch Property Owners Sanitary Association Two, Inc., and the Thunder Mountain Ranch Unit 2 Property Owners Association were merged into the Association.

C. "Bona Fide First Mortgage" means any realty mortgage or deed of trust made in good faith and for value and properly executed and recorded so as to create a lien on any Parcel or Parcels that is prior to the lien of any other realty mortgage or deed of trust.

D. "Building Envelopes" means those numbered areas shown on the Plats.

E. "Common Area" shall mean (i) Tract A in Unit 2, (ii) other areas in which the Association has an easement or otherwise a designated interest or responsibility, and (iii) all land in Unit I, except (x) the Building Envelopes designated on the Unit I Plat and Unit I, Amended Plat, (y) the roadways dedicated to the public, and (z) the Common Driveways, as shown on the Plats.

F. "Declarant" means Goltermann Thunder Mountain Ranch Partners, a general partnership consisting of Elizabeth Goltermann, John Goltermann and Jane Ebisch, or its designated in writing successor. Goltermann Thunder Mountain Ranch Partners is the designated successor Declarant to Sedona Land Company, an Illinois corporation, and Sedona Land Company was the designated successor Declarant to Thunder Mountain Ranch Limited Liability Company, an Arizona limited liability company.

G. "Lot" or "Lots" means a Parcel or Parcels.

H. "Member" means a member of the Association.

I. "Owner" shall mean and refer to the record Owner, whether one or more persons

or entities, of fee or equitable or beneficial title to any Parcel. Owner shall include the Purchaser of a Parcel under an executory contract for purchase. The foregoing definition does not include persons or entities who hold an interest in any Parcel as security for the performance of an obligation.

J. "Parcel" or "Parcels" means (i) the Building Envelopes as shown on the Plat of Unit I and the Plat of Unit I, Amended, and (ii) the Parcels, which are inclusive of Building Envelopes, as shown on the Plat of Unit 2, individually or collectively, as the case may be. For clarification purposes, Unit I Plat and the Unit I, Amended Plat, contain Building Envelopes surrounded by Common Area. Each Parcel in the Unit 2 Plat contains a Building Envelope which constitutes a portion of the Parcel.

K. "Plats" means the (i) plat of Thunder Mountain Ranch as recorded in the Yavapai County Recorder's Office in the Book of Maps in Book 32 of Maps, Pages 49-53 (the "Unit I Plat"), as amended, in part, by the plat of Thunder Mountain Ranch Unit I, Amended recorded in the Yavapai County Recorder's Office in the Book of Maps in Book 44 of Maps, Pages 19-20 (the "Unit I, Amended Plat") and (ii) the plat of Thunder Mountain Ranch 2 according to the Plat recorded in the Yavapai County Recorder's Office in the Book of Maps in Book 33 of Maps, Pages 17-20 (the "Unit 2 Plat"), in each case, as amended and recorded in the Office of the Yavapai County, Arizona, Recorder.

L. "Property" means the real property described on the Plats, which is inclusive of all Common Area, Parcels, Building Envelopes and Lots, or any part thereof.

M. "Single Family" means one or more persons each related to the other by blood, marriage or legal adoption with or without minor children, or no more than three (3) unrelated adults with or without minor children domiciled in a single dwelling unit and living together as a single family unit.

N. "This Declaration" means this Amended and Restated All Inclusive Declaration of Covenants, Conditions and Restrictions.

O. "Unit I" means the real property described on the Unit I Plat and the Unit I, Amended Plat, which is inclusive of all Common Area, Parcels, Building Envelopes and Lots, or any part thereof.

P. "Unit 2" means the real property described on the Unit 2 Plat, which is inclusive of all Common Area, Parcels, Building Envelopes and Lots, or any part thereof.

Q. "Waste Water Collection System" or "System" means and refers to all sewer lines which directly serve the Property and which are located within the Unit I, Unit I, Amended, and Unit 2 road rights-of-way dedicated to the City of Sedona.

3. PROPERTY OWNERS ASSOCIATION

A. The Association shall be a nonprofit corporation charged with the duties and

invested with the powers prescribed by law and as set forth in This Declaration and the Bylaws of the Association. The purpose of the Association is to: (i) maintain and improve the Common Area, (ii) act as the Architectural Review Committee; all in accordance with the provisions of This Declaration and (iii) maintain the Waste Water Collection System.

B. Each and every Parcel Owner, in accepting a deed or contract for any Parcel, whether or not it shall be so expressed in such deed or contract, agrees to be bound by the terms and conditions of This Declaration and such reasonable rules and regulations as may from time to time be established by the Association, and further each and every Parcel Owner in accepting a deed or contract for any Parcel, automatically becomes a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of the Parcel. The Association shall be operated and conducted on a strictly cooperative and non-profit basis. Each Owner is a member of the Association, with voting rights as set forth in This Declaration. Each Owner of a Parcel shall be personally responsible for his or her share of Assessments imposed by the Association, which, if not paid when due, shall also constitute a lien on the Parcel. The Association may file a notice of lien in the office of the Yavapai county Recorder's office. Upon a sale or change of address by an Owner, the Owner shall promptly advise the Association Treasurer of the name of the new owner and his address or any change of address of the existing Owner.

C. (i) The Association shall provide such necessary and appropriate action for the maintenance, repair, replacement and management of the Common Area and Systems.

(ii) The Association shall have the power to borrow money and encumber its assets and, in all respects, shall have the powers necessary to carry out its purposes, including those powers set forth in its Articles of Incorporation and Bylaws, and the laws of the State of Arizona.

(iii) The Association shall have the power to enter into contracts with third parties to perform any or all of its duties. Provided, if such third party is a related entity to the Declarant or any other Owner, any such contract shall be at competitive rates.

(iv) The Association shall have the power to dedicate or sell the System, or any portions thereof, to the City of Sedona or other municipally formed entity, upon such terms and conditions as the Association deems desirable, and in conjunction therewith, the Association shall have the power and authority to adjust or terminate assessments accordingly, and levy charges for de-commissioning costs of the System or any portions thereof.

(v) The Association shall have a limited right of entry in and upon each Parcel for purposes of taking whatever corrective action may be deemed necessary or proper by the Association acting within the scope of its purpose and in enforcement of This Declaration. If such action would require, in the opinion of the Association, the entry upon a Parcel, reasonable advance notice of such entry shall be given to the Owner. The Association shall be entitled to recover its costs of taking the corrective action plus interest at the legal rate thereon, and such costs and interest shall be deemed to be an Assessment to such Owner and enforceable by the Association as if any other unpaid Assessment. In the event of an emergency, the Association

shall have the right to enter the Parcel and take corrective action without such prior notice. Nothing herein shall be deemed to create an obligation upon the Association to perform any repairs, servicing or alterations within the confines of any Parcel or improvement thereon or the access serving any Parcel.

(vi) In the event the Association determines that any portion of the Common Area or System is in need of maintenance or restoration due to an act or omission of an Owner, then the Association shall give written notice to the Owner of the conditions complained of. The Owner shall submit corrective plans to the Secretary of the Association proposing its remedy to the condition complained of within 15 days after notice from the Association. The Association shall approve or disapprove the plans submitted by the Owner and set forth a reasonable time limit for completion of the corrective work. In the event no plans are submitted or such work is not completed according to approved plans, within the allotted time, the Association shall undertake to remedy such condition or violation complained of. The cost thereof shall be deemed to be an Assessment to such Owner and enforceable by the Association as if any other unpaid Assessment. The Association shall have the same right of entry as defined in Subparagraph (v) above. The Association shall have the sole right to determine whether any such costs expended by the Association are related to general maintenance or maintenance or restoration necessitated by an Owner, and such determination shall be binding and final as to the Owner. In the event of an emergency, the Association shall have the right to enter a Parcel and take corrective action without such prior notice.

4. COVENANTS FOR ASSESSMENTS

A. Each Parcel Owner of any Parcel, by acceptance of a deed or contract therefor, whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree to pay: (i) Regular Assessments and charges, and (ii) Special Assessments for capital improvements and extraordinary repairs or maintenance. The Regular and Special Assessments, late payment penalties and charges, if any, together with interest, costs and reasonable attorneys' fees, shall be a lien on the Parcel. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Parcel at the time when the Assessment was levied. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by such successors; however, the obligation to pay such Assessment shall be a lien on the Parcel, subject to the provisions of Paragraph H of this Part 4. The Board may suspend an Owner's voting rights under Section 5 of This Declaration and Article IV of the Association By-Laws and suspend other membership rights granted under Article VI of the Association By-Laws during any period that such Owner is delinquent in the payment of any Assessment or any other amount payable to the Association pursuant to this Declaration. Such suspension shall continue in effect until the Owner pays such Assessment or any other amount payable to the Association pursuant to this Declaration together with any associated charges, including late payment penalties, interest costs, collection costs and reasonable attorneys' fees and costs, if any.

B. The Board of Directors shall, on an annual basis, make a determination as to the estimated costs of the repair, maintenance, and restoration of the Common Areas and System (and necessary repairs to the roadway within which the System is located), including any

reserves necessary for future capital expenditures and extraordinary maintenance. Assessments, whether Regular or Special, shall be charged to each Owner, except the Declarant, on a uniform per Parcel basis. The Regular Assessment under This Declaration, commencing with the calendar year 2004 will be as determined annually by the Board of Directors. The Declarant shall not be responsible for comparable assessments on each Parcel owned by it.

C. Regular Assessments (“Regular Assessments”) shall be set by the Board of Directors on an annual calendar year basis. In any year, the Association shall not impose a Regular Assessment that is more than twenty per cent (20%) greater than the Regular Assessment payable in the immediately preceding fiscal year without first obtaining the approval of the members of the Association entitled to cast at least a majority of the total votes that may be cast by the members in accordance with A.R.S. 33-1803, as amended or superseded. The Association shall fix the amount of the Regular Assessment against each Parcel at least 30 days in advance of each calendar year. Written notice of the Assessment shall be sent to every Owner subject thereto. The Regular Assessments may be collected on a monthly, quarterly or annual basis, or any combination of same, as determined by the Association.

D. The Regular Assessment as to a Parcel shall commence on the first day of the month following the date of the recordation of the first conveyance of such Parcel to an Owner other than the Declarant. The first Regular Assessment shall be adjusted according to the number of months remaining in the calendar year whether a fiscal or calendar year.

E. In addition to the Regular Assessments set forth in This Declaration, the Association may set Special Assessments (“Special Assessments”) in addition to the Regular Assessments, if the Association determines by the affirmative vote of the members entitled to cast at least a two-thirds of the total votes that may be cast by the members that such Special Assessment is necessary to meet the primary purposes of the Association.

F. Failure to pay any Assessment within 30 days of when due shall subject the Owner to the payment of a late fee equal to the greater of \$15 or 10% of the amount of the unpaid Assessment.

G. All Regular Assessments and Special Assessments assessed by the Association chargeable to any Parcel but unpaid shall constitute a lien on such Parcel prior to all other liens in accordance with A.R.S. 33-1807, as amended or superseded. Such lien may be foreclosed by the Association, acting on behalf of the Owners of the Parcels, in a like manner as a foreclosure of a real property deed of trust. During any such period of foreclosure, the Parcel Owner shall be required to pay the Assessments charged for the Parcel, and the Association shall be entitled to the appointment of a receiver to collect the same. The Association, acting on behalf of the Owners of the Parcels, shall have the power to bid on the Parcel at the foreclosure sale, to bring an action for a deficiency, and to acquire and hold, lease, mortgage and convey the Parcel. A suit to recover a money judgment for unpaid Assessments and charges shall be maintainable by the Association without foreclosing or waiving the lien securing the same.

H. Where a first Mortgagee of record or other purchaser of a Parcel obtains title to the Parcel as a result of foreclosure, whether voluntary or involuntary, such acquirer of title, its

successors and assigns, shall not be liable for the share of the expenses of the common expenses or assessments by the Association chargeable to such parcel which became due prior to the acquisition of title to such Parcel by such acquirer. As used in This Declaration, the term “mortgage” shall include “deed of trust” and “mortgagee” shall include the “Beneficiary” under a deed of trust and “vendor” under an agreement for sale. Such Owner shall be responsible, as any Owner, for assessments charged subsequent to the acquisition.

5. VOTING RIGHTS AND REGULATIONS

A. The total number of votes in the Association shall be on the basis of one (1) vote per Parcel, provided the Declarant shall have seven (7) votes for each of the two Parcels it owns – Lot 126 and Lot 127 (together, the “Declarant Parcels”). Notwithstanding the previous sentence, in the event the Declarant hereafter subdivides the Declarant Parcels into more than two (2) Parcels, the fourteen (14) votes that the Declarant is entitled to cast for the Declarant Parcels shall be allocated on a pro-rata basis among the Lots into which the Declarant Parcels are subdivided (each, a “Resulting Lot”), and, as to each such Resulting Lot, the Declarant shall thereafter be entitled to cast the prorated votes allocated to the Resulting Lot for so long as the Declarant owns the Resulting Lot. In the event the Declarant subdivides the Declarant Parcels into a number of Resulting Lots such that the number of votes allocable to each Resulting Lot pursuant to the previous sentence would result in fractional votes being allocated to one or more of the Resulting Lots, the votes allocated to each of the Resulting Lots shall be rounded up or down to the nearest whole number as determined by the Declarant at the time of the subdivision of the Declarant Parcels such that the number of votes allocated to each Resulting Lot is not a fractional vote and the total number of votes allocated to all of the Resulting Lots equals fourteen (14) votes. In the event the Declarant subdivides only one of the Declarant Parcels, the foregoing allocation process shall be followed to allocate the seven (7) votes allocable to such Declarant Parcel among the Lots created as a result of such subdivision (each, a “Resulting Lot”). In the event of the Declarant’s allocation of the votes to the Resulting Lots pursuant to this Section, the Declarant shall notify the Association of the allocation within fifteen (15) days following the date of the subdivision and such allocation shall thereafter be binding on the Declarant. At such time as a Resulting Lot is no longer owned by the Declarant, the Owner of the Resulting Lot shall be entitled to cast only one (1) vote as to such Resulting Lot. Unless otherwise specifically provided herein, all Association matters shall be determined by a majority of the votes cast. If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest in the Parcel as to how to cast the vote attributable to such Parcel, otherwise, that vote shall not be counted.

B. The Association shall have the power to adopt Bylaws, elect its Directors and appoint its Officers as provided for in the Bylaws as well as promulgate reasonable rules and regulations relating to the matters within its purpose.

6. ARCHITECTURAL REVIEW

A. There shall be an Architectural Review Committee consisting of three (3) persons. The members of the Architectural Review Committee shall be appointed by the Board of Directors of the Association to serve at the will of the Board of Directors and to report to and be

responsible to the Board of Directors. In the event of a vacancy on the Architectural Review Committee, the Committee may function with two members until such time as the Board has appointed a replacement.

B. The Architectural Review Committee shall establish the Development Guidelines, which may include the reasonable procedural rules, regulations, restrictions, architectural standards, design guidelines and development standards, which the Architectural Review Committee may, from time to time, in its discretion, with Board approval, amend, repeal or augment. The Development Guidelines shall apply to both new home construction and modifications to the exterior of existing homes, including landscaping. The Development Guidelines, as from time to time amended, shall be binding on all Owners, Members and other persons. A copy of the current Development Guidelines shall at all times be a part of the Association's records.

C. The Architectural Review Committee shall have the authority to establish and charge a review fee, and shall have the right to hire independent agents to review any plans and specifications submitted and charge the cost of such review to the Owner submitting the plans and specifications. Under no circumstances can such agents have any conflict of interest with the Committee or the Association. The Architectural Review Committee reserves the right to charge additional fees for the review of complex plans or changes made to plans and charge the cost of such review to the Owner submitting the plans and specifications. All fees shall be deposited to the Association account and a separate accounting record, within the Association accounting records, shall be kept of these fees and of any expenses of the Architectural Review Committee. This record shall be kept current at all times.

D. No external improvements, of any kind, including, but not limited to, mailboxes, walls, driveways, walkways, pools, spas, water features, decks, patios, hot tubs, or guest parking shall be initiated, erected, constructed, placed, altered, maintained or permitted on any Parcel without the prior written approval of the Architectural Review Committee in accordance with the procedures herein provided. In granting approval, the Architectural Review Committee may impose such conditions and stipulations as it may deem appropriate including, without limitation, requirements concerning duration of construction activities, burial and camouflage of utility lines, restoration of adjacent streets, placement of curb cuts and driveways across the Common Area, location of utility connections, restoration of terrain, restrictions against interference with drainage, provisions for the retention of drainage, and the like. Any exterior changes or deviations in or from the plans as approved by the Architectural Review Committee, without the prior written approval of the Architectural Review Committee, are not permitted and may result in the imposition of fines against the Owner.

E. Two sets of plans shall be submitted to the Architectural Review Committee for each approval phase (i.e., master site plan, preliminary plans, working drawings, revisions and additions). One set will be returned to the Owner with comments and the other set will be retained by the Architectural Review Committee for permanent reference. Any additions or alterations to any portion of approved plans that impact the exterior of the residence must be resubmitted to the Architectural Review Committee for approval prior to making the change. Any unapproved additions or alterations to any portion of approved plans shall be subject to

correction at any time such unapproved additions or alterations are observed or brought to the attention of the Architectural Review Committee. All plans must comply with municipal authority requirements.

(i) When a Parcel is to be developed in stages, the submission of a master site plan shall be required. The master site plan shall be reviewed and approved before preliminary plans are submitted. The master site plan shall include, without limitation, the following information: Assessor's Parcel Number, lot number, a depiction of the total building complex and roof lines, driveway and parking; swimming pool and landscape features; grading, drainage and utilities; description or sketches indicating architectural character; elevations and materials; the proposed conceptual landscape plan.

(ii) All development approvals shall include preliminary plans either as the first step of the approval process when a master site plan is not required, or as the second step of the approval process following master site plan approval. The preliminary plans shall include, without limitation, the following information: Assessor's Parcel Number; lot number; configuration of buildings and roof lines; building square footage and setbacks; driveways and parking layout; indication of existing topography; finished grades, site drainage and utility connections; building elevations showing materials, colors, textures, shapes and finishes for all exterior aspects; location and configuration of all structures, walks, driveways, fences, swimming pools, spas and exterior illumination; and the landscaping plan, including elevation changes, sprinkler systems, vegetation, water features and ground cover.

(iii) Following approval of the preliminary plans, working drawings shall be submitted in accordance with the approved preliminary plans and shall include, without limitation, the following information: construction details and specifications as required by the appropriate governmental body having jurisdiction and such other information as the Architectural Review Committee may require.

(iv) Included within the requisite plans shall be a landscaping plan including sufficient information to confirm that the landscaping described in the plans submitted pursuant to Subparagraphs (i) and (ii) above is to be implemented.

F. Approval of plans shall be based upon adequacy of site dimensions, conformity and harmony of exterior design and location with neighboring structures and sites, relation of finished grades and elevations to neighboring sites and conformity to the specific and general provisions and intent of This Declaration and Architectural Review Committee Development Guidelines. The Architectural Review Committee shall have the right to take into consideration, without limitation, the color, texture and materials, the inherent aspects of the Parcel, the harmony thereof with the surroundings, and the impact upon the Property and neighborhood as a whole.

G. Without obligation to approve or disapprove prior or subsequent modifications, whether similar or dissimilar, the Architectural Review Committee, with the approval of a majority of the Board, may permit such variances or exceptions to the requirements of This Declaration and the Architectural Review Committee Development Guidelines with respect to

proposed improvements as the Architectural Review Committee and the Board deem appropriate. The granting or denial of a variance shall not constitute a precedent for the granting or denial of any prior or subsequent variance.

H. The Architectural Review Committee may reject plans as not sufficiently complete or otherwise inadequate, either in whole or in part, may reject plans as partially or completely unacceptable, may approve plans conditionally or unconditionally, may approve a portion of the plans and reject the balance and may otherwise proceed with respect to the consideration of plans in such manner as the Architectural Review Committee may determine in its sole discretion. In the event the Architectural Review Committee rejects or disapproves all or any portion of submitted plans, the Architectural Review Committee must give to the Owner of the Parcel the reasons for the rejection or disapproval of the plans. Upon the Owner's receipt of the notice of rejection or disapproval, the Owner shall have the right to appeal the decision of the Architectural Review Committee to the Architectural Review Committee. Such appeal must be in writing, must be made within ten days of the date of the notice from the Architectural Review Committee to the Owner and must state the reasons for the Owner's appeal. In the event on appeal the Architectural Review Committee affirms its prior decision denying the approval of submitted plans, the Owner may, within ten days of the date of the notice to the Owner from the Architectural Review Committee of its decision to affirm its prior decision, appeal the Committee's decision to the Board of Directors, in writing, stating the basis of the Owner's appeal. The Board, after consultation with the Architectural Review Committee, will issue its decision within ten (10) business days of the receipt of the Owner's appeal. The decision of the Board shall be final.

I. In developing the Property, constructing improvements and marketing Parcels, the Declarant shall not be required to obtain any approval by the Architectural Review Committee. All improvements which are constructed or installed by Declarant shall be deemed approved.

J. Owner, Owner's building contractor and all other parties associated with construction activities conducted on the Owner's Parcel, shall be required to agree to indemnify the Association, the Architectural Review Committee and membership thereof and to defend and hold those same parties harmless from all claims, costs, fees (including court costs and witness and attorney's fees), expenses, loss, damage and liability of any kind, including without limitation, mechanics' or materialmen's liens, which may be asserted against or incurred by the Association, the Architectural Review Committee and members thereof, as a result of the construction activities by Owner, Owner's building contractor and all other parties associated with construction activities and/or damage by Owner, Owner's building contractor, their respective agents, representatives and employees and all other parties associated with construction activities. This indemnity shall survive the final completion of the construction activities conducted on the Owner's Parcel.

K. None of the Architectural Review Committee, any member thereof, the Association, the Board of Directors, the Members, the officers of the Association or their respective successor or assigns, shall be liable for losses, claims, or damages to anyone submitting drawings or specifications to them for approval, or to any Owner or other person by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with

the approval or disapproval or failure to approve any drawings or specifications. Every Owner or other person who submits drawings or specifications to the Committee for approval shall agree, by submission of such drawings and specifications, that he will not bring an action or suit against the Committee and members thereof, or the Association, the Board of Directors, the Members, the officers of the Association to recover damages. Approval by the Architectural Review Committee, and members thereof, or the Association shall not be deemed to be representation or warranty that the Owner's drawings or specifications or the actual construction of a residence or other improvement comply with applicable governmental ordinances or regulations. It shall be the sole responsibility of the Owner or other person submitting drawings or specifications to the Architectural Review Committee, or performing any construction to comply therewith.

L. As a prerequisite to the approval of any plans or specifications for the construction of any improvements to any Parcel, the Architectural Review Committee shall require that a Contractor's Performance Bond, issued by an approved bonding company, or Irrevocable Letter of Credit issued by an approved financial institution, in the amount of \$50,000.00, or such other sum as is set uniformly for all Parcels by the Board of Directors of the Association, accompany any such plans and/or specifications submitted for approval. The Bond or Irrevocable Letter of Credit shall be purchased in favor of the Association and shall secure the Builder's full and faithful compliance with This Declaration, the Development Guidelines, and all approvals given by the Architectural Review Committee. Alternatively, the Owner may tender a cash performance deposit in the amount of \$50,000.00 in lieu of the Bond or Irrevocable Letter of Credit ("Additional Performance Deposit"); provided, however, that the Architectural Review Committee provides such Owner with prior written approval to make such Additional Performance Deposit in lieu of the Bond. The Bond, Irrevocable Letter of Credit or Additional Performance Deposit must remain in effect until completion of the residence and until a copy of the Certificate of Occupancy from the City of Sedona is provided to the Architectural Review Committee.

In addition, the Owner shall deposit with the Association the sum of \$10,000.00, in cash, or such other sum as is set uniformly for all Parcels by the Board of Directors of the Association, as security for the compliance by the Owner and his contractors and their agents with This Declaration, the Development Guidelines and the other governing documents of the Association and to be used by the Association, as necessary, through the completion of the construction and landscaping so approved, for purposes of collecting fines and assuring the preservation of the Common Areas, as defined in the Declaration and which term solely for purposes of this paragraph is inclusive of roadways, common driveways and utilities, as well as other matters as set forth in rules as from time to time approved by the Board, as deemed by the Board to be appropriate for the preservation and well being of the Property. This deposit, to the extent not used to collect fines or to repair damage caused by the construction, shall be returned to the Owner within sixty days of final inspection and approval by the Architectural Review Committee.

7. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS

A. Land Use. Except for Lots 101, 102, 103, 126 and 127 of Unit 2, as provided

below, no building other than one Single Family dwelling residence for Single Family residential use and a private garage providing space for not less than two cars, and a guest house and other outbuildings as approved by the Architectural Review Committee, and as are in compliance with applicable zoning and City of Sedona Codes, shall be erected, maintained, placed or permitted on any Parcel. Lots 101, 102, and 103 of Unit 2, in addition to Single Family residential use as provided herein, may be used for general residential purposes allowed by applicable zoning provided any such use shall be subject to approval from the Architectural Review Committee. Lots 126 and 127 of Unit 2, in addition to Single Family residential use as provided herein, may be used for general residential or other purposes allowed by applicable zoning, provided such use shall be subject to approval from the Architectural Review Committee. All improvements, except for the driveway from the adjacent street, shall be located within the Building Envelope. Minor improvements outside the Building Envelope may be allowed upon the approval of the Architectural Review Committee and the Board. No improvements may be commenced without the appropriate building permits having been first obtained. A guest house (or other structure or improvements) may not be completed prior to the completion of the Single Family residential structure. Any guest house, which may include a kitchen, shall be for the use of bona fide guests or domestic help, as the case may be, or the occupants of the main residence, or members of such occupants' family, and shall not be rented or leased separate from the main residence.

No business or business activity shall be carried on, in or upon any Single Family residence. Notwithstanding the foregoing, a Single Family residence on a Parcel may be used for a Home Occupation provided that all of the following conditions are met:

(i) no person other than a resident of the Single Family residence shall be engaged or employed in the Home Occupation at the site;

(ii) there shall be no visible storage or display of materials or products related to the Home Occupation;

(iii) there shall be no exterior evidence of the conduct of a Home Occupation and no Home Occupation shall be conducted on the Parcel outside of the Single Family residence; and

(iv) no additional parking shall be provided for the Home Occupation and no additional vehicular traffic shall be generated to or from the Parcel as a result of the Home Occupation.

As used herein, the term "Home Occupation" shall mean a commercial enterprise conducted in a Single Family residence which is incidental to the principal Single Family residential use. Unless otherwise approved by the Board of Directors, garage sales or yard sales (or any similar vending of merchandise) conducted on any Parcel more than once within a consecutive 12-month period shall be considered a prohibited business activity.

No portion of a Parcel or the residence located thereon may be rented, other than the entire Parcel and then only to a Single Family for a minimum initial term of six (6) months. All leases of a Parcel shall state that the lessees will abide by the restrictions set forth in This

Declaration and any rules promulgated by the Board, and that any violation thereof is grounds for termination of the lease and eviction of the lessees. The lease shall include an addendum in the form adopted from time to time by the Board. It is the Owner's responsibility to supply a copy of This Declaration, the Bylaws and the rules and regulations to the lessees. The Owner is to ensure that the lessee and the other occupants and their guests comply with all terms and requirements of This Declaration, the Bylaws and the Rules and Regulations of the Association and the laws of the state of Arizona. There shall be no subleasing of residences or assignments of leases. Copies of any leases and all amendments must be submitted to the Board for approval at least ten (10) days prior to execution to ensure compliance with this paragraph. Following execution, a copy of the executed lease must be submitted to the Board. Owners wishing to lease their homes shall be jointly and severally liable to the Association, with the lessees of their home, for any amount which is required by the Association to effect such repairs or to pay any claim for injury or damage to property caused by, or which is the responsibility of, such lessee. The Owner will be responsible for all of the Association's attorneys' fees and costs incurred as a result of a violation of This Declaration, the Bylaws and/or the rules and regulations by the lessee and the occupants of the Parcel or their guests and shall be responsible for all such attorneys' fees and costs incurred by the Association in acting to enforce any provision of the rules and regulations, the Bylaws or This Declaration.

No Parcel or residence constructed thereon may be used and/or occupied by any Person pursuant to any timesharing plan, fractional ownership plan, or, membership plan, herein collectively referred to as a "Timesharing Plan". For purposes of this Section, "Timesharing Plan" means the joint or common ownership, use and/or occupancy of a Parcel or residence constructed thereon by more than one Single Family during any 365 day period for the primary purpose of allocating periodic use or occupancy of such residence among single families or their lessees, sub lessees, assignees, or permittees on an ongoing basis, over time, pursuant to a timesharing plan or similar arrangement, regardless of whether such arrangement constitutes a timesharing plan or timeshare interests under Arizona law or under the laws of any other particular state. Any type of joint use or occupancy plan that allows the use and/or occupancy of the Parcel by more than one (1) single family during any 365 day period, whether or not the Parcel is only owned by one person, and whether or not currency or other form of compensation, trade, or barter is provided in exchange for the use of the Parcel, is prohibited.

B. Completion Time. Construction of a residence or other improvements shall be finished and completed within the fifteen (15) month period described herein below. An extension of three (3) months may be granted, at the discretion of the Architectural Review Committee, if a written request for extension for reasonable and justifiable causes is made to the Architectural Review Committee at least thirty (30) days prior to the expiration of the fifteen (15) month period. Construction shall be deemed to be completed on the date that the Certificate of Occupancy issued by the City of Sedona is delivered to the Architectural Review Committee. The fifteen (15) month time period for completion of construction is defined as follows:

(i) the period shall start the day when the protective fencing required by the City of Sedona is erected on the Parcel (the "Start Date"), and

(ii) the period shall end on the fifteenth month anniversary of the Start Date.

In the case of additions and/or alterations, including landscaping that is unrelated to new construction, projects must be completed and have ARC final completion/compliance approval within six (6) months of the ARC final review approval. An extension of three (3) months may be granted, at the discretion of the Architectural Review Committee, if a written request for extension for reasonable and justifiable causes is made to the Architectural Review Committee at least thirty (30) days prior to the expiration of the six (6) month period. Construction shall be deemed to be completed on the date that the ARC gives final compliance approval. The six (6) month time period for completion of additions and/or alterations, including landscaping that is unrelated to new construction, is defined as follows:

(i) the period shall start the day when the ARC gives final review approval to the project.

(ii) the period shall end on the sixth month anniversary of the of the Start Date.

C. Minimum Sizes and Roofs. All Single Family residential structures shall be constructed on site from new material or its equivalent, and as may be approved by the Architectural Review Committee. Except as required by applicable law, including, without limitation, A.R.S. 33-1816, as amended or superseded, there shall be no utilities, solar improvements, A/C units or any other improvements above the roof line of any residence in the Property, provided that solar energy devices may be installed subject to reasonable rules adopted and amended by the Association from time to time which do not (i) prevent the installation of the device, (ii) impair the functioning of the device, (iii) impair the use of the device or (iv) adversely affect the cost of the installation or use of the device. No exposed reflective roofing materials or metal roofs of any kind shall be allowed. All exterior surfaces shall be non-reflective and of natural materials as allowed by the Architectural Review Committee. Any residential structure in Unit I shall contain a minimum of 1,800 square feet, and any residential structure in Unit 2 or in Unit I, Amended shall contain a minimum of 2,000 square feet, in each such case, exclusive of carport, garage, open porches and patios. Residential structures must at all times include a minimum 2-car garage which must be used solely as a garage.

D. Location and Heights. No structure, fence or wall shall be erected or placed on any Parcel other than within the Building Envelope of the Parcel as shown on the Plats. Notwithstanding the previous sentence, a wall constructed of the same material and color as the wall that was installed by the original Developer along the eastern boundary of the Property may be built on the Common Area by the Owners of the Parcels that are situated along the eastern and southern boundaries of the Property, subject to the prior written approval of the wall by the Owners of the Parcels that are adjacent to the Parcels owned by the Owners that will build the wall and by the Architectural Review Committee; provided that the Owners that build such wall shall be responsible for the costs of building and maintaining such wall in the manner determined by the Architectural Review Committee. Heights of structures shall not exceed those allowed by the City of Sedona and, additionally, no structure on Parcels 24 and 57 of Unit I shall exceed 18 feet in height, and no structure on Parcels 115, 116 and 134 of Unit 2 shall exceed 21 feet in height. The method of height measurement, but not the heights themselves or height allowances, shall be in accordance with Sedona of City Ordinance standards.

E. Driveways.

(i) Exclusive Driveway. Each Owner is granted an exclusive easement for a driveway and underground utilities across the Common Area to the Building Envelope at a location approved by the Architectural Review Committee. No driveway shall exceed 16 feet in width and all driveways shall be constructed of hard surface materials approved by the Architectural Review Committee. Each Owner shall have the duty to properly maintain and restore the driveway and underground utilities which serve his or her residence;

(ii) Common Driveways. Where a driveway is shown on the Plat of Unit I or Unit I, Amended, as a "Common Driveway," the Owners served by the Common Driveway shall have a duty to maintain and restore the Common Driveway at their sole expense based pro rata upon number of Parcels sharing the use of the Common Driveway. The Owners who share the use of such Common Driveways shall be solely responsible on a pro rata basis to maintain and restore all utility lines, including gas, electric, water, cable TV, telephone and sewer lines, within or under the Common Driveway serving their residences;

(iii) Common Driveways Gates. The Owners who share the use of such Common Driveways shall be solely responsible on a pro rata basis to fully maintain and restore the Common Driveway gate and to pay the utilities and any entry utility hook-up fees, fire and police entry hook-up fees and any other fees or charges associated with such gate. Repair and maintenance of Common Driveway gates shall be the sole responsibility, on a pro-rata basis, of the Owners of the Parcels served by the gate;

(iv) In Unit 2, Common Access Driveway 1A, Tract A ("Common Access Driveway 1A") and the gate providing access thereto shall be maintained by the Association, but the Association shall not be responsible for any utility lines lying within or under such Common Access Driveway, including gas, electric, water, cable TV, telephone and sewer lines, or homeowner gate entry utility hook-up fees or fire and police gate entry hook-up fees;

(v) The Owners of Parcels 101, 102, and 103 shall maintain and restore Common Access Driveway 2 in Unit 2 among themselves at their expense based pro rata upon number of Parcels and shall be responsible on the same pro rata basis for any utility lines lying within or under the Common Access Driveway 2, including gas, electric, water, cable TV, telephone and sewer lines.

F. Mobile/Modular/Manufactured Homes. No mobile or modular or manufactured homes shall be permitted to be placed on any Parcel permanently or temporarily.

G. Temporary Structures. No structure of a temporary character, motor home, recreational vehicle or travel trailer, regardless of its nature or form, shall be used as a residence at any time.

H. Unit I and Unit I, Amended, Common Area. The Common Area in Unit I and Unit I, Amended, shall be left in its natural state, and not subject to a disturbance other than as

may be necessary for maintenance by the Association, excepting for private driveways and utilities as approved by the Architectural Review Committee. The Association shall restrict access to the Unit I and Unit I, Amended Common Area (i.e., area outside Building Envelopes), and no use thereof, excepting for private driveways and utilities as approved by the Architectural Review Committee, shall be made by an Owner, including those owning the Building Envelopes situated therein. The Association shall have the exclusive right and responsibility to maintain the Common Area, excluding driveways and utilities located thereon or installed therein, and any damage to the Common Area caused by the Owner, his or her agent or his or her invitee shall be the responsibility of the Owner. Maintenance of the Common Area by the Association shall include the removal of dead brush, weeds, trees or the like for aesthetic and fire prevention purposes. Any trees or large bushes that are being irrigated by the Association that die shall be replaced by the Association with like-kind or other trees or bushes that are compatible with the area at the discretion of the Board. In the event a non-irrigated native tree located in a Common Area dies, one or more neighboring property owners may replace it with a native tree and maintain the tree at their expense subject to Architectural Review Committee approval. There shall be no addition, removal or trimming of trees or shrubs outside the Building Envelopes by Owner without prior approval of the Architectural Review Committee and then only minor trimming shall be allowed.

I. Unit 2 Parcel Areas Outside Building Envelopes. All Parcel areas in Unit 2 beyond the Building Envelope shall be maintained in their natural state, and not subject to a disturbance excepting for driveways and underground utilities to serve the Parcels. All utility routing to serve individual Building Envelopes shall be subject to prior approval by the Architectural Review Committee. Each Parcel Owner shall be responsible for maintenance of his or her entire Parcel, including all areas outside the Building Envelope. Removal of dead brush, weeds, trees or the like outside of the Building Envelope is the responsibility of the Owner and must be removed by the Owner. If not removed by the Owner, the Board may give written notice to Owner to remove the dead item, and if such removal is not completed within 45 days of the written notice, the Association may cause the dead brush, weeds or trees to be removed and charge the cost of removal to the Owner. The Owner is responsible for reimbursing the cost of removal to the Association. In the event such reimbursement does not occur within 45 days of the notice to the Owner of the amount due to the Association, the Association may utilize any or all of the remedies that are detailed in Section 10B of This Declaration and may suspend an Owner's voting rights under Section 5 of This Declaration and Article IV of the Association By-Laws and suspend other membership rights granted under Article VI of the Association's By-Laws until the time that all payments due to the Association are paid in full. In the event a native tree, located outside the Building Envelope dies, the Owner may replace it with a native tree and maintain the tree at Owners expense subject to Board approval. There shall be no additions, removal or trimming of trees outside of Building Envelopes by Owner without prior approval of the Architectural Review Committee and then only minor trimming shall be allowed.

J. Envelope Change. When drainage or slope reinforcement or other topographical reasons may require that the layout of the residence be designed or changed to include an area outside the Building Envelope for a Parcel, the Owner of the Parcel may request that the Architectural Review Committee approve a change to the Building Envelope. In the event the requested change may be accomplished without increasing the surveyed Building Envelope or

Parcel size or impacting other Parcels or Common Areas, the Architectural Review Committee may recommend to the Board that the requested Building Envelope change be approved. In the event the Architectural Review Committee makes such recommendation, the Board shall consider such request at an open meeting for which prior notification was given to all Owners. Adjacent Parcel Owners and any other property owners determined by the Architectural Review Committee to be impacted by the change must be notified of the proposed Building Envelope change, in writing, by certified mail. If approval of the Building Envelope change is granted by the Board, the Parcel Owner must then request approval from the City of Sedona and a new survey must be performed per City of Sedona requirements. The survey must also be recorded with the Yavapai County Recorder's Office. Common Area is the property of the Association and cannot be purchased by, or transferred to, an Owner. The total cost for a Building Envelope change must be borne by the Owner of the Parcel.

K. Signs and Flagpoles. No signs shall be permitted to be placed on the Property except those listed in this section. All real estate for sale signs must be no larger than 18" x 24", and sign riders must be no larger than 6" x 24". The sign and rider must have a dark green background with beige or white letters. One standard flyer box per for sale sign shall be allowed. Only one for sale sign and one sign rider per Parcel shall be allowed, and the signs must be placed on the Owner's Parcel or, in the case of Unit I and Unit I Amended Parcels, can be placed on the Common Area that is next to the portion of the street that is immediately adjacent to the Parcel that is for sale. Up to two small security company signs are allowed subject to Architectural Review Committee approval. One political sign per Parcel shall be allowed. All political signs must conform to the current City of Sedona sign ordinance. Political signs may not be displayed earlier than 45 days before the day of the related election and no later than 5 days after such election. All signs must be within the Building Envelope of the person erecting the sign. Flag poles are not allowed to be placed in the ground on the Property, but flag brackets may be maintained on the side of the residence, with a flagpole no longer than 6'. An American flag and such other flags as must be permitted pursuant to Arizona state law are permitted. Each flag shall not exceed 3' x 5'. Night lighting of flags is not permitted.

L. Landscape and Grading. There shall be no grading or other movement of earth or landscaping within any Parcel, or Common Area, except as approved by the Architectural Review Committee. Only plants that are compatible within the City of Sedona area are acceptable.

M. Livestock, Poultry and Domestic Animals. No animals other than normal domestic animals shall be allowed on any Parcel. All domestic animals (i) shall be confined within the Building Envelope when not leashed, (ii) shall not be allowed to run loose, (iii) must be leashed when outside the Building Envelope, and (iv) shall not create noise or other nuisances. A total of not more than four (4) domestic animals shall be allowed per Building Envelope. The owner of the domestic animal is required to solely be responsible for cleaning up after the pet. Animals that have demonstrated vicious or aggressive behavior must be covered by a pet liability policy or removed from the Development within ten (10) days of the demand for such removal by the Board. Pet owners will hold the Association harmless from any claim resulting from any action of their pet whatsoever. No pigs, including pot bellied pigs, shall be allowed. No pets or other animals shall be raised, bred or maintained for commercial purposes.

N. Garbage and Refuse Disposal. No Parcel shall be used or maintained as a dumping ground for rubbish or hazardous or toxic waste or materials. Trash, garbage, or other waste shall be kept in sanitary containers that are not visible to the street or to any neighbors except when put out for a reasonable period for collection. No such container shall be allowed to be left out for a period of more than 24 consecutive hours. No outdoor burning of rubbish shall be permitted on any Parcel. The term “rubbish” shall include, without limitation, leaves and plant trimmings.

O. Protective Screening. All clotheslines, lawn and garden and other equipment, A/C units, propane tanks, gas meters, service yards, wood piles, emergency back-up generators and storage areas shall be kept screened by adequate planting or fencing as approved by the Architectural Review Committee, so as to conceal them from view of neighboring Parcels or roadways. Emergency back-up generators must be approved by the Architectural Review Committee.

P. Windows and Window Coverings. There shall be no reflective window glass or glass coatings allowed. Window coverings which can be seen by the Owner of any other Parcel or from the street are subject to the approval of the Architectural Review Committee. Owners are encouraged to utilize window coverings, as necessary, to minimize negative illumination impact at night on neighboring properties.

Q. Parking, Storage and Repairs. Only temporary vehicle parking by Owners of the Parcels and their invitees shall be allowed on the driveways and roadways in the Property, and then only if no traffic hazard is created by said parking. It is the intent of the Association that outdoor parking be minimized. Therefore, Owners and their guests are encouraged to park their automobiles within the Owners’ garages as much as reasonably possible. Commercial vehicles (except those required to be permitted by Arizona State law to be parked outside a garage), boats, boat trailers, camping trailers, campers, travel trailers, or any other recreational vehicles, sporting or camping equipment shall not be parked or stored on any Parcel, unless in a fully-enclosed garage, nor shall they be stored or parked on any driveway or roadway within the Property. For purposes of this provision, “commercial vehicles” shall be defined as any vehicles exhibiting lettering or graphics, added racks, framing, compartments, drawers or mounted equipment or otherwise designed for commercial use. No repairs, rebuilding or maintenance work shall be performed on any motor vehicle, travel trailer, boat, boat trailer, camper, or other piece of equipment on any Parcel or on any driveway or roadway within the Property. Nothing herein shall preclude work performed on a vehicle within the confines of a closed garage. None of the above described items or any other item shall be allowed to be abandoned on any Parcel. Any improperly parked vehicles may be towed by the Association at the cost of the owner of the vehicle.

R. Use of Roads. Only licensed vehicles may use any of the roadways in the Property. No all terrain vehicle or similar type vehicle or unlicensed vehicle or motorized scooter shall be used on any roadway in the Property.

S. Utility Connection. All utility lines and connections within a Parcel shall be

underground. All utility meters shall be set back a minimum of 6' from all public and private roadways or from shared driveways. All utility meters shall be screened appropriately as approved by the Architectural Review Committee.

T. Mining, Oil and Gas. There shall be no mining, mineral, oil or gas exploration or production on any Parcel.

U. Clearing of Land. Except as permitted under the provisions of Subsections H and I of this Article 7, no brush, tree removal or grading of any Parcel shall be allowed.

V. Walls, Fences and Patios. All walls and fences shall be deemed an improvement and subject to Architectural Review Committee approval. In any event, no walls or fences shall be allowed beyond the boundaries of the Building Envelope other than as provided for in Subsections A and D of this Section 7.

W. Antennas and Satellite Dishes. No antenna or satellite dish shall be installed in a manner that will disturb the surrounding neighbors and/or the Property. The placement of any antenna or satellite dish is subject to Architectural Review Committee approval in accordance with applicable law. No satellite dish shall be greater than 32" in diameter.

X. Appearance and Maintenance. The Owner of each Parcel shall:

(i) keep all structures, landscaping and improvements thereon maintained in as new condition and repair at all times;

(ii) obtain approval from the Architectural Review Committee for any change in the color of the exterior of any structure and/or trim prior to painting or repainting;

(iii) keep Common Area sidewalks, dedicated roadways and Common Driveways clear of any dirt, gravel or debris that results from erosion or other disturbance of Owner's landscaping adjacent to such areas;

(iv) keep all equipment, including, but not limited to, bicycles, tools, garden or maintenance equipment, toys, etc., stored inside the Owner's residence or garage or otherwise out of view from other Parcels, except when actually in use.

Y. Sports Equipment. Sports equipment may not be installed unless approved by the Architectural Review Committee, in its sole and absolute discretion subject to the following:

(i) Temporary or mobile basketball hoops shall be permitted with Architectural Review Committee approval provided that they are located such that the base and rim are entirely within the Building Envelope and not in the Common Area, Common Driveway, roadway or hardscape adjacent to the Parcel. Such hoops may be used between the hours of 9:00 a.m. and dusk and must be stored out of sight at night. Basketball hoops and backboards shall be permitted by the Architectural Review Committee only if such items are aesthetically compatible and if nuisances to adjoining Parcels and properties are minimized.

(ii) Play sets, swing sets, jungle gyms, playhouses, sandboxes or other play equipment may be installed with Architectural Review Committee approval provided the same are (i) screened, fully landscaped and blocked from view of adjacent Parcels, roadways and adjacent property, (ii) located in the backyard or rear portion of the Parcel, (iii) less than eight feet (8') in height, and (iv) specifically approved as to location, screening, size, shape, color, materials, and other relevant factors by the Architectural Review Committee.

Z. Nuisances. No noxious or offensive activity shall be carried out or conducted upon any Parcel, nor shall anything be done within the Property that is or could become an annoyance or nuisance to any other Owners. Without limiting the foregoing, no Owner shall permit noise, including, but not limited to, barking dogs, stereo systems, television systems, motor vehicles or power tools to emanate from any Parcel or Common Area which would unreasonably disturb any other Owner's peaceful enjoyment of their Parcel or of the Common Area. No Parcel shall be used for any illegal purpose.

AA. Lighting. All exterior lighting shall be shielded so as to be contained on the Parcel to be lighted. All exterior lighting, including holiday lighting, (i) shall be reasonable, (ii) shall not be offensive to neighboring Parcel Owners and (iii) must be turned off by 10 p.m. Any disputes shall be resolved by the Board of Directors. Holiday decorations and lighting shall be restricted to the period beginning Thanksgiving and ending January 5 of the next consecutive year. All permanent exterior lighting shall be subject to Architectural Review Committee approval. Owners are encouraged not to leave exterior low voltage landscape lights on all night.

BB. Waste Water. All waste water systems must be connected to the central System. All waste water systems must be approved by the Architectural Review Committee prior to installation. No individual sewage disposal systems shall be allowed. All installations shall be in accordance with the City of Sedona requirements. Only low water flow toilets shall be allowed.

CC. Landscape and Fire Prevention. There shall be no open fires. All chimneys shall be equipped with spark arresters. Residences located on Lots 4, 7, 9, 11, 12, and 15 of Unit I, and Lots 41, 70 and 71 of Unit I, Amended, and Lots 115, 134, 135 and 136 of Unit 2, may be subject to the installation of fire sprinkler systems if required by the City of Sedona Fire Department.

DD. Minimum Floor Elevations. The following minimum floor elevations shall apply to the following Unit 2 lots: Lot 107, 4,446.3 ft.; Lot 108, 4,449.4 ft.; Lots 109 and 110, 4,445.4 ft.

EE. Governmental Agency Requirements. The above provisions of this Section 7 are in addition to City of Sedona and other governmental requirements. All Owners shall be obligated to comply with both This Declaration and the City of Sedona and other governmental requirements. In the event of a conflict between a provision of the This Declaration and a provision of the City of Sedona Code, the more restrictive provision shall prevail.

8. UTILITY MAINTENANCE BY OWNERS

Each Parcel Owner shall be responsible to maintain, repair, replace and restore, at the Owner's expense, any utilities located within the boundaries of an Owner's Parcel and the roadway or Common Driveway providing access to such Parcel, providing these utilities are provided for that Parcel. Utilities located on a Parcel that are general infrastructure and not to be used solely by that Parcel, will be the responsibility of the particular utility company that installed them or an adjacent Property Owner which this utility benefits. Upon completion of this utility related activity, the responsible party will be required to bring the site location back to its prior natural state, including revegetation as determined by the Association. This responsibility is inclusive of any waste water Systems located within structures and other improvements located upon the Owner's Parcel and in the adjacent road right-of-way. The Parcel Owner shall have the right to effect repairs beyond his Parcel with the consent of the Association. The Association shall be responsible for maintenance of the System located within the City of Sedona road rights-of-way and not beyond, provided in an emergency, the Association shall have the right to enter upon an Owner's Parcel to effect repairs for such repairs necessary to maintain the integrity of the System or for the general good of the other Owners. The reasonable costs of such repair shall be the responsibility of the Parcel Owner.

9. CONNECTION FEE

All Parcel Owners generating waste water disposal are obligated to pay to the City of Sedona a waste water connection fee, as set by the City of Sedona.

10. GENERAL PROVISIONS

A. Enforcement. The covenants, conditions, and restrictions contained in This Declaration shall run with the land and shall be binding upon all persons owning, leasing, subleasing or occupying any Parcel after the date on which this instrument shall have been recorded in the office of the recorder of Yavapai County, State of Arizona. This Declaration may be enforced by any Owner or lessee of any Parcel, by the holder of a bona fide first Mortgage on any Parcel, by the Association, or any one or more of said persons acting jointly. Any violation of This Declaration shall not defeat or adversely affect the lien of a bona fide First Mortgage upon any Parcel, but each and all said covenants, conditions and restrictions shall be binding upon and effective against any Owner, lessee or occupant of said Parcel whose title thereto is acquired by foreclosure, or otherwise. The breach of any said covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such bona fide first Mortgage. All instruments of conveyance or assignment of any interest in all or any part of the Property may refer to this instrument and shall be subject to the covenants, conditions, and restrictions herein contained as fully as though this instrument were therein set forth in full; provided, however, that the terms and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not.

B. Remedies. In the event any Owner constructs or permits to be constructed on such

Owner's Parcel an improvement in violation of any of the provisions of This Declaration or the Development Guidelines, or causes or permits any activity, condition or nuisance contrary to the provisions of This Declaration or the Development Guidelines to remain uncorrected or unabated on such Owner's Parcel, then the Board or the Architectural Review Committee, in the case of construction-related violations, shall notify the Owner, in writing, of any such specific violations of This Declaration and/or the Development Guidelines and may require the Owner to remedy or abate the violations in order to bring the Owner's Parcel, the improvements thereon, and the Owner's use thereof, into conformance with This Declaration and the Development Guidelines. If the Owner is unwilling or refuses to comply with the notice by remedying or abating the violation promptly after reasonable notice and opportunity to be heard, then the Board, or the Architectural Review Committee, in the case of construction-related violations, shall have, in addition to any other rights or remedies provided in This Declaration, at law or in equity, the right to do any or all of the following;

(i) Remove the cause of violation as provided in Section 3.C(v).

(ii) Impose one or more fines against the Owner and the Parcel. The Board, and the Architectural Review Committee, with the approval of the Board, may establish a schedule of fines applicable to violations of This Declaration or the Development Guidelines. Such fines shall be immediately due and payable as of the date such notice is mailed to the Owner. If any fine levied under This Declaration is not paid within thirty (30) days of the due date thereof, such fine shall become delinquent and shall incur a charge for late payment of the maximum allowable under A.R.S. 33-1803(B), as amended and any successor statute thereto.

(iii) Suspend the Owner's voting rights under Section 5 of This Declaration and Article IV of the Association By-Laws and suspend other membership rights granted under Article VI of the Association By-Laws until any violations are corrected and until any fines plus other charges payable by the Owner under This Declaration are paid in full.

(iv) Bring suit or action against the Owner on behalf of the Association or the other Owners to enforce This Declaration, enjoin any violation of This Declaration and/or to collect any fines imposed and late charges due hereunder or to obtain a judgment against the Owner to enforce This Declaration or collect any fines imposed and late charges due hereunder. Pursuant to A.R.S. 33-1807, such judgment may also result in the Association obtaining a lien on the Owner's Parcel for any such unpaid fines and late charges and the Association's attorneys' fees and costs of collection.

(v) Pursue any other remedy available to it by law or in equity.

C. Declarant's Exemption. Nothing herein shall be construed as prohibiting Declarant from maintaining a sales office or development office on any Declarant-owned Parcel or engaging in activities which Declarant deems appropriate to its development of the Property or its sales program.

D. Invalidity. Invalidation of any of these covenants, restrictions, reservations, conditions and servitudes by judgment, court order, or otherwise shall in no way affect the

validity of any of the other provisions of This Declaration, all of which shall remain in full force and effect.

E. Amendments. This Declaration may be amended at any time and from time to time during the period ending fifteen (15) years immediately following the date of the recording of Unit I Master Declaration only by instrument executed by the Owners of at least fifty percent (50%) of the Parcels, but no such amendment shall be effective without the approval of Declarant during the period of time Declarant owns any Parcels. Further, any such amendment shall not be effective until the recording of such instrument in the office of the Yavapai County Recorder. Thereafter, This Declaration may be amended at any time and from time to time by an instrument executed by the Owners of at least fifty percent (50%) of the Parcels, and such amendment shall not be effective until the recording of such instrument in the office of the Yavapai County Recorder.

F. Term. The covenants, conditions and restrictions of This Declaration, as the same may hereafter be amended in accordance with the terms of E. above, shall remain in full force and effect for a term of twenty (20) years from and after the date of recording of This Declaration, from which time they shall be automatically renewed and extended for successive periods of ten (10) years unless and until, within the six (6) month period immediately preceding the expiration of such initial period, or any renewal period, the Owners of at least two-thirds (2/3) of the Parcels, by an instrument of termination executed and acknowledged by such Owners, revoke or terminate This Declaration and such termination shall be effective as of the date such instrument is recorded in the Office of the Yavapai County Recorder.

G. Assignment of Declarant's Rights. Notwithstanding anything contained in this Declaration or in the Bylaws of the Association to the contrary, the Declarant shall not be entitled to assign any of the rights of the Declarant under 6. Section I of this Declaration or under 10. Section C Declarant Exemption or Section E Amendments of this Declaration to the purchaser of any Lot unless such purchaser is an heir, relative or affiliate of the Declarant and unless such purchaser has purchased Lot 127 or Lots 126 and 127 combined.

Each Owner consenting to this Amended and Restated All Inclusive Declaration of Covenants, Conditions and Restrictions is conclusively presumed to have the authority to consent, and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such consent or of this amendment. This amendment shall become effective upon recording of the same in the Official Records of Yavapai County, Arizona.

IN WITNESS WHEREOF, the undersigned constituting the Owners of at least fifty percent (50%) of the Parcels and the Declarant have set their hands intending to amend and restate the Restated and All Inclusive Declaration of Covenants, Conditions and Restrictions as hereinabove set forth.

[SIGNATURES ON THE FOLLOWING PAGES]

1. PROPERTY DESCRIPTION(S):

Parcel Number(s). _____, _____, _____

_____, _____, _____

_____, _____, _____

or property addresses:

Sedona, AZ 86336

Sedona, AZ 86336

Sedona, AZ 86336

RECORD OWNER(S):

Owner's Signature: _____

Owner's Name: _____

Owner's Signature: _____

Owner's Name: _____

DECLARANT:

GOLTERMANN THUNDER MOUNTAIN
RANCH PARTNERS, a General Partnership
consisting of Elizabeth Goltermann, John
Goltermann and Jane Ebisch

By: _____
Elizabeth Goltermann, Partner

By: _____
John Goltermann, Partner

By: _____
Jane Ebisch, Partner