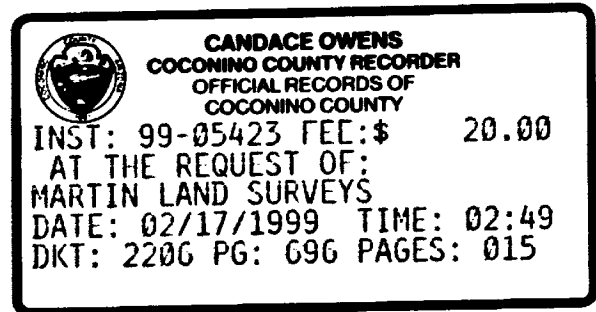


When Recorded Return To:

Arizona Land & Ranches, Inc
1020 Samdretto Drive, Suite B
Prescott, Arizona 86301



**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

**HOWARD MESA RANCH PHASE ONE AND
HOWARD MESA SUBDIVISION UNIT ONE
Coconino County, Arizona**

The undersigned Declarant previously caused to be recorded that certain Declaration of Covenants, Conditions and Restrictions for Howard Mesa Ranch Phase One in Docket 2139, page 776, records of Coconino County, Arizona (together with all amendments, supplements and corrections thereto, the "Original CCRs"). In its capacity as the owner of 100% of the property subject to the Original CCR's and pursuant to Paragraphs 2.H, 6 and 7.D of the Original CCRs, Declarant intends to and does hereby amend, replace and restate the Original CCRs in its entirety as set forth below and this instrument shall for all purposes amend, replace and restate the Original CCRs.

THIS DECLARATION, is made by Transnation Title Insurance Company, an Arizona corporation, as Trustee, Trust No. 7325 as to Howard Mesa Ranch, Phase One and Howard Mesa Subdivision, Unit One acting on behalf of its beneficiary, Arizona Land and Ranches, Inc., an Arizona corporation, along with its successors and designees.

This Declaration is being recorded to establish a general plan for the development, sale, lease and use of the Project in order to protect and enhance the value and desirability of the Project. 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 him/herself or itself, his/her heirs, personal representatives, successors, transferees and assigns, binds him/herself, his/her 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, sale, lease and use of the Property and hereby evidences his/her 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 Parcels and the membership in the Association and the other rights created by this Declaration shall not

be separated or separately conveyed, and each membership shall be deemed to be conveyed or encumbered with its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

1. DEFINITIONS

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

- A. "Additional Property"** means the real property described on Exhibit "C" attached hereto, together with all improvements situated thereon, and any other real property, together with the improvements located thereon, situated within the vicinity of the Property.
- B. "Association"** means the Howard Mesa Ranch Phase One and Howard Mesa Subdivision Unit One Property Owners Association, an Arizona nonprofit corporation, as referred to in Paragraph 2 of this Declaration.
- C. "Bona Fide First Deed of Trust"** means any deed of trust or realty mortgage, or agreement for sale 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 Deed of Trust or Realty Mortgage.
- D. "Declaration"** means this Amended and Restated Declaration of Covenants, Conditions, and Restrictions.
- E. "Declarant"** means Transnation Title Insurance Company, an Arizona corporation, as Trustee, Trust No. 7325 acting on behalf of Arizona Land and Ranches, Inc., an Arizona corporation. The rights and responsibilities of Declarant hereunder shall be exercised and carried out by Arizona Land and Ranches, Inc.
- F. "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, including Declarant. Owner shall include the purchaser of a Parcel under an executory contract for purchase. The foregoing definition does not include persons or entities that hold an interest in any Parcel solely as security for the performance of an obligation.
- G. "Parcel" or "Parcels"** means a portion of the Project intended for independent ownership and use and designated as a Parcel on the Record of Survey, either individually or collectively as the case may be as such divisions maybe allowed by law.

H. "Property" or "Project" means the real property described on Exhibit "A" and Exhibit "B" attached to this Declaration together with all improvements located thereon, and all additional Property, together with all improvements located thereon, which is annexed and subjected to this Declaration by the Declarant pursuant to Paragraph 3 of this Declaration. The Property is initially comprised of the "Howard Mesa Ranch Phase One Property" and the "Howard Mesa Subdivision Unit One Property."

I. "Project "A" means the unsubdivided Property comprised of the "Howard Mesa Ranch Phase One Property" as set forth on Exhibit "A" and consisting of 36+ acre Parcels.

J. "Project "B" means the subdivided Property comprised of "Howard Mesa Subdivision Unit One Property" as set forth on Exhibit "B" and consisting of 10+ acre Parcels.

K. "Record Of Survey" means the maps of Howard Mesa Ranch Phase One (Project "A") and Howard Mesa Subdivision Unit One (Project "B") recorded respectively in the office of the Coconino County Recorder in Coconino County, Arizona Record of Survey at fee #98-35069 (recorded in Book 14 of Land Surveys, Page 93, 93A, 93B, 93C & 93D); and Record Of Survey at fee # ~~99-05422~~ (recorded in ~~Case 7~~ of Land Surveys, ~~Map 86~~), along with all amendments, supplements and corrections thereto and any subdivision map recorded against any supplements and corrections thereto.

L. "Transition Date" means that date specified on or before which the Declarant transfers control of the Association to Owners or at such time as one hundred percent (100%) of the parcels have been sold, at Declarant's option

2. PROPERTY OWNERS ASSOCIATION.

A. The Property shall be subject to the Howard Mesa Ranch Phase One and Howard Mesa Subdivision Unit One Property Owners Association. The purpose of the Association is: (1) to maintain and improve; (a) the roadways, gates, fences and roadway drainage facilities within the Property, (b) any wells and their appurtenances designated by Declarant as common area, and (c) any other common areas benefiting the Property and designated by Declarant for maintenance by the Association; and (2) to maintain and improve roadways on land not within the Property that lie within public or private easements, but only if such roadways provide access to the Property from highways and roads maintained by public funds. Nothing stated in subpart 2.A(2) shall be construed to require the Association to maintain the roadways described in that subpart.

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, automatically becomes a member of the Association, and agrees to be bound by such reasonable rules and regulations as may, from time to time, be established by the Association. Membership shall be appurtenant and may not be

separated from ownership of the Parcel. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way, except upon transfer of ownership of such parcel, whether by intestate succession, testamentary disposition, foreclosure of a deed of trust or a mortgage, or such other legal processes as are now in effect or as may be hereafter established pursuant to the laws of the State of Arizona. The Association shall be operated and conducted on a strictly cooperative and non-profit basis. Each Parcel Owner as a member shall have such voting rights are set forth in this Declaration.

C. The Association shall take necessary and appropriate action for the maintenance, repair, replacement, and management of the facilities referred to in subpart 2.A(1) above, and shall have the right to enter upon a Parcel, if reasonably necessary, in order to take such action. The Association may take such action as the Association deems appropriate to maintain or repair the facilities referred to in subpart 2.A(2), above.

D. The Association shall have the power to borrow and encumber its assets and, in all respects, shall have the powers set forth herein, including the power to enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so. The Association shall have the power to obtain appropriate insurance, to create reserves, and to issue rules and regulations.

E. Each Parcel Owner shall pay: (1) regular assessments for normal maintenance and repair and reserves, along with Association insurance and operating costs; (2) special assessments for capital improvements with such assessments to be established by the Association. For each Parcel, the applicable regular and any special assessments, late payment penalties and charges, if any, together with interest, (all as set by the Association) costs and reasonable attorney's fees, shall be a lien on the Parcel. Each Parcel Owner shall be personally responsible for his or her share of assessments imposed by the Association. This personal obligation or delinquent assessments shall not pass to the Owner's successor; PROVIDED, HOWEVER, the obligation to pay the same shall be a continuing lien on the applicable Parcel, excepting for the provisions of Paragraph 2.L. below, relating to deed of trust beneficiaries and to realty mortgages.

F. The Association shall, on an annual basis, make a determination of the estimated costs of the repair and maintenance of the roadways and any other designated common areas as shown on the Record of Survey or otherwise so designated, including any reserves necessary for future capital expenditures and maintenance. The Association shall furthermore allocate such estimated costs in a reasonable manner among and to: (1) roadways and common areas generally servicing only the Howard Mesa Ranch Phase One Property (the "Project "A" Costs"); (2) roadways and common areas generally servicing only the Howard Mesa Subdivision Unit One Property (the "Project "B" Costs"); and (3) all other roadways and common areas (which initially should only

be the primary access roadway), generally servicing both the Howard mesa Ranch Phase One Property and the Howard Mesa Subdivision Unit One Property (the "Joint Costs"). Regular annual assessments shall be established for three categories: assessments to cover Project "A" Costs, to be charged only to Owners of Howard Mesa Ranch Phase One Property; assessments to cover Project "B" Costs, to be charged only to Owners of Howard Mesa Subdivision Unit One Property; and assessments to cover Joint Costs, to be charged to all Owners. Assessments shall be charged to each applicable Owner on a uniform per acre (calculated to the nearest whole acre) basis. The assessments may be collected on a monthly, quarterly, or annual basis, or any combination of same as determined by the Association. The Association shall prepare an annual budget and also an annual accounting of monies received and disbursed.

G. Each Owner, other than Declarant, shall be responsible to pay the regular assessment applicable to such Owner's Parcel commencing on the first day of the month following the date of recordation of the deed or purchase contract wherein the Owner acquired legal, beneficial, or equitable title to the Parcel. The Declarant shall not be responsible for assessments on each Parcel owned by it. However, Declarant may be responsible to provide labor, material and/or monies in sufficient amounts, not to exceed the amount of the normal Parcel assessment for each Parcel owned by it, if necessary in Declarant's opinion, to properly fulfill the Association's maintenance responsibilities. Regular assessments shall be set by the Association on an annual calendar year basis. The initial regular assessment to cover Project "A" Costs shall be \$3.71 per acre per year. The initial regular assessment to cover Project "B" Costs shall be \$17.83 per acre per year. The initial regular assessment to cover Joint Costs shall be \$0.67 per acre per year.

Any division of an original Parcel shall be a separate Parcel subject to a separate assessment (based on acreage) and entitled to a separate vote in the Association as set forth in paragraph 2.J. The Parcel Owner acquiring his or her interest from Declarant during the calendar year shall be obligated for a pro rata portion of the assessments against such Parcel. The Association shall fix the amount of the regular assessments at least thirty (30) days prior to the end of the calendar year. Written notice of the assessments shall be sent to every Owner. The payment due date shall be established by the Association.

H. In addition to the regular assessments as set forth above, the Association may set special assessments if the Association determines, that such is necessary to meet the primary purposes of the Association. Special assessments shall be established by a two-thirds (2/3) ownership vote of the Owners of the Project "A" Property for special assessments relating to the Property referred to under Project "A"; and by a two-thirds (2/3) ownership vote of the Owners of Project "B" Property for special assessments relating to the Property referred to under Project "B". Any special assessments shall be allocated and charged on the same basis per Parcel as regular assessments.

I. All sums assessed by the Association chargeable to a Parcel, but unpaid, shall constitute a lien on such Parcel prior to all other liens excepting only ad valorem liens in favor of a governmental assessing unit or special assessment district. The Association lien may be foreclosed by the Association in a like manner as a foreclosure of a real property deed of trust or realty mortgage. The Association shall have the power to bid on the delinquent Parcel at a foreclosure sale, and acquire, hold, lease, encumber and convey the same. 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.

J. The total number of votes in the Association shall be on the basis of four (4) votes per original Owner per Parcel, except that the Declarant shall have nine (9) votes for each such Parcel it owns. The total number of Parcels and therefore the total number of votes may also be increased from time to time by annexation of Additional Property, pursuant to Paragraph 3 of this Declaration, as evidenced by a Declaration of Annexation, incorporating this Declaration, executed and recorded by Declarant or its designee. Unless otherwise specifically provided herein, all Association matters shall be determined by a majority vote (i.e., 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, otherwise the vote(s) attributable to that Parcel shall not be counted. **With regard to Owners of Parcels in Project "A":** At any time that a Parcel not owned by Declarant is legally further divided in accordance with this Declaration, the four (4) votes originally available to the original Parcel shall be reallocated as follows: (1) if the original Parcel has been divided into two (2) Parcels, each Parcel shall be allocated two (2) votes, unless one of the resultant Parcels is at least 30 acres in area, in which event the larger Parcel shall be allocated three (3) votes and the smaller Parcel shall be allocated one (1) vote; and (2) if the original Parcel has been divided into three (3) Parcels, the largest Parcel shall be allocated two (2) votes and the remaining Parcels shall be allocated one (1) vote each.

K. The Association shall have the power to adopt Bylaws and to appoint its officers and directors, as well as promulgate reasonable rules and regulations relating to the matters within its purpose.

L. Where the holder of a Bona Fide First Deed of Trust, including Declarant, obtains title to the Parcel as a result of trustee's sale, or deed in lieu of foreclosure, of said Bona Fide First Deed of Trust, such acquirer of title, its successors and assigns, shall not be liable for the share of the assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such acquirer. Such acquirer shall be responsible, as any Owner, for assessments charged subsequent to the acquisition.

M. In the event the Association determines that any Parcel Owner has not complied with the provisions of this Declaration, then the Association may, at its option, give written notice to the

Owner of the conditions complained of. The Owner shall correct same or, if not readily correctable within fifteen (15) days after notice from the Association, the Owner shall submit corrective plans proposing its remedy to the condition complained of with fifteen (15) days after notice from the Association. The Association shall approve or disapprove any plans submitted by the Owner and set forth a reasonable time for correction of the condition complained of. In the event such condition is not corrected according to the approved plans, within the allotted time, the Association shall have the right to 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 in the same manner any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to so correct the condition or violation complained of.

3. ANNEXATION OF ADDITIONAL PROPERTY.

A. Declarant, its successors and designees reserve the right to utilize the private roads and to comparably develop Additional Property as part of Project "A" and Project "B" and/or the Project. Any such expansion to be included within this Declaration shall be subject to the terms and conditions of this Declaration, but may include reasonable variances.

B. At any time the Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property without the consent of any other Owner or person. The annexation of all or any portion of the Additional Property shall be effected by the common area or any other area which will be maintained, repaired and replaced by the Association. Unless a later effective date is set forth in the Declaration of Annexation annexing Additional Property, the annexation shall become effective upon the recording of the Declaration of Annexation. A Declaration of Annexation including Additional Property being annexed into separate phases shall provide for a separate effective date with respect to each phase. The voting rights of the Owners of Parcels annexed pursuant to this section shall be effective as of the date the Declaration of Annexation annexing such property is recorded. The Parcel Owner's obligation to pay assessments shall commence as provided in Paragraph 2 of this Declaration. If Declaration of Annexation annexing a portion of the Additional Property divides the annexed portion of the Additional Property into phases, the Declarant shall have the right to amend any such Declaration of Annexation to change the description of the phases within the annexed Project, except that the Declarant may not change any phase in which a Parcel has been conveyed to an Owner.

C. Declarant makes no assurances as to the exact number of Parcels which will be added to the Project by annexation or if all or any portion of the Additional Property will be annexed.

D. The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. The Additional Property annexed by the Declarant pursuant to this Paragraph 3 need not be contiguous with other Property in the Project, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property.

E. DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES

WHATSOEVER THAT: (1) The Project will be completed in accordance with the plans for the Project as they exist on the date this Declaration is recorded; (2) any Property subject to this Declaration will be committed to or developed for a particular use or for any use; or (3) the use of any Property subject to this Declaration will not be changed in the future.

4. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS

A. Single Family Residential and Recreational Use Only: All Parcels shall be used for residential and recreational purposes only provided, however, livestock may be kept pursuant to paragraph 4.K. Notwithstanding anything contained in this Paragraph this restriction shall not prohibit home offices in a residential property where business is conducted through telephone, computer, or other electronic means and where the business is not apparent from the exterior of the residence; does not create noise or congestion from traffic or parking; and preserves the residential nature of the Property. All uses shall be in compliance with Coconino County zoning regulations and permitted uses.

B. Dwelling Type: A site built structure can be no more than two stories in height. The finished exterior shall be in harmony with it's natural surroundings.

Project "A" (unsubdivided): No mobile or manufactured homes older than five (5) years from the date of manufacture to the date of installation may be brought onto and located on a Parcel. All mobile or manufactured homes must be skirted. The ground around the mobile or manufactured home shall be graded so that water shall flow away from the home. Building permits will be required by Coconino County, and the State of Arizona.

Project "B" (subdivided): No singlewide manufactured homes shall be allowed. Manufactured homes no older than five (5) years from the date of manufacture to the date of installation shall be brought onto and located on a Parcel. All manufactured homes must be skirted. The ground around the manufactured home shall be graded so that water shall flow away from the home. Septic permits must be obtained and the septic system installed and completed prior to placement

of home. Building permits will be required by Coconino County and the State of Arizona. Residences shall be a minimum of 600 square feet and must be completed within twelve (12) months from beginning of construction. The finished exterior shall be in harmony with it's natural surroundings.

C. Travel Trailers, RV's : No travel trailer or recreational vehicle may be used as a permanent residence on a Parcel.

Project "A" (unsubdivided): One travel trailer or recreational vehicle may be used for temporary use only if the use extends for not more than three (3) consecutive months during a calendar year, unless the occupant has been issued a building permit by Coconino County and is diligently proceeding to construct a permanent residence on a Parcel, so long as permitted by Coconino County laws .

Project "B" (subdivided): One Travel Trailer may be used for temporary use only if the use extends for not more than three (3) consecutive months during a calendar year, unless the occupant has been issued a building permit by Coconino County and is diligently proceeding to construct a permanent residence on the Parcel, so long as permitted by Coconino County laws. Residences shall be completed within twelve (12) months from beginning of construction. Septic permit must be obtained and septic system installed and completed prior to the placement of a travel trailer during the construction period.

D. Sanitary Facilities: All dwelling's and/or living quarters shall be self-contained, connected to a septic system, waterless toilet, or other alternative system be approved by the appropriate governmental agency

E. Additional Subdivisions: No less than four (4) years after the initial conveyance of each Parcel in Howard Mesa Ranch Phase One, it may be further subdivided only twice, creating a maximum of three Parcels. Minimum Parcel size shall be twelve (12) acres. Any split of the original Parcel shall be in strict accordance with all applicable laws including required approvals by Coconino County and the State of Arizona and is the sole responsibility of the Owner. Parcels in Howard Mesa Subdivision Phase Unit One may not subdivided. No Record of Survey Parcel(s) may be resold for a period of eighteen (18) months by the Owner from purchase date.

F. No Medical Facilities: Hospitals, clinics, and other facilities for the treatment or care of the physically or mentally ill or disabled are prohibited.

G. Churches or Clubs; or other institutions organized for religious worship or discussion are prohibited as are buildings used primarily as clubhouses or meeting facilities.

H. Vehicles: Any motor vehicle under repair or inoperable may not be parked on any roadway, driveway, or other easement. When said vehicles are parked on a Parcel, such motor vehicles must be hidden by walls, fences, screens, or foliage, so as the vehicle is not to be visible from roadways or other Parcels. All vehicles, engines, or motors must be operated with a muffler and/or spark arrestor.

I. Trash: No Parcel may be used for temporary or permanent storage of rubbish or trash (collectively, garbage). No garbage may be kept on any Parcel except in covered containers and screened from view from adjacent Parcels.

J. Junkyards, Auto Repair, Second-Hand Business, Material Storage: No junkyards, auto repair, second-hand businesses or other commercial uses that create a negative visual impact, excessive noise or congestion from traffic or parking shall be conducted on any Parcel. No storage of trucks, cars, buses, machinery, equipment or building materials shall be stored on any Parcel unless enclosed in a proper structure to not be visible from an adjoining Parcel or passing on the roadway.

K. Livestock: No swine shall be raised, bred, or kept on any Parcel. A Parcel may be used for ranching, including the use of keeping a reasonable number of horses and cattle thereon, provided the Parcel has been fenced in accordance with the fencing guidelines and setbacks set forth in Paragraph 4.S. "Fencing Setbacks". Under no circumstances shall a stockyard, dairy, riding stable, kennel, poultry farm or any other commercial activity (other than ranching) involving animals be permitted.

L. Nuisance Activities: The unusual, unnecessary, prolonged, or indiscriminate creation of noise, dust, fumes, odors or any other offensive activity is prohibited, including but not limited to gunfire, road racing and loud music.

M. Signs: (1) Signs (including but not limited to For Sale or For Rent signs) are not permitted on Parcels restricted to single family residential and recreational uses except for address signs that identify the address and/or the Owner of the Parcel, which signs will not exceed 4 sq.ft. Notwithstanding, the foregoing twenty four (24) months from the date of the execution of this Amended and Restated Declaration, For Sale or For Rent signs will be permitted so long as they are neatly painted and maintained and do not exceed 6 sq.ft. All signs are to be in strict conformance with laws and ordinances set forth by Coconino County. Permits may be required. (2) None of the sign restrictions in this Amended and Restated Declaration apply to the Declarant or its' assigns or successors, for the purpose of selling Parcels, location directional or street signs. **Project "B" Parcel Owners** are required to establish street addresses, subject to the approval of the Williams Postmaster, and post said addresses on each residence. The size of

posted addresses shall be no less than four inches in height and two inches in width, and shall be visible from the street.

N. Structure Setbacks: All structures shall be built at least fifty feet (50) from the front, rear, and sides of any Parcel boundary. If local governmental regulations provide for more restrictive setbacks, those regulations shall govern. In any event, any construction on a Parcel shall comply with all applicable Coconino County building regulations. Any fences constructed on a Parcel shall not be closer than thirty (30) feet to any Parcel line for the purpose of grazing animals and/or utility easements.

O. Easements: No structure including fencing shall be constructed on the recorded easements as they are shown on the Record of Survey. However cattle guards may be used. Parcel Owners will provide access to the subject easement whenever requested by utility companies.

P. Declarant's Exemption: Nothing herein shall be construed as prohibiting Declarant from maintaining a sales or development office on any Parcel or engaging in activities which Declarant deems appropriate to its development or sales program or ranching activities.

Q. Mineral Rights: In no event shall any Owner or lessee use or cause to be used any portion of the Property, including his or her own Parcel, for the purposes of drilling, exploring, mining, or otherwise developing any deposits of oil, minerals, or other natural resources lying above, on, or under said Property, with the exception of such drilling and exploration by the Declarant or the Owner as may be necessary to produce an adequate water supply for the development of the Parcel involved.

R. Grazing Rights: The grazing rights to the Property have been and are hereby retained by and for the exclusive use of Arizona Land & Ranches, Inc., an Arizona Corporation, and/or assignees. At such time as an Owner fences out and excludes livestock from grazing on such Owner's Parcel, in accordance with Paragraph 4.S below, the grazing rights over such portion of the Parcel as has been fenced shall be deemed suspended.

S. Fencing Setbacks: Any Owner may fence off all or any part of Owner's Parcel in order to restrict horses and other livestock from crossing or grazing on Owner's Parcel. Construction of said fence must be adequate to help keep off livestock. All fencing must be set back at least 30' from Parcel lines and may not encroach upon any easement referred to on the Record of Survey and/or this Amended and Restated Declaration. Owner, at his/her expense, shall have the right to move any existing fence which goes through Owner's Parcel, provided said fence so moved is reconnected so that there is no gap in the overall fencing. Any fences moved and/or installed by Owner, shall be at Owner's sole expense. At a minimum all fencing shall be constructed as follows: 1) with posts not more than 15' apart, 2) not less than three stays between posts,

3) with four continuous strands of barbed wire; and 4) such fence is adequate, in accordance with normal ranch standards, to contain horses and other livestock.

T. Environmental Protection: The beauty of the Property is in the mixture of trees and open space. Trees having a minimum trunk diameter of six inches and measuring two feet above ground level and may only be cut if the following conditions are met: 1) are dead or dying and; 2) removal is required to clear land for building sites, access roads, enable installation of utilities, view corridors, or recreational open space. In any event not more than twenty percent (20%) of any one Parcel may be cut or cleared.

U. Waiver: The Declarant and its' successor shall have the right to allow variances where strict enforcement of these restrictions would cause undue hardship.

6. DECLARANT'S CONTROL OF THE ASSOCIATION AND MAINTENANCE OF THE COMMON PROPERTY.

A. The Declarant will maintain control of the Association and may act as it's Board of Directors until it's Transition Date. The Transition Date to be at such time as 100% of the Parcels is sold or at Declarant's option.

B. The Declarant shall notify the Association in writing of the Transition Date on or about thirty (30) days prior to said Transition Date. The Association shall call a meeting of Owners for the purpose of taking over the operation of the Association. At such meeting, the Association shall elect, by a majority of the votes cast by the applicable Owners, a total of seven (7) persons to the Board of Directors of said Association in the following manner: Three (3) persons shall be elected by the Owners of Parcels in Howard Mesa Ranch Phase One; three (3) persons shall be elected by the Owners of Parcels in Howard Mesa Subdivision Unit One; and one member of the Board of Directors shall be elected by Parcel Owners of the combined Project. Thereafter, all affairs of the Association shall be conducted by the Board of Directors and such officers that the Board may elect or appoint in accordance with the Articles and Bylaws, as they may be amended from time to time.

C. The Association may employ or contract for maintenance of roadways and assess members for the cost thereof.

7. 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 Coconino County, Arizona. This Amended and Restated Declaration

may be enforced by the Declarant, by any Owner or lessee of any Parcel, by the holder of a Bona Fide First Deed of Trust on any Parcel, by the Association, or by any one or more of said persons acting jointly; PROVIDED, HOWEVER, that any breach by reason thereof shall not defeat or adversely affect the lien of a Bona Fide First Deed of Trust 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, and FURTHER PROVIDED that 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 Deed of Trust. All instruments of conveyance or assignment of any interest in all or any part of the Property may refer to this Amended and Restated Declaration and shall be subject thereto as fully as though this Amended and Restated Declaration were therein set forth in full.

B. Invalidity: Invalidation of any of the covenants, conditions, and restrictions, contained herein by a court of competent jurisdiction, shall in no way affect the validity of any other provision of this Amended and Restated Declaration, all of which shall remain in full force and effect.

C. Legal Fees and Costs: The Declarant or the Board of Directors of the Association may cause a lawsuit to be commenced and maintained in the name of the Association against an Owner to enforce the payment of any delinquent assessment or to enforce any other pertinent provision of this Amended and Restated Declaration. Any judgment rendered in any such action shall include the amount of the delinquency, interest at the rate of twelve percent (12%) per annum from the date of delinquency, the amount of damages proven, court fees, and reasonable attorney's fees which are incurred by the Association as fixed by the court.

D. Amendments: This Amended and Restated Declaration may be amended by instrument approved by the Owners (based on ownership) of at least sixty-six and two-thirds percent (66 2/3%) of the Parcels, and such amendment shall be recorded in the Office of the Coconino County Recorder and become effective immediately thereafter. So long as Declarant owns any Parcel the Board of Directors may amend this Amended and Restated Declaration with out approval of the Owners, to correct any inconsistencies or to make non-substantive revisions or to comply with any law or regulation..

E. Term: This Declaration may hereafter be amended in accordance with the terms hereof, and shall remain in full force and effect for a term of twenty (20) years from and after the date of recording of this Declaration., This Declaration shall be automatically renewed and extended for successive periods of ten (10) years each, unless terminated or amended by an instrument, approved by the Owners (based on ownership) of at least sixty-six and two-thirds percent (66 2/3%) of the Parcels, that is recorded in the Office of the Coconino County Recorder.

EXECUTED this 17th day of Feb., 1999

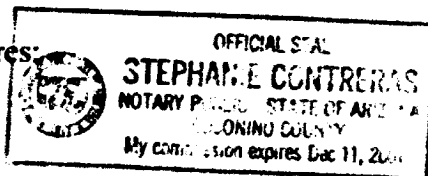
DECLARANT:
TRANSNATION TITLE INSURANCE CO.
as Trustee, Trust No. 7325

By: Marcia Brown, Asst. Secretary
Its Trustee

This instrument was acknowledged before me this 17th day of Feb., 1999 by
Marcia Brown, Asst. Secy. as Trust Officer of Transnation Title Insurance Company.

Notary Stephanie Contreras
Cent

My Commission expires:



APPROVED:
ARIZONA LAND & RANCHES INC.,
an Arizona corporation

By: Gary P. Sumner
GARY P. SUMNER, President

This instrument was acknowledged before me this 16th day of Feb., 1999 by
Gary P. Sumner as president of Arizona Land & Ranches, Inc.

Notary Sharon R. Hiner

My Commission expires:



EXHIBIT "A"

HOWARD MESA RANCH PHASE ONE PROPERTY:

PARCELS 1-56 INCLUSIVE, ALL LYING WESTERLY OF HIGHWAY 64 IN SECTIONS 15, 21, 29 AND THE NORTH HALF OF SECTION 28, IN TOWNSHIP 25 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN; IN THE RECORD OF SURVEY RECORDED IN THE OFFICE OF THE COCONINO COUNTY RECORDER IN COCONINO COUNTY, ARIZONA, RECORD OF SURVEY AT FEE #98-26653, RECORDED IN BOOK 14 OF LAND SURVEYS, PAGE 93, 93A, 93B, 93C, & 93D IN COCONINO COUNTY, ARIZONA.

EXHIBIT "B"

HOWARD MESA SUBDIVISION UNIT ONE PROPERTY:

PARCELS 1-63 INCLUSIVE, ALL LYING WESTERLY OF HIGHWAY 64 IN SECTION 33, IN TOWNSHIP 25 NORTH, RANGE 2 EAST OF THE GILA AND SALT RIVER MERIDIAN; IN THE RECORD OF SURVEY RECORDED IN THE OFFICE OF THE COCONINO COUNTY RECORDER IN COCONINO COUNTY, ARIZONA, RECORD OF SURVEY AT FEE # **99-05422** , RECORDED IN **Case 7** OF LAND SURVEYS, **Map 86** IN COCONINO COUNTY, ARIZONA.

EXHIBIT "C"

SECTIONS 3, 5, 7, 9, 17, 19, 31, 33, AND A PORTION LYING IN THE W1/2, W1/2 SECTION 34, TOWNSHIP 25 NORTH, RANGE 2 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCONINO COUNTY, ARIZONA.

TOGETHER WITH PORTIONS OF TOWNSHIP 25 NORTH, RANGE 1 EAST LYING WEST OF THE ABOVE DESCRIBED PROPERTY, AND PORTIONS OF TOWNSHIP 26 NORTH, RANGE 1 EAST LYING NORTHWEST OF THE ABOVE DESCRIBED PROPERTY, ALONG WITH PORTIONS OF TOWNSHIP 26 NORTH, RANGE 2 EAST LYING NORTH OF THE ABOVE DESCRIBED PROPERTY.