


**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
RED CANYON RANCHES
MCKINLEY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS THAT: THE UNDERSIGNED, BEING THE OWNER OF ALL OF THE LOTS IN RED CANYON RANCHES, MCKINLEY COUNTY, NEW MEXICO, AS SHOWN BY THE PLAT THEREOF FILED IN THE OFFICE OF THE COUNTY CLERK OF MCKINLEY COUNTY, NEW MEXICO ON THE 7th DAY OF January JANUARY, 2007, IN BOOK _____, PAGE _____, DOES HEREBY DECLARE, FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, THAT ALL LOTS IN RED CANYON RANCHES SHALL BE SUBJECT TO AND ENCUMBERED BY THE FOLLOWING RESTRICTIVE AND PROTECTIVE COVENANTS; AND THAT ALL CONVEYANCES OF SAID PROPERTY, OR ANY PART THEREOF, SHALL BE SUBJECT TO SAID COVENANTS WHETHER OR NOT THE SAME ARE EMBODIED IN THE CONVEYANCES OR OTHER INSTRUMENTS AFFECTING TITLE THERETO.

LOTS IN RED CANYON RANCHES ARE SUBJECT TO THE FOLLOWING RESTRICTIONS:

General Restrictions (Applicable to All Areas of Red Canyon Ranches)

1. Each of the Lots may be used for (a) residential, ranching, agricultural and home office purposes, (b) operation of no more than one bed and breakfast inn no larger than six (6) rooms or units or 3,000 square feet of interior space, provided that an owner of the Lot, or a principal of the owner if the owner is an entity, resides on the Lot and operates the inn, or (c) any other uses that are not noxious or offensive. No activity may be conducted by any person who is or may become a source of nuisance or hazard to the owners of any other Lot.
2. All buildings shall be set back a minimum of 100 feet from property lines.
3. There shall be no buildings constructed or placed within 250 feet of either side of the right of way for all access roads in Red Canyon Ranches.
4. There shall be no subdivision of any Lot, nor any onsite field work related to subdivision of the Lot, for a period of twelve (12) months from date of purchase of each such Lot. No Lot shall be divided into more than four (4) constituent lots or tracts. Further, no Lot shall be divided or subdivided into lots of less than 15 Acres in size.
5. No "For Sale" signs shall be erected anywhere within Red Canyon Ranches for a period of three (3) years from the date of recordation of this Declaration.
6. All fences or walls used as fences shall be constructed in a workmanlike manner and shall be constructed with good quality materials. No pallets, tires, sheet metal, tin or other materials deemed "not normal" will be allowed. There shall be no gates constructed across any roads used as common access. Cattle guards are permissible.
7. In the event that any improvement upon any lot in Red Canyon Ranches is destroyed wholly or partially by fire or other casualty, the damaged portion of the structure and associated debris shall be removed from the lot by the owner of the lot, or the owner's designee within 90 days after the fire.
8. No Owner, or guest of an Owner, may use a 4-wheel recreational vehicle anywhere within Red Canyon Ranches except upon that Owner's lot. Use of such vehicles shall be confined to utilitarian purposes and quiet recreation. There shall be no offensive use of such vehicles within Red Canyon Ranches, including without limitation the creation of race tracks or the conduct of sporting events.


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9. No singlewide mobile home, temporary or permanent, shall be permitted anywhere within Red Canyon Ranches. This does not prohibit the use of any other structure or vehicle for recreational purposes, provided such structure or vehicle is not used as a permanent residence.

10. All homes constructed on a lot shall have and maintain water conserving plumbing fixtures, including, but not limited to, low flush toilets, low flow showerheads and aerator type or flow restricted faucets.

11. All common access roads may be used by the owners of lots in Red Canyon Ranches for the "quiet sports", i.e. walking, horseback riding, and bicycling. Any party using a road for a recreational purpose (the "Indemnifying Party") shall indemnify the Declarant and the Owners whose Lots are traversed by the road (the "Indemnified Owners") against, and hold them harmless from, all claims, demands, liability, loss and costs, including attorney's fees, asserted against or incurred by the Indemnified Owners, and each of them, in connection with the use of the road for by the Indemnifying Party.

12. No item that would be classified as junk by an ordinary person shall be permitted in Red Canyon Ranches, unless it is completely concealed from view. Junk includes, but is not limited to, inoperable vehicles, parts from motor vehicles and equipment, industrial parts and supplies, scrap metal, pipe, old containers, salvage materials, refrigerators, freezers and building materials not part of an ongoing project on the lot.

13. Septic systems shall be built, operated, and maintained in accordance with the requirements established for the property by State and County Regulations. The plumbing and water system of any dwelling shall not be used until the sewage and liquid waste disposal system is built and fully operational. No components of a liquid waste system which discharges into a leaching system shall be located within 100 feet of an existing well.

14. There shall be no construction within natural drainage-ways within Red Canyon Ranches. The face of cut and fill slopes or graded areas that are subject to erosion shall be prepared and maintained to control against erosion. Any existing dams or dikes must be kept in place.

15. Animals shall be limited to family pets, horses and livestock raised for sustainable living. Livestock shall not be raised or bred within Red Canyon Ranches for commercial purposes. All livestock or other animals must be kept within a fenced area on the Owner's lot, and such fences shall not be placed across roads. Animals shall be maintained in a manner consistent with best terrain management practices, and shall not overburden the soils and other features of the environment. No animals creating excessive noise or odor shall be kept on any Lot. Animals such as dogs and cats shall be restrained from interfering with or killing wildlife native to or found in Red Canyon Ranches.

Casamero Ranch Restrictions (Applicable to Casamero Ranch only)

1. There shall be no limitations on the height or size of residences constructed in Casamero Ranch.

2. No residential or commercial structures shall be erected within the portions of lots within Casamero Ranch that lie to the west of RCR Road. The purpose of this restriction is to preserve and protect the viewshed of other lots in Red Canyon Ranches. Moderate or sensible grazing of horses and other livestock in these areas is permitted, as is the construction of barns and other non-residential outbuildings, provided they are not used for storage for non-agricultural purposes. In addition, one non-motorized horse trailer, livestock trailer or other similar implement may be maintained within the restricted area. Any building constructed within the restricted area (a) shall be limited to one and one-half stories; (b) shall not be larger than 1,500 square feet; (c) shall use roofing material of a dark color such as black, brown, dark green or dull metal, as opposed to bright colors such as white, shiny metal or any other reflective surface; and

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(d) shall use earth tone colors for the stucco or other exterior surface. Access to any restricted area shall be limited to a two-track dirt or graveled road.

3. Manufactured homes built in accordance with HUD regulations, containing a minimum of 1500 square feet of heated interior space, and if placed upon a permanent foundation, shall be allowed on all lots in Casamero Ranch. All other homes in Casamero Ranch shall be site-built and constructed in compliance with the Uniform Building Code. There will be no size limitations on site-built homes.

4. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted within Casamero Ranch. No oil wells, tanks tunnels, mineral excavations or mine shafts shall be permitted within Casamero Ranch. No derrick or other structure designed for boring for oil, natural gas or any other substances, with the exception of water for domestic use, shall be created, maintained or permitted on any Lot. The foregoing restrictions, however, are subject and subordinate to any oil, gas and mineral reservations in effect as of the date of this Declaration.

Triple R Ranch Restrictions (Applicable to Triple R Ranch only)

1. Any residence constructed on the mesa top portion of any Lot in Triple R Ranch shall be limited to 1 1/2 stories. Any residence constructed on the valley portion of any Lot in Triple R Ranch shall be limited to 2 stories.

2. All residences constructed in Triple R Ranch shall use roofing material of a dark color such as black, brown, dark green or dull metal, as opposed to bright colors such as white, shiny metal or any other reflective surface. In addition, all residences constructed in Triple R Ranch shall use earth tone colors for the stucco or other exterior surface.

3. No residential or commercial structures shall be erected within (a) the portions of lots within Triple R Ranch which lie to the west of RCR Road, or (b) the portions of Lots 10, 11 and 13 in Triple R Ranch which lie 200 feet or more south of Hoodoo Hills Road. The purpose of this restriction is to preserve and protect the viewshed of other lots in Red Canyon Ranches. Moderate or sensible grazing of horses and other livestock in these areas is permitted, as is the construction of barns and other non-residential outbuildings, provided they are not used for storage for non-agricultural purposes. In addition, one non-motorized horse trailer, livestock trailer or other similar implement may be maintained within the restricted areas. Any building constructed within the restricted areas (a) shall be limited to one and one-half stories; (b) shall not be larger than 1,500 square feet; (c) shall use roofing material of a dark color such as black, brown, dark green or dull metal, as opposed to bright colors such as white, shiny metal or any other reflective surface; and (d) shall use earth tone colors for the stucco or other exterior surface. Access to any restricted area shall be limited to a two-track dirt or graveled road.

4. All homes in Triple R Ranch shall be site-built and constructed in compliance with the Uniform Building Code. Notwithstanding the foregoing, the owners of Lot 12 may keep, improve or replace the existing double-wide mobile home within the homestead area on Lot 12, as shown on the Plat.

5. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted within Triple R Ranch. No oil wells, tanks tunnels, mineral excavations or mine shafts shall be permitted within Triple R Ranch. No derrick or other structure designed for boring for oil, natural gas or any other substances, with the exception of water for domestic use, shall be created, maintained or permitted on any Lot. The foregoing restrictions, however, are subject and subordinate to any oil, gas and mineral reservations in effect as of the date of this Declaration.

Eagle Rock Ranch Restrictions (Applicable to Eagle Rock Ranch only)

1. There shall be no limitations on the height or size of residences constructed on Lots 1, 2, 4 and 5 in Eagle Rock Ranch. Any residence constructed on the

mesa top portion of Lot 3 in Eagle Rock Ranch (west of Escalante Road) shall be limited to 1 ½ stories.

2. Manufactured homes built in accordance with HUD regulations, containing a minimum of 1500 square feet of heated interior space, and if placed upon a permanent foundation, shall be allowed on (a) Lots 1 and 2 in Eagle Rock Ranch, and (b) on the portion of Lot 3 in Eagle Rock Ranch which lies to the east of Escalante Road. All other homes in Eagle Rock Ranch shall be site-built and constructed in compliance with the Uniform Building Code. There shall be no size limitations on site-built homes.

3. All residences constructed in Eagle Rock Ranch shall use roofing material of a dark color such as black, brown, dark green or dull metal, as opposed to bright colors such as white, shiny metal or any other reflective surface. In addition, all residences constructed on the mesa top portion of Lot 3 in Eagle Rock Ranch shall use earth tone colors for the stucco or other exterior surface.

4. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted within Eagle Rock Ranch. No oil wells, tanks tunnels, mineral excavations or mine shafts shall be permitted within Eagle Rock Ranch. No derrick or other structure designed for boring for oil, natural gas or any other substances, with the exception of water for domestic use, shall be created, maintained or permitted on any Lot. The foregoing restrictions, however, are subject and subordinate to any oil, gas and mineral reservations in effect as of the date of this Declaration.

Mt. Taylor Vista Ranch Restrictions (Applicable to Mt. Taylor Vista Ranch only)

1. There shall be no limitations on the height or size of residences constructed in Mt. Taylor Vista Ranch.

2. Doublewide mobile homes manufactured no earlier than the year 2000 and placed upon a permanent foundation shall be allowed within all lots in Mt. Taylor Vista Ranch. All other homes in Mt. Taylor Vista Ranch shall be site-built and constructed in compliance with the Uniform Building Code.

General Provisions

1. This Declaration may be amended by a vote of Owners of at least two-thirds (2/3) of the Owners of Lots within Red Canyon Ranches. Any amendment must be in writing and shall be executed by the Owners whose approval is required for such amendment. All amendments shall be filed for record in McKinley County, New Mexico.

2. Failure to enforce any restriction, condition, covenant or agreement herein contained shall be in no event deemed a waiver of the right to do so thereafter as to the same breach or as to one occurring prior or subsequent thereto. In the event any covenant or condition or restriction hereinabove contained, or any portion thereof is invalid or void, such invalidity or void shall in no way affect any of the other covenants, conditions or restrictions which shall remain in full force and effect.

3. All Lots in Red Canyon Ranches shall be subject to a declaration of covenants for road maintenance, providing for the sharing of maintenance costs among the owners of Lots served by each of ten (10) private roads. The road maintenance declaration shall be executed by Declarant and recorded. Each Owner shall be required to pay his or her pro rata share of the costs of maintenance of each of the private roads serving his Lot, based upon a calculation of the distance along that road to each Lot or constituent lot. Declarant will not create a homeowners association for this purpose, and membership in an association will not be required.

4. The Declarant, without the joinder of any other owners, shall have the right to amend these covenants and restrictions by an instrument in writing duly signed acknowledged and recorded for the purpose of correcting any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein; provided that any such amendment shall be consistent with and in furtherance of the general plan and

scheme of development, and shall not impair or adversely affect the vested property or other rights of any owner or his mortgagee.

5. Each owner shall comply with the Restrictions and shall cause and be responsible for the Owner's family, agents, guests, contractors, employees and any person renting or leasing Owner's home to do likewise. Except as otherwise provided in this Declaration, each Owner shall have a right of action against an Owner for failure to comply with any provision of the Restrictions. In the event of any action, suit or proceeding arising from or based on this Declaration brought by any party against any other party subject to this Declaration, the prevailing party shall be entitled to recover from the non-prevailing party his or her attorney's fees and costs in connection therewith.

WITNESS its hand and seal on this 5th day of January, 2007.

RED ROCK RANCHES, LLP,
A New Mexico limited liability partnership

By: Grace Family, L.L.C.
A New Mexico Limited Liability Company
Its Managing Partner

Attest: _____

By: [Signature]
A. James Grace, Manager

ACKNOWLEDGMENT

~~STATE OF VERMONT~~)
NEW MEXICO)
~~COUNTY OF RUTLAND~~)
SANTA FE)ss.

On this 5th day of JANUARY, 2007, before me appeared A. James Grace, as Manager of Grace Family, L.L.C., a New Mexico Limited Liability Company, the Managing Partner of Red Rock Ranches, LLP, a New Mexico limited liability partnership, on behalf of said partnership.

My commission expires:

Sept. 14, 2010

[Signature]
Notary Public



OFFICIAL SEAL
Linda Schappagh
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 9/14/2010

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**FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
RED CANYON RANCHES
MCKINLEY COUNTY, NEW MEXICO**

THIS FIRST AMENDMENT to the Declaration of Covenants, Conditions and Restrictions for Red Canyon Ranches, McKinley County, New Mexico, recorded on January 8, 2007 at Book 28, pages 1337-1341 of the records of McKinley County, New Mexico (the "Covenants") is adopted by Red Rock Ranches, LLP, as the Declarant, pursuant to paragraph 4 under the "General Provisions" portion of the Covenants, to correct the first two sentences of paragraph 3 under the "Triple R Ranch Restrictions" portion of the Covenants to read as follows:

No residential or commercial structures shall be erected within (a) the portions of lots within Triple R Ranch which lie to the west of RCR Road, or (b) the portions of Lots 10, 11 and 13 in Triple R Ranch which lie within 200 feet of Hoodoo Hills Road. The purpose of these restrictions is to preserve and protect the viewshed of other lots in Red Canyon Ranches, and the viewshed of the users of Hoodoo Hills Road.

Except as expressly amended above, all restrictions and provisions of the Covenants shall remain in full force and effect.


WITNESS its hand and seal on this 11th day of April, 2007.

RED ROCK RANCHES, LLP,
A New Mexico limited liability partnership

By: Grace Family, L.L.C.
A New Mexico Limited Liability Company
Its Managing Partner

Attest: _____

By: [Signature]
A. James Grace, Manager


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McKinley County Jacqueline Sloan - County Clerk

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**SECOND AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
RED CANYON RANCHES
MCKINLEY COUNTY, NEW MEXICO**

The undersigned, as the Owners of at least two-thirds (2/3) of the Lots in Red Canyon Ranches, the plat for which was recorded on January 8, 2007, in Plat Book 28, pages 1342-1348, records of McKinley County, New Mexico, hereby adopt this Second Amendment to the Declaration of Covenants, Conditions and Restrictions for Red Canyon Ranches, McKinley County, New Mexico, recorded on January 8, 2007 at Book 28, pages 1337-1341 of the records of McKinley County, New Mexico, as amended by the First Amendment to Declaration recorded on June 6, 2007 at Book 28, pages 9284-9286 of the records of McKinley County, New Mexico (the "Covenants"), pursuant to paragraph 1 under the "General Provisions" portion of the Covenants, as follows:

1. Paragraph 15 of General Restrictions (Applicable to All Areas of Red Canyon Ranches) is revised to read as follows:

"Animals shall be limited to family pets, and horses, cattle and other livestock raised as part of a traditional ranching operation. All livestock or other animals must be kept within a fenced area on the Owner's lot, and such fences shall not be placed across roads. Corrals are permitted under the preceding sentence; stock yards, however, are prohibited. Animals shall be maintained in a manner consistent with best terrain management practices, and shall not overburden the soils and other features of the environment. No animals creating excessive noise or odor shall be kept on any Lot. Animals such as dogs and cats shall be restrained from interfering with or killing wildlife native to or found in Red Canyon Ranches.

2. Except as expressly amended above, all restrictions and provisions of the Covenants shall remain in full force and effect.

WITNESS our hands and seals on this _____ day of _____, 2007.

RED ROCK RANCHES, LLP,
A New Mexico limited liability partnership

By: Grace Family, L.L.C.
A New Mexico Limited Liability Company
Its Managing Partner

Attest: _____

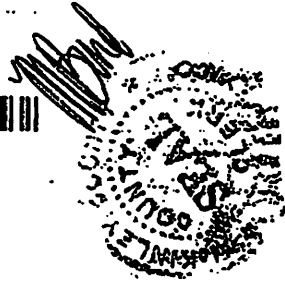
By: _____
A) James Grace, Manager

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ACKNOWLEDGMENT

STATE OF VERMONT)
)ss.
COUNTY OF RUTLAND)

Executed on this _____ day of _____, 2007, by A. James Grace, as Manager of Grace Family, L.L.C., a New Mexico Limited Liability Company, the Managing Partner of Red Rock Ranches, LLP, a New Mexico limited liability partnership, on behalf of said partnership.

My commission expires:

Notary Public

NEW M RANCHES, LLP,
A New Mexico limited liability partnership

By: _____
Martyn White
Managing

Partner

ACKNOWLEDGMENT

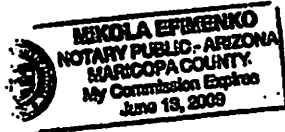
STATE OF ARIZONA)
)ss.
COUNTY OF MARICOPA)

Executed on this _____ day of _____, 2007, by Martyn White, Managing Partner of New M Ranches, LLP, a New Mexico limited liability partnership; on behalf of said partnership.

My commission expires:

6/13/09

Mikola Efimenko
Notary Public



* previous document notarized in wrong spot. Notary for Martyn White

RATIFICATION OF FIRST AMENDMENT TO DECLARATION

The undersigned, as the owner of Lots 10 and 11 in Triple R Ranch, Red Canyon Ranches, McKinley County, New Mexico, by its signature below, hereby acknowledges and ratifies the foregoing First Amendment to Declaration of Covenants, Conditions and Restrictions for Red Canyon Ranches.

WITNESS its hand and seal on the date acknowledged below.

NEW M RANCHES, LLP,
A New Mexico limited liability partnership

By: 
Martyn White
Managing

Partner


ACKNOWLEDGMENT


STATE OF ARIZONA)
)ss.
COUNTY OF MARICOPA)

Executed on this 22nd day of May, 2007, by Martyn White, Managing Partner of New M Ranches, LLP, a New Mexico limited liability partnership, on behalf of said partnership.


My commission expires:

Oct 10th 2010


Notary Public

 **RONALD KHOSHABA**
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Commission Expires
October 10, 2010




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