

When Recorded Return to:

CITY OF FLAGSTAFF
211 W. Aspen Avenue
Flagstaff, Arizona 86001
Attn: Legal Department

DECLARATION OF RESTRICTIVE COVENANTS

(Lone Tree Ranch Affordable Housing)

This Declaration of Restrictive Covenants (the “Declaration” or “Covenant”) made this ____ day of _____, 2026 by LONE TREE RANCH, LP, an Arizona limited partnership (hereinafter referred to as the “Project Owner”), in favor of the CITY OF FLAGSTAFF, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as the “City”). Project Owner and the City are sometimes collectively referred to as the “Parties” and singularly referred to as “Party.”

RECITALS

WHEREAS, the Project Owner is the owner of the property located at the northeast corner of Pine Knoll Drive and Lone Tree Road in Flagstaff, Arizona and legally described in Exhibit A, attached hereto and incorporated here (“Property”); and

WHEREAS, the Project Owner hereby agrees and covenants that the Property shall be subject to the provisions, covenants, and restrictions contained herein; and

WHEREAS, this Declaration is made for the express benefit of the City, and it shall remain in full force and effect until released by the City; and

WHEREAS, the City is making a loan in the original principal amount of One Million Six Hundred and Fifty Thousand Dollars (\$1,650,000.00) of funds from the Rental Incentive Bond Program (the “Program”) to Project Owner (the “Loan”) in connection with the construction, development and operation of the Project (as defined below), as more particularly described below; and

WHEREAS, the Project Owner is developing a project that will, among other things, increase the supply of rental housing units in the community, to be known as Lone Tree Ranch (hereinafter referred to as the “Project”), which consists of one hundred and sixty eight (168) units located at the Property; and

WHEREAS, the Loan is subject to that certain Funding Agreement (“Loan Agreement” or “Funding Agreement”), Promissory Note (“Note”), Deed of Trust, and this Declaration (collectively the “Loan Documents”); and

WHEREAS, Project Owner desires to make a binding commitment to assure that the Project is maintained and operated in accordance with the provisions of the Loan Documents; and

WHEREAS, Project Owner, as a condition for receiving the Loan funds, is required to record in the Public Records of Coconino County, Arizona, this Covenant obligating the Project Owner, its successors, and assigns to maintain and operate the Project in accordance with the Loan Documents; and

WHEREAS, the Project Owner hereby declares that this Covenant shall be and is a covenant running with the Project Owner's Property and, unless released by the City, is binding on the Property for the entire Affordability Period (50 years), and is not merely a personal covenant of the Project Owner.

NOW THEREFORE, Project Owner voluntarily covenants and agrees that the Project shall be subject to the following restrictions that are intended and shall be deemed to be covenants running with the Project Owner's Property and binding upon Project Owner, and its heirs, transferees, successors and assigns as set forth below.

TERMS:

Section 1. Recitals: The recitals and findings set forth in the preamble of this Covenant are hereby adopted by reference thereto and incorporated herein as if fully set forth in this Section.

Section 2. Use of Property: The use of one hundred and sixty eight (168) units ("the Affordable Units") in the Project is governed by the Development Agreement by and between the City of Flagstaff and Project Owner adopted by City Council on March 17, 2026 and to be recorded simultaneously with the recordation of this Declaration in the official records of the Coconino County Recorder (the "Development Agreement").

Commencing on the date the Affordable Units are placed into service and continuing thereafter for a period of thirty (30) years ("the LIHTC Period"), as provided for in the Development Agreement, and the Land Use Restriction Agreement ("LURA") associated with the Low Income Housing Tax Credit ("LIHTC") program approved by the Arizona Department of Housing to be recorded simultaneously with the recordation of this Declaration in the official records of the Coconino County Recorder, the rental rates for the Affordable Units will be set at no more than thirty percent (30%) of sixty percent (60%) of AMI (as defined below) as adjusted for family size, and Affordable Units shall be rented to households earning, up to sixty percent (60%) of the Area Median Income ("AMI") income for Flagstaff, Arizona, adjusted for family size, as determined annually by the U.S. Department of Housing and Urban Development.

Commencing on the first day after expiration of the LIHTC Period and continuing through the end of the Affordability Period (as defined in Section 3 below), the Affordable Units in the Project shall be rented to households whose cumulative average annual income does not exceed sixty percent (60%) of the AMI for Flagstaff, Arizona.

Section 3. Term of Declaration: This Declaration is a covenant running with the land and shall remain in full force and effect and shall be binding upon the Project Owner, its successors, transferees, and assigns from the Effective Date until the expiration of the Affordability Period.

The Affordability Period of this Project will be the earlier of (i) fifty (50) years commencing on the Completion Date (as defined in the Loan Agreement), or (ii) upon repayment of the Loan and any interest, fees, and charges due under the Note (the "Affordability Period"). Upon the expiration of the Affordability Period, this Declaration shall immediately lapse and be of no further force and effect without the necessity of any other written document or instrument. Notwithstanding the foregoing, upon the expiration of the Affordability Period, upon request of the Project Owner, the City shall record an instrument evidencing the expiration of and other termination of this Declaration in the Official Records of Coconino County, Arizona. Nothing herein shall preclude the Project Owner from agreeing to extend the Affordability Period beyond fifty (50) years.

Section 4. Prohibited Conveyances: Except as provided in the Loan Agreement, the Project Owner covenants and agrees not to encumber or convey its fee interest in the Project, or any portion thereof, without City's prior written consent in accordance with the terms of the Loan Agreement.
DISCUSS

Section 5. Repayment Upon an Event of Default: The Project Owner covenants and agrees that upon (i) the occurrence and continuance of an Event of Default as described in the Loan Documents, subject to the terms and any notice and cure rights as provided therein, (ii) of the sale or conveyance of the Project Owner's fee interest in the Project without City's prior written consent as required by the Loan Documents (except as otherwise provided in the Loan Documents), or (iii) the Project Owner ceasing to exist as an organization, the Project Owner shall, subject to the subordination in the Note and Deed of Trust, immediately make payment to the City in an amount equal to the full amount of Loan funds disbursed and outstanding, with interest thereon as provided in the Note, and all unpaid fees, charges and other obligations of the Project Owner due under any of the Loan Documents.

Section 6. Inspection and Enforcement: It is understood and agreed that any official inspector of the City shall have the right any time during normal working hours, upon at least seventy-two (72) hours' prior written notice, to enter and investigate the use of the Property to determine whether the conditions of this Declaration are in compliance, subject to the rights of residential tenants under their leases.

Section 7. Amendment and Modification: This Declaration may be modified, amended, or released in whole or in part by a written instrument executed on behalf of the City and the Project Owner, or their respective successors-in-interest. Should this instrument be modified, amended or released, a written instrument executed by the City and Project Owner will be recorded in the Official Records of Coconino County, Arizona, effectuating and acknowledging such modification, amendment, or release.

Section 8. Definitions: All capitalized terms not defined herein shall have the meanings provided in the Loan Agreement.

Section 9. Severability: Invalidation of one or more of the provisions of this Declaration by judgment of court shall not affect any of the other provisions of the Declaration, which shall remain in full force and effect.

Section 10. Recordation: This Declaration shall be recorded in the Official Records of Coconino County, Arizona, at the sole cost and expense of the Project Owner.

Section 11. Covenant Running with the Land: Any and all requirements of the laws of the State of Arizona that must be satisfied in order for the provisions of this Covenant to constitute a restriction and covenant running with the Project Owner's interest in the Property shall be satisfied in full, and any requirements or privileges of estate are intended to be satisfied, or in the alternate, an equitable servitude has been created to insure that these restrictions run with the Project Owner's interest in the Property. For the term of this Covenant, each and every contract, deed, or other instrument hereafter executed conveying the Project Owner's interest in the Property or portion thereof shall expressly provide that such conveyance is subject to this Covenant, provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed, or other instrument hereafter executed conveying the Project Owner's interest in the Property or portion thereof provides that such conveyance is subject to this Covenant.

Section 12. Governing Law and Venue: This Declaration shall be construed and enforced pursuant to the laws of the State of Arizona, excluding all principles of choice of laws, conflict of laws and comity. Any action pursuant to a dispute under this Declaration must be brought in Coconino County and no other venue. All meetings to resolve said dispute, including voluntary arbitration, mediation, or other alternative dispute resolution mechanism, will take place in this venue. The Parties both waive any defense that venue in Coconino County is not convenient.

Section 13. Effect on Development Agreement: Nothing herein shall be construed to waive or modify any terms of the Development Agreement.

Section 14. Costs, Including Attorneys' Fees: If any legal services by an attorney are required to enforce the requirements of this Declaration or any of the Loan Documents, the prevailing party will be reimbursed by the other party for all costs and expenses of such action, including reasonable attorneys' fees, and if in legal action costs and expense of such action, including reasonable attorneys' fees as may be fixed by the court.

Section 15. Limitation of Liability. Section 12(u) of the Funding Agreement is hereby incorporated by reference with the same force and effect as if set forth in its entirety herein.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Project Owner has caused this Declaration to be executed by its duly authorized officers and the corporate seal to be affixed hereto on the day and year first above-written.

PROJECT OWNER:

LONE TREE RANCH, L.P.,
an Arizona limited partnership

By: Fairview Lone Tree LLC, a Delaware
limited liability company, its general partner

By: Fairview Housing Partners Ltd, a Delaware
non-stock corporation, its sole member

By: _____

Name: Thom Amdur

Title: Executive Director

ACKNOWLEDGMENT

STATE OF _____)

COUNTY OF _____)

This Declaration was signed and acknowledged before me this _____ day of _____, 2026, by Thom Amdur, as Executive Director of Fairview Housing Partners Ltd., the sole member of Fairview Loan Tree LLC, the general partner of the Project Owner and pursuant to authority given to him by the Project Owner. He is personally known to me or has produced _____ as identification.

In witness whereof I hereunto set my hand and official seal.

NOTARY PUBLIC

Print Name: _____

My Commission Expires: _____

CITY:

**CITY OF FLAGSTAFF, ARIZONA, A
MUNICIPAL CORPORATION OF THE
STATE OF ARIZONA**

By: _____
Joanne Keene, City Manager

ACKNOWLEDGMENT

STATE OF ARIZONA)
COUNTY OF COCONINO)

This Declaration was signed and acknowledged before me this _____ day of _____, 2026, by Joanne Keene as City Manager on behalf of the City of Flagstaff. She is personally known to me or has produced her Arizona Driver's License as identification.

In witness whereof I hereunto set my hand and official seal.

NOTARY PUBLIC

Print Name: _____

My Commission Expires: _____

Exhibit A
Legal Description Of The Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Tracts "B", "C" and "D" as shown on the plat for Woods at Clear Creek as recorded in Case 8, Map 25, records of Coconino County, Arizona.