

DRAFT AMEMDMENT ALLOWING FOR DESIGNATED HORSE LOTS

May 13, 2007

Amendment to Milligan Canyon Estates' (MCE) covenants and additional document entitled "Memo of Understanding" that each lot purchaser must sign and date. This Amendment will amend "Item 2, ANIMALS" to remove the term "horses."

This amendment is to provide for designated horse lots at Milligan Canyon Estates. Each designated horse lot will allow up to two horses to be kept on the lot. Keeping one or two horses on a designated horse lot at MCE is a privilege. Due to the fragile nature of the land and the semiarid climate in this area, maintaining up to two horses on a designated horse lot within this subdivision could result in loss of grass cover which, in turn, could result in water contamination and erosion problems. This potential for damage calls for involved and conscientious stewardship of the land and its ground cover. To be good neighbors, each owner of a designated horse lot must be sensitive to the possibility of de-vegetation of the lot surface and the need for proper management of manure from their horse(s).

Designated Horse Lots: In response to interest shown by prospective lot buyers who want to keep one or two horses on the lot purchased, three lots in the southwest corner of Milligan Canyon Estates have been designated horse lots. These three lots are Lots 19, 20 and 21, located in the southeast corner of MCE on the south and east side of Murray Lane.

General: The horse or horses kept on a designated horse lot must be owned by the owner(s) of the designated horse lot. No horse may be kept on a designated horse lot that does not have a completed permanent residence. In addition, no horse will be allowed on a designated horse lot until the lot owner has made proper provisions with the Home Owners' Association to allow up to two horses to be kept on the lot (see Barns and Corrals section below). The maximum number of horses allowed per designated horse lot will be TWO. This amendment prohibits other species of horses or animals to be kept on the lot, including mules and donkeys. No other animals shall be kept or boarded on any lot within Milligan Canyon Estates except those allowed for in the covenants.

Barns and Corrals: A barn and an enclosed corral area not to exceed 2,500 square feet in size must be provided by the owner(s) of each designated horse lot. The required barn, corral, fencing, and washed gravel or other ground cover in the corral area must be approved by the Improvement Committee and completed prior to any horse being allowed on a designated horse lot. The barn design shall compliment the design of the home owner's residence. The barn structure shall be surrounded completely by at least three (3) feet of non-combustible materials, such as washed gravel, lava rock or similar material, measured out from the exterior walls of the structure. The barn shall be entirely enclosed and constructed with new materials.

Grazing: Lot owners recognize and agree that the potential negative impact of over-grazing and/or improper grass cover management is not in their best interest or in the best interest of other MCE lot owners in enjoying their property and in enhancing its value. Grass on a

designated horse lot will be maintained in such a manner so as to prevent soil from blowing off the lot and to prevent soil from being carried off the lot by run-off after a rain storm or by snow melt. To this end, no grazing will be allowed on a designated horse lot. Instead, the horse or horses shall be fed hay and/or other feed hauled to the lot.

Feed and Water: All hay and other feed shall be stored in the barn or other enclosed storage area approved by the MCE Home Owners Association. No outside hay/feed storage will be allowed, including storage under a tarp. Watering tanks or troughs shall be used. The tanks or troughs shall be equipped with adequate facilities for draining the overflow, so as to prevent ponding of water that could lead to breeding of flies, mosquitoes or other insects.

Barn and Corral Upkeep: Corrals and barn areas shall be kept in a neat and clean manner, and manure shall not be allowed to accumulate and become a nuisance or health hazard. All manure shall be removed at least monthly from Milligan Canyon Estates. Animal manure and/or droppings shall be removed from corrals, pens, stables, yards, and other enclosures and handled or disposed of in a manner free of health hazard or public nuisance. Adequate insect-tight containers approved by the Association can be used for storage of manure and/or droppings until removed from the premises at least monthly.

Care and Feeding: The care and feeding of the horses shall be conducive to good animal health. Any horse determined by an animal health agency employee or veterinarian to be malnourished shall be removed from Milligan Canyon Estate. Any horse that dies shall be removed from Milligan Canyon Estates by its owner within 24 hours after its death. No horse shall be buried within Milligan Canyon Estates.

By signing this Amendment and Memo of Understanding, the property owner understands and agrees that MCE Inc. (the Home Owners' Association) will strictly enforce this amendment to the covenants. Noncompliance with this amendment to the covenants by the owner of a designated horse lot may result in the removal of all horses at the designated horse lot owner's expense. If a lot owner's horse(s) is/are removed from MCE due to violating the above amendment to the covenants, the Home Owners Association may prohibit the lot owner from keeping any horse on the designated horse lot for a minimum of one (1) year.

The owner of each lot has read and understands, and the owner of each designated horse lot has read, understands, and fully agrees to the terms in the Item 9, ENFORCEMENT, section of the Protective Covenants of Milligan Canyon Estates Inc.

Signature (Lot Purchaser)

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Murray Ranch Inc. (Owner/Developer)

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