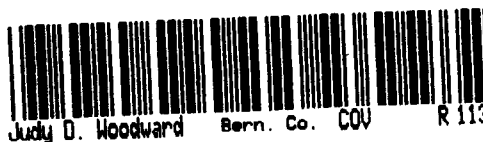


statements accompanying it or may allow oral presentations in support of or in opposition to the application prior to the decision, at its discretion. The Committee shall render a decision in writing, which decision need not contain any reasons, findings, or conclusions for the decision and shall forward one (1) copy to the applicant, and retain one (1) copy in its records. Without limiting the general applications of such section, the provisions of Section 6.15 and Section 6.16. of this Article shall apply to the actions and the decisions of the Committee and its members under this Section.

Section 6.19. Governmental Agency Approval. Nothing in this Declaration shall relieve or be interpreted as purporting to relieve any Owner from also securing such approval(s), certificate(s) or permit(s) of any governmental agency or entity with jurisdiction as may be required by law as a condition to the commencement, construction, maintenance, addition, change or alteration to or of any Improvement, and the Committee may require that a copy of such approval(s), certificate(s) or permit(s) be provided to the Committee as a final condition to approval of a Development Plan, or as additional insurance to the Committee that the Improvements and uses of an approved Development Plan meet governmental requirements, or for both such purposes.

Section 6.20. Certificate of Compliance of a Structure or an Improvement. Upon completion of a Structure or Improvement approved by the ACC and upon written request by the Owner of the Lot, Tract or Parcel the ACC shall issue a Certificate of Compliance in a form suitable for recordation. The Certificate shall identify the Lot, Tract or Parcel and Structure or Improvement, the use or uses to be conducted thereon and the plans and specifications on file with the ACC pursuant to which the Structure was erected or Improvement was made and shall specify that the Structure or Improvement complies with the approved plans and specifications. The Certificate shall not be construed to certify the acceptability, sufficiency or approval by the ACC of the actual construction of the Structure or Improvement or of the workmanship or materials thereof. The Owner is hereby notified and shall again be so notified upon issuance of the Certificate, that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability or approval by the ACC of the construction, workmanship, materials or equipment of the Structure or Improvement. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the improved Lot, Tract or Parcel.



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Page: 25 of 54

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ARTICLE VII

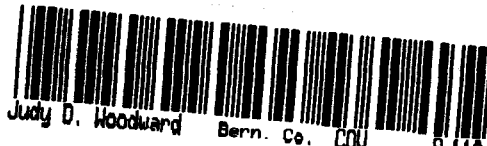
HOMEOWNERS ASSOCIATION

Section 7.1. The Association. Declarant has caused the formation and incorporation of the Paa-Ko Communities Homeowner's Association ("Association") as a non-profit corporation organized and existing under the New Mexico Non-Profit Corporation Act, charged with the duties and invested with the powers prescribed by law and set forth in the Articles of Incorporation, Bylaws, and this Declaration. Neither the Articles of Incorporation nor the Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 7.2. Membership. Each Owner (whether one or more persons or entities) of a Lot, Tract or Parcel shall, upon and by virtue of becoming such Owners, automatically become a member of the Association and shall remain a member thereof until his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the legal ownership of each Lot, Tract or Parcel and may not be separated from such ownership. Whenever the legal ownership of any Lot, Tract or Parcel passes from one person to another, by whatever means, it shall not be necessary that any instrument provide by transfer of membership in the Association, and no certificate of membership will be issued. Each Owner shall be bound by rules and regulations issued by the Association.

Section 7.3. Voting. Subject to the provisions of Section 7.5., all members of the Association in good standing shall be entitled to one (1) vote for each Lot, Tract or Parcel owned at any meeting of members of the Association or with respect to any matter submitted to a vote of the members of the Association. If more than one person holds an interest in any Lot, Tract or Parcel, all such persons shall be members of the Association. The vote for such jointly-owned Lot, Tract or Parcel shall be exercised as the Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot, Tract or Parcel. The Articles of Incorporation and Bylaws of the Association may provide more specific rights with respect to voting by members.

Section 7.4. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and



such officers as the Directors may elect or appoint, in accordance with the Articles of Incorporation and the Bylaws, as the same may be amended from time to time.

Section 7.5. Control of the Association. Until the first to occur of (a) conveyance by Declarant of ninety percent (90%) in number, of all lots allowed by the Mountain Ranch Master Plan (being 1440 lots as of the date of this Declaration), or (b) a written relinquishment by Declarant of Declarants rights under this Section 7.5, Declarant shall have the exclusive right to elect the members of the Board of Directors of the Association, and the members shall thereafter and otherwise, have the right to elect the members of the Board of Directors and to vote on all other matters properly put before the members, all in accordance with the Articles of Incorporation and Bylaws of the Association.

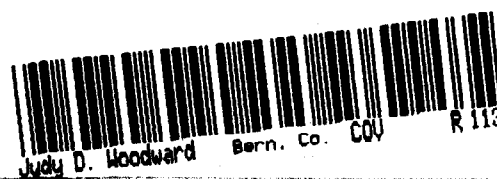
Section 7.6. Powers and Duties of the Association. The Association shall have such rights, powers and duties as set forth in the Articles of Incorporation and Bylaws, as the same may be amended from time to time.

Section 7.7. Personal Liability. No member of the Board of Directors or any Committee of the Association or any of the Officers of the Association shall be personally liable to any Owner or any other party including the Association for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board of Directors or any other representative or employees of the Association; provided, however, that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

ARTICLE VIII

ASSESSMENTS

Section 8.1. Maintenance Fund/Amenities Fund. All funds collected by the Association from the maintenance charges provided for in this Article, together with all funds collected by the Association from the annual maintenance charges imposed on the Lots, Tracts or Parcels in the Subdivision by all Supplemental Declarations, shall constitute and be known as the "Maintenance Fund". The Maintenance Fund shall be held, used, and expended by the Association for the common benefit of all Members hereunder,



and all members under the Canyon Ridge Estates Phase I Comprehensive Declaration of Covenants, Conditions and Restrictions as amended to Paa-Ko Communities Homeowner's Association Comprehensive Declaration of Covenants, Conditions and Restrictions to promote the health, safety, recreation, and welfare of the Members, including, without limitation: (1) maintenance and construction of publicly dedicated, but privately maintained roadways, if any, bridges, culverts and related improvements; (2) the installation, construction, erection, and relocation of improvements related to the enhancement and beautification of the Common Properties and Facilities in the Subdivision, including any Park and any Multi-Use Easement, and any other areas provided by this Declaration or any Supplemental Declaration to be developed or maintained by the Association, such as shrubbery, trees, walkways and street lights, and the construction, repair, maintenance and replacement of properties, services, improvements and facilities devoted to such purposes and related to the use and enjoyment of the Subdivision by the Members; (3) payment of utility charges in connection with the operation of Common Properties or use of Common Properties; (4) payment of charges for security guards, private fire protection, road maintenance, garbage collection and other services contracted for by the Association; (5) charges for liability and property insurance and other insurance related to the Common Facilities, Common Properties and their use and operation; (6) accounting and legal fees, including legal fees incurred by the Association while enforcing the provisions of this Declaration; and (7) reasonable reserves for the foregoing.

In the event Declarant shall designate Common Facilities for the use and benefit of all the Owners in the Subdivision which are situated on property owned by Declarant (or affiliated or subsidiary entities) but which then has not been brought within the scheme of this Declaration under the authority provided in Article II hereof, the Association shall have the right and authority to allocate and expend such amounts from the Maintenance Fund for construction, repair, maintenance, upkeep, beautification, improvement or replacement of such Common Facilities as its Board of Directors shall determine, in its sole discretion. Further, if all or any such Common Facilities situated on property then not subject to the scheme of this Declaration also are for the use and benefit of persons or entities other than the Owners in the Subdivision, the Association shall have the right and the authority to enter into agreements with other persons or entities enjoying the use and benefit of such Common Facilities (or their designee), in such instances on

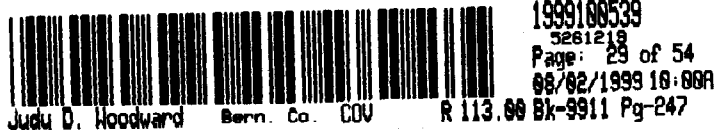


such terms as its Board of Directors may deem appropriate and acceptable, obligating the Association to contribute, from the Maintenance Fund, a ratable portion of the amounts necessary from time to time to provide for the construction, repair, maintenance, upkeep, beautification, improvement or replacement of such Common Facilities, and providing for other agreements relative to the use and enjoyment of such Common Facilities (including limitations on the extent of the use and enjoyment thereof) by the various persons and entities entitled thereto.

The Association may, in its sole discretion, give one or more of the purposes set forth in this Section 8.1 preference over other purposes, and it is agreed that all expenses incurred and expenditures and decisions made by the Association in good faith shall be binding and conclusive on all Members.

In the event Declarant shall operate any Common Facility in the Subdivision, or such Common Facility shall be operated by others on behalf of Declarant under agreement authorized hereby, and the actual proceeds realized by Declarant from such operation shall be less than the actual costs incurred by Declarant in connection with operating and maintaining any such Common Facility, Declarant shall be entitled to be reimbursed from the Maintenance Fund for all costs actually incurred by Declarant in maintaining and operating such Common Facility in excess of the actual proceeds realized by Declarant from such operation, as such costs are incurred, to the extent that the balance of the Maintenance Fund from time to time existing exceeds the amount then designated by the Board of Directors of the Association in good faith to be the minimum amount necessary to accomplish the maintenance functions of the Association. Further, Declarant shall be entitled to be reimbursed from the Maintenance Fund for all ad valorem taxes and other assessments in the nature of property taxes, real or personal, and any sales, gross receipts or other taxes, fairly allocable to the Common Properties and Facilities and accrued subsequent to the recordation hereof, and prior to the date on which title to such Common Properties and Facilities is conveyed to the Association by Declarant, which have been actually paid by Declarant.

Amenities Fund. All funds collected by the Association from Amenities charges provided for in this Article, together with all funds collected by the Association from Amenities charges imposed on the Lots, Tracts or Parcels in the Subdivision by all Supplemental Declarations, shall constitute and be known as the "Amenities Fund". The Amenities Fund shall be held, used, and



expended by the Association for the common benefit of its Members, which may not include all of the members of the Association, to promote the health, safety, recreation, and welfare of its Members, including, without limitation: (1) maintenance and construction of publicly dedicated, but privately maintained roadways, if any, bridges, culverts and related improvements; (2) the installation, construction, erection, and relocation of recreational amenities and facilities in the Subdivision, and any other areas provided by this Declaration or any Supplemental Declaration to be developed or maintained by the Association, such as shrubbery, trees, walkways and street lights, and the construction, repair, maintenance and replacement of properties, services, improvements and facilities devoted to such purposes and related to the use and enjoyment of the amenities Members; (3) payment of utility charges in connection with the operation of Properties or use of Properties; (4) payment of charges for security guards, private fire protection, road maintenance, garbage collection and other services contracted for by the Association related to the Amenities; (5) charges for liability and property insurance and other insurance related to the Amenities Facilities, Properties and their use and operation; (6) accounting and legal fees, including legal fees incurred by the Association while enforcing the provisions of this Declaration; and (7) reasonable reserves for the foregoing.

Failure to abide by rules and regulations as established by the Association may result in loss of privileges, but in no way shall relieve the Owner's liability for assessments related thereto.

In the event Declarant shall designate Amenities Facilities for the use and benefit of the Owners in the Subdivision which are situated on property owned by Declarant (or affiliated or subsidiary entities) but which then has not been brought within the scheme of this Declaration under the authority provided in Article II hereof, the Association shall have the right and authority to allocate and expend such amounts from the Amenities Fund for construction, repair, maintenance, upkeep, beautification, improvement or replacement of such Amenities Facilities as its Board of Directors shall determine, in its sole discretion. Further, if all or any such Amenities Facilities situated on property then not subject to the scheme of this Declaration also are for the use and benefit of persons or entities other than the Owners in the Subdivision, the Association shall have the right and the authority to enter into agreements with other persons or entities enjoying the use and benefit of

such Amenities Facilities (or their designee), in such instances on such terms as its Board of Directors may deem appropriate and acceptable, obligating the Association to contribute, from the Amenities Fund, a ratable portion of the amounts necessary from time to time to provide for the construction, repair, maintenance, upkeep, beautification, improvement or replacement of such Amenities Facilities, and providing for other agreements relative to the use and enjoyment of such Amenities Facilities (including limitations on the extent of the use and enjoyment thereof) by the various persons and entities entitled thereto.

The Association may, in its sole discretion, give one or more of the purposes set forth in this Section 8.1 preference over other purposes, and it is agreed that all expenses incurred and expenditures and decisions made by the Association in good faith shall be binding and conclusive on all Amenities Members.

In the event Declarant shall operate any Amenities Facility in the Subdivision, or such Facility shall be operated by others on behalf of Declarant under agreement authorized hereby, and the actual proceeds realized by Declarant from such operation shall be less than the actual costs incurred by Declarant in connection with operating and maintaining any such Amenities Facility, Declarant shall be entitled to be reimbursed from the Amenities Fund for all costs actually incurred by Declarant in maintaining and operating such Amenities Facility in excess of the actual proceeds realized by Declarant from such operation, as such costs are incurred, to the extent that the balance of the Amenities Fund from time to time existing exceeds the amount then designated by the Board of Directors of the Association in good faith to be the minimum amount necessary to accomplish the maintenance functions of the Association. Further, Declarant shall be entitled to be reimbursed from the Amenities Fund for all ad valorem taxes and other assessments in the nature of property taxes, real or personal, and any sales, gross receipts or other taxes, fairly allocable to the Amenities Properties and Facilities and accrued subsequent to the recordation hereof, and prior to the date on which title to such Amenities Properties and Facilities is conveyed to the Association by Declarant, which have been actually paid by Declarant.

Section 8.2. Covenant for Assessments. Each and every Lot, Tract or Parcel in the Property is hereby severally subjected to and impressed with an annual maintenance charge (herein sometimes referred to as the "maintenance charge") which will be the same charge assessed to all Lots, Tracts or Parcels covered by

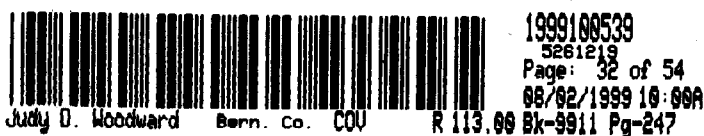


the Canyon Ridge Estates, Phase I Comprehensive Declaration of Covenants, Conditions and Restrictions as amended to Paa-Ko Communities Homeowner's Association Comprehensive Declaration of Covenants, Conditions and Restrictions, and which charge shall commence on a date determined by the Association and be due and payable in advance on said date and in advance on the first day of January of each year thereafter, and which shall run with the land, and shall be subject to increase and decrease in accordance with the Articles of Incorporation and Bylaws of the Association. In addition to the "maintenance charge", all residential lots covered herein will be assessed an "amenities charge". The "amenities charge" will be pro-rated from the date of purchase through the end of the year in the year of purchase, and will be due in advance in on the first day of January of all other years.

Each Owner of a Lot, Tract or Parcel by his claim or assertion of ownership or by accepting a deed to any such Lot, Tract or Parcel, whether or not it shall be so expressed in such deed, is hereby conclusively deemed to covenant and agree, as a covenant running with the land, to pay to the Association, its successors or assigns, each and all of the charges and assessments against his Lot, Tract or Parcel and/or assessed against him by virtue of his ownership thereof, as the same shall become due and payable, without demand. The charges and assessments herein provided for shall be a charge and a continuing lien upon each Lot, Tract or Parcel, together with all improvements thereon, as hereinafter more particularly stated. Each assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Lot, Tract or Parcel, at the time the obligation to pay such assessment accrued, and no Member shall avoid personal liability for the payment of any assessment by waiver of the use or enjoyment of the Amenities, Common Properties or Facilities, or any part hereto, or by abandonment of his Lot, Tract or Parcel or his interest therein.

Monies from the Maintenance Fund and the Amenities Fund may be commingled by the Association, however, separate accounting records shall be maintained. Income and expenses shall be recorded for both the Maintenance Fund and the Amenities Fund.

Section 8.3. Special Assessment Charge. The Board of Directors of the Association may levy a special assessment charge to cover any expenses of the Association that for any reason cannot be satisfied by the annual maintenance charge or amenities charge. The Board of Directors shall send written notice of each



special assessment to every Owner subject thereto at least thirty (30) days in advance of the due date.

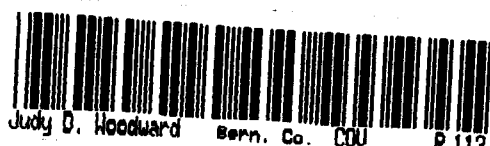
Section 8.4. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the charge or assessment against each Lot, Tract or Parcel or Owner for each period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the properties, charges and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the charge or assessment shall thereupon be sent to every Owner subject thereto. The Association shall, upon demand at any time, furnish to any Owner liable to said charge or assessment a certificate in writing signed by an officer of the Association, setting forth whether said charge or assessment has been paid. Such certificate shall be conclusive evidence of payment of any charge or assessment therein stated to have been paid.

Section 8.5. Liens to Secure Charge and Assessments. The regular maintenance charges or assessments, amenities charges or assessments any applicable special assessment charge, as herein provided for, and any other charge or assessment or cost of performance provided for in this Declaration shall constitute and be secured by a separate and valid and subsisting lien, hereby created and fixed, and which shall exist upon and against each Lot, Tract or Parcel and all improvements thereon, for the benefit, as appropriate, of the Association, be made a party to any court proceeding to enforce any lien hereinafter deemed to be superior, the lien hereby created shall be subordinate and inferior to:

(a) all liens for taxes or special assessments levied by City, County and State government, or any political subdivision or special district thereof, and

(b) all liens securing amounts due or to become due under any Real Estate Contract or Contract of Sale, any mortgage or deed of trust filed for record, prior to the date payment of any such charges or assessments become due and payable.

Any judicial foreclosure of any such superior lien under any mortgage, deed of trust, or other security instrument in which the Association has been made a party, shall cut off and extinguish the liens securing maintenance charges, amenities charges, or assessments which became due and payable prior to such foreclosure



date, but no such foreclosure shall free any Lot, Tract or Parcel from the liens securing charges and assessments thereafter becoming due and payable, nor shall the liability of any Member personally obligated to pay maintenance charges, amenities charges or assessments which become due prior to such foreclosure, be extinguished by any foreclosure.

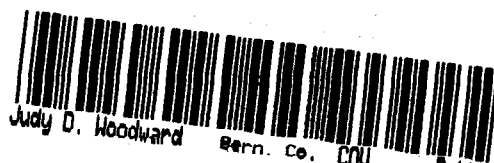
Section 8.6. Effect of Non-Payment of Assessment. If any charge or assessment due the Association is not paid within thirty (30) days from due date thereof, the same shall bear interest from the due date until paid at eighteen percent (18%) per annum, and, if placed in the hands of an attorney for collection or if suit is brought thereon or if collected through probate or other judicial proceedings, there shall be paid to the Association all reasonable attorney's fees and costs of collection incurred by the Association. The Association, as a common expense of all Members, may institute and maintain an action at law or in equity against any defaulting Member to enforce collection and/or for foreclosure of the liens against his Lot, Tract or Parcel. All such actions may be instituted and brought in the name of the Association, as appropriate, and may be maintained and prosecuted in a like manner as an action to foreclose the lien of a mortgage or deed of trust on real property. In addition to interest, the Association may impose late fees, administrative fees or other fees from time to time, in the case of non payment of charges or assessments by its Members.

Section 8.7. Collection and Enforcement. Each Member, by his assertion of title or claim of ownership or by his acceptance of a deed to a Lot, Tract or Parcel whether or not it shall be so recited in such deed, shall be conclusively deemed to have expressly vested in the Association, and in its officers and agents, the right, power and authority to take all action which the Association shall deem proper for the collection of assessments and/or for the enforcement and foreclosure of the liens securing the same.

ARTICLE IX

DECLARANT'S EXEMPTION

Section 9.1. Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection and maintenance by Declarant of Structures, Improvements or signs



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Page: 34 of 54

08/02/1999 10:00A

R 113.00 Bk-9911 Pg-247

necessary or convenient to the development, sale, operation or other disposition of the Property within the Subdivision. Declarant shall be required to pay the "maintenance charge" described in Section 8.2 herein, but shall not be subject to the "amenities charge" for lots owned by Declarant.

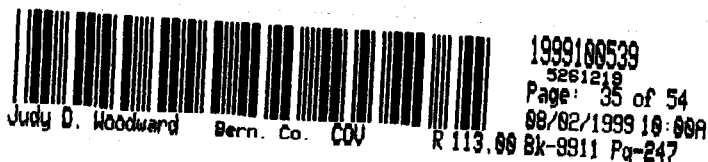
ARTICLE X

EASEMENTS

Section 10.1. Existing Easements. The Subdivision Plats will dedicate for use as such, subject to the limitations set forth therein, certain roadways, streets, rights-of-way and easements shown thereof and such Subdivision Plats will establish dedications, limitations, reservations and restrictions applicable to the Property. Further, Declarant and Declarant's predecessors in title may grant, create and dedicate by recorded instrument(s) certain other easements, restrictions, rights-of-way and related rights affecting the Property. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat and all grants and dedications of easements, restrictions, rights-of-way and related rights made by Declarant or Declarant's predecessors in title, are incorporated herein by reference and made a part of this Declaration for all purposes as if fully set forth herein and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Property.

Section 10.2. Changes and Additions. Declarant reserves the right to make changes in and additions to the above easements and rights-of-way for the purpose of most efficiently and economically installing the Improvements. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person or entity, to grant, dedicate, reserve or otherwise create, at any time or from time to time, rights-of-way and easements for public utility purposes (including, without limitations, gas, cable television, sewer, water, electricity, telephone and drainage), in favor of any person or entity, along and on any Lot line, of a Lot, Tract or Parcel, which such easement shall have a maximum width of fifteen (15) feet on each side of such Lot line.

Section 10.3. Utility Installation and Maintenance. There is hereby created an easement upon, across, over and under all of

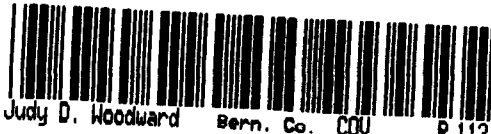


the Property for ingress and egress in connection with installing, replacing, repairing and maintaining all utilities, including, but not limited to, sewer, water, gas, telephone, electricity, cable Television, drainage and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies, utility cooperative associations, and other entities supplying service to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto on, above, across and under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Structure. Notwithstanding anything contained in this Section, no electrical lines, water lines or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the ACC. The utility companies, utility cooperative associations, and other entities furnishing service shall have the right as necessary to remove trees situated within the utility easements shown on the Subdivision Plat and to trim overhanging trees and shrubs located on portions of the Properties abutting such easements.

Section 10.4. Maintenance of Slopes. Each Owner covenants and agrees to the creation of an easement on the Subdivision Plats to maintain a cut or fill side slope on a Lot, Tract or Parcel along any publicly dedicated right-of-way to insure the proper maintenance and drainage of roads in the Subdivision.

Section 10.5. Drainage Easements. All 100-year flood plains designated on the Subdivision Plat are designated and shall be maintained by the Owner as drainage easements. No dwellings or outbuildings shall be located within the boundaries of the 100-year flood plain. In addition, each Owner covenants to provide easements for drainage and water flow as contours of land and the arrangement of Declarant's Improvements and Improvements approved by the ACC thereon require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Declaration and shown on the Plat. There shall be no development, Improvements or Structures, temporary or permanent, in any drainage easement, except as approved in writing by the ACC.

Section 10.6. No Build Easements. A visual easement is established in favor of the Association over areas designated as No Build Easements on the Subdivision Plats. In addition to this visual easement, the Owner's use of areas covered by a No Build Easement is restricted as follows:



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Page: 36 of 54

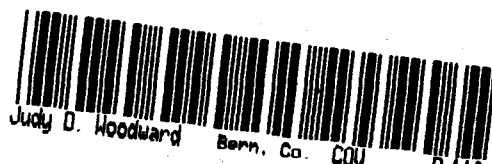
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- A. No structures will be permitted on the areas subject to No Build easements other than, (1) boundary fences of a type approved by the ACC to minimize visual impacts, (2) structures approved by the ACC that are designed to stabilize, preserve, or protect the area from flooding, erosion, or from any changes or artificial conditions arising from the development on abutting lands, or (3) crossing structures across arroyos approved by the ACC and approved by, and constructed in accordance with the requirements of, all regulatory authorities;
- B. Natural vegetation may be removed from no build easement areas only with the permission of the Association;
- C. Non-native vegetation may be added to no build easement areas only with the permission of the Association;
- D. No trash or debris will be permitted to remain on no build easement areas.

Section 10.7. Easements for Access by Declarant/or ACC. Declarant, the ACC and the Association shall have the right and permanent easement to enter upon any and all Lots, Tracts or Parcels in the Subdivision for the purpose of maintenance, repair, removal of drainage obstructions and for the inspections as to compliance with these covenants. Declarant, the ACC and the Association shall have the right to enter any Lot, Tract or Parcel for the purpose of correcting any violation of any covenant herein.

Section 10.8. Surface Area. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns or flowers. However, neither Declarant nor any supplier of any utility service using any easement area shall be liable to any Owner or to the Association for any damage done by them or either of them or their respective agents, employees, servants or assigns to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area.



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Page: 37 of 54

08/02/1999 10:00A

R 113.00 Bk-9911 Pg-247

ARTICLE XI

GENERAL PROVISIONS

Section 11.1. Cost of Performance. Cost and expense in performing any obligation or responsibility in this Declaration shall be borne by the person, association, or entity charged with such performance or responsibility and shall be subject to the provisions of Article VIII hereof.

Section 11.2. Breach not Ground for Rescission. No breach or continuing breach of the restrictions, covenants, conditions, duties or obligations imposed allowed or granted by this Declaration shall be grounds for cancellation, termination or rescission of this Declaration or of any provision thereof.

Section 11.3. Notice Before Enforcement. Except where damages or injury to persons or Property is imminent as a result of the performance or failure to perform or the defective performance or failure to perform or the defective performance of any obligation imposed or restricted by this Declaration or where animals are involved, no proceeding for the enforcement of the restrictions, covenants, conditions, rights and duties imposed, allowed or granted by this Declaration shall be commenced until ten (10) days' written notice of wrongful performance, defective performance or failure or performance is given to the person, association or entity responsible for such performance and such wrongful or defective performance or failure to perform has not been cured within such time. Such notice shall be deemed to be given if deposited in the U.S. Mail, mailed postage prepaid, certified, return receipt requested and said ten (10) days shall commence with the date of posting thereof.

Section 11.4. Enforcement. Declarant, ACC, Association or any Owner shall have the right to enforce by proceeding, at law or in equity, for damages or for injunction or both, all restrictions, covenants, conditions, rights and duties imposed, allowed or granted by the provisions of this Declaration. In any such proceedings, the prevailing parties shall be entitled to recover cost and expenses, including reasonable attorneys' fees, and such cost and expenses shall be subject to the provisions of Sections 8.5 and 8.6. Failure by Declarant, ACC, Association or Owner to enforce any restriction, covenant, condition, duty or right herein contained shall in no event be deemed a waiver of their respective right to do so at a later time.



Section 11.5. Covenants to Run with the Land. The restrictions, easements, covenants, conditions, rights and duties of this Declaration shall run with and bind the land within the Property, as defined herein, and shall inure to the benefit of the Owner of any Lot, Tract or Parcel therein, their respective legal representatives, heirs, successors and assigns for a term of twenty (20) years from the date this Declaration is recorded in the real property records of Bernalillo County, New Mexico, after which time such restrictions, easements, covenants, conditions, rights and duties shall automatically be extended for successive periods of ten (10) years, unless amended, modified or repealed as hereinafter provided.

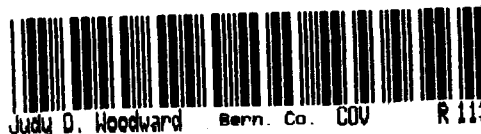
Section 11.6. Modification or Repeal.

Any of the provisions of this Declaration may be amended or repealed in accordance with Section 7.5 herein by a recorded written instrument, executed and acknowledged by Declarant. Upon termination of Declarant's right in accordance with Section 7.5 they may be amended or repealed by a written instrument, executed and acknowledged by the Owner's of 51% of the Lots, Tracts or Parcels.

Section 11.7. Severability. Invalidation of any of the provisions hereof by a final judgment or decree of any court shall in no way affect or impair the validity of any other provision hereof.

Section 11.8. Joint and Several Obligations. The terms of this Declaration in effect on the date of any lease or recording of a sheriff's deed, trustee's deed, deed in lieu of foreclosure, other deed, other order or decree declaring, settling or confirming title, pursuant to which one or more persons, associations or entities becomes a Lessee or an Owner as herein before defined, shall bind such new Lessee or new Owner and such new Lessee or new Owner shall be jointly and severally liable with his Lessor or the immediate prior Owner for any continuing performance, failure of performance or defective performance of any act or obligation restricted or imposed hereunder.

Section 11.9. Successors. Deeds of conveyance of any Lot, Tract or Parcel may contain the provisions, restrictions, covenants and conditions contained herein by reference to this Declaration; however, whether or not such reference is made in any or all said deeds, by becoming an Owner as herein defined of any of the Property, each such Owner, for himself or itself, his or its heirs, personal representatives, successors, transferees and



assigns, binds himself or itself and such heirs, personal representatives, successors, transferees and assigns to all the provisions, restrictions, covenants and conditions now or hereafter imposed by or under the authority of this Declaration and any amendments thereof.

Section 11.10. Assignment of Rights and Obligations of Declarant. The rights of Declarant hereunder are fully assignable to any person, association or entity and any and all obligations and duties of Declarant are fully delegable and assignable to any person, association or entity.

Section 11.11. Word Meaning. The words such as "herein", "hereafter", "hereof", and "hereinabove" refer to this Declaration as a whole and not merely to a section or paragraph or article in which such words appear unless the context otherwise requires. Singular shall include the plural and the masculine gender shall include the feminine and neuter and vice versa unless the context otherwise requires.

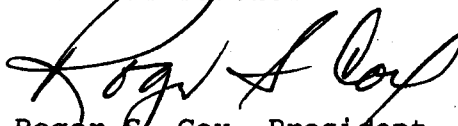
Section 11.12. Captions and Section Headings. The captions and headings of various articles, sections, paragraphs or subparagraphs of this Declaration are for convenience only and are not to be considered as defining or limiting in any way the intent of the provisions hereof or thereof.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has set its hand and seal this 12TH day of July, 1999.

DECLARANT:

MOUNTAIN RANCH LIMITED PARTNERSHIP

By: Roger Cox Capital Corporation
a New Mexico Corporation,
General Partner

By 
Roger S. Cox, President



OFFICIAL SEAL
M. EUGENIA YOUNG
NOTARY PUBLIC - STATE OF NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires 11-17-2001



Judy D. Woodward

Bern. Co. COU

R 113.00


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5261219
Page: 48 of 54
08/02/1999 10:00A
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ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this day of July 12, 1999, by Roger Cox, President of Roger Cox Capital Corporation, a New Mexico Corporation, as General Partner of Mountain Ranch Limited Partnership, on behalf of said partnership.

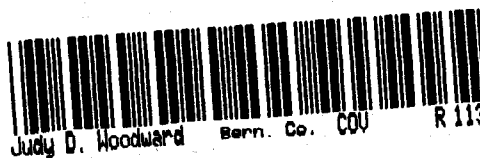
Notary Public



My commission expires:



OFFICIAL SEAL
M. EUGENIA YOUNG
NOTARY PUBLIC - STATE OF NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires 11-15-2001



Judy D. Woodward

Bern. Co. COU

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Page: 41 of 54

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EXHIBIT A

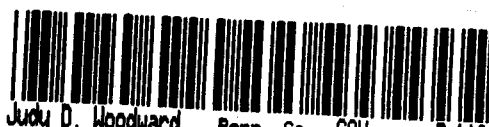
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Page: 42 of 54
08/02/1999 10:00A
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Judy D. Woodward Bern. Co. COU

9 Hole Parcel Legal Description

See metes and bounds description attached hereto



Judy D. Woodward

Bern. Co. COU

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Page: 43 of 54

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BEGINNING at the most easterly point of said tract herein described, whence the Northeast corner of Paa-ko Village, Unit 2, as the same is shown and designated on the plat thereof, filed January 31, 1996 in Vol. 96C, folio 54 bears S 02°29'44" W, 3805.11 feet distant; thence, from said point of beginning, S 19°55'35" W, 174.88 feet to an angle point;

thence, S 05°34'28" W, 119.44 feet to an angle point;
thence, S 26°55'04" W, 324.20 feet to an angle point;
thence, S 28°53'52" W, 285.34 feet to an angle point;
thence, S 39°59'13" W, 229.55 feet to an angle point;
thence, S 27°17'22" W, 944.88 feet to an angle point;
thence, S 82°06'27" W, 379.20 feet to an angle point;
thence, N 47°59'50" W, 481.27 feet to an angle point;
thence, N 65°52'56" W, 252.27 feet to an angle point;
thence, N 62°57'45" W, 137.34 feet to an angle point;
thence, N 75°02'51" W, 366.61 feet to an angle point;
thence, N 85°43'23" W, 240.70 feet to an angle point;
thence, N 12°37'47" E, 65.06 feet to an angle point;
thence, N 88°01'53" W, 155.67 feet to an angle point;
thence, N 46°27'15" W, 85.30 feet to an angle point;
thence, N 64°21'10" W, 77.35 feet to an angle point;
thence, N 64°37'56" W, 164.06 feet to an angle point;
thence, N 34°21'20" W, 83.60 feet to an angle point;
thence, N 70°55'52" W, 405.85 feet to an angle point;
thence, N 04°07'16" E, 92.03 feet to an angle point, said point being designated as Junction Point 1;

thence, N 76°16'54" E, 234.11 feet to an angle point;
thence, S 17°36'46" E, 59.35 feet to an angle point;
thence, S 68°14'26" E, 582.54 feet to an angle point;
thence, N 59°00'46" E, 84.02 feet to an angle point;
thence, S 15°45'40" E, 96.93 feet to an angle point;
thence, S 14°25'48" W, 96.35 feet to an angle point;
thence, S 43°47'51" E, 42.19 feet to an angle point;
thence, S 89°35'14" E, 114.00 feet to an angle point;
thence, S 75°08'40" E, 211.26 feet to an angle point;
thence, N 68°34'28" E, 113.46 feet to an angle point;
thence, S 85°35'05" E, 361.79 feet to an angle point;
thence, S 64°45'33" E, 114.25 feet to an angle point;
thence, S 39°15'48" E, 278.34 feet to an angle point;
thence, S 68°27'27" E, 96.92 feet to an angle point;
thence, S 58°02'57" E, 158.46 feet to an angle point;
thence, S 43°01'43" E, 107.27 feet to an angle point;
thence, S 43°36'18" E, 93.38 feet to an angle point;
thence, S 66°10'59" E, 144.68 feet to an angle point;
thence, N 19°24'53" E, 327.60 feet to an angle point;
thence, N 00°26'20" E, 46.85 feet to an angle point;
thence, N 16°03'18" E, 203.21 feet to an angle point;
thence, N 15°48'41" E, 176.76 feet to an angle point;
thence, N 15°43'18" E, 82.84 feet to an angle point;
thence, N 15°14'01" E, 102.71 feet to an angle point;
thence, N 44°34'01" E, 219.48 feet to an angle point;
thence, N 33°53'34" E, 201.30 feet to an angle point;
thence, N 28°20'42" E, 98.30 feet to an angle point;
thence, N 23°08'03" E, 224.71 feet to an angle point;
thence, N 21°25'22" E, 227.45 feet to an angle point;
thence, N 40°14'30" W, 110.44 feet to a point on a curve;
thence, southeasterly along a curve to the right, through a central angle of 52°09'47", having a radius of 385.00 feet and an arc length of 350.51 feet (chord = S 85°21'34" E, 338.53 feet) to the point of beginning and containing 22.4551 acres, more or less.

TOGETHER WITH the following described tract:

BEGINNING at the most southerly corner of said tract herein described, whence said Junction Point 1 bears S 45°31'16" W, 97.76 feet distant; thence, from said point of beginning N 19°43'03" E, 61.94 feet to an angle point;

thence, N 72°36'32" W, 151.37 feet to an angle point;
thence, N 61°33'12" W, 112.03 feet to an angle point;
thence, N 42°35'51" W, 59.31 feet to an angle point;
thence, N 44°02'16" W, 135.23 feet to an angle point;
thence, N 07°23'01" W, 176.01 feet to an angle point;

