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BY LROMERO

DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR RANCHO VALENCIA

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**First Amendment to
Declaration of Covenants, Conditions,
Restrictions and Easements
for Rancho Valencia Homeowners Association, Inc.**

WHEREAS, Rancho Valencia Homeowners Association, Inc. ("Association") is governed by the Declaration of Covenants, Conditions, Restrictions, and Easements for Rancho Valencia Homeowners Association, Inc., ("Declaration") recorded July 6, 2007.

WHEREAS, pursuant to Article 8, Section 4 of the Declaration, the Declaration may be amended by an instrument signed by the duly authorized officers of the Association provided such provided such amendment has been approved by vote, in person or by proxy, of more than one-half (1/2) of the total votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened and held to approve such amendment.

WHEREAS, on August 1, 2008, the Owners representing a majority of the votes of all Memberships under the Declaration voted affirmatively to adopt this Amendment(s).

NOW, THEREFORE, the Declaration is hereby amended as set forth below:

1. Section 6.14 (a) 2. First sentence is hereby amended in its entirety to read as follows:
"Side yard and rear yard walls shall be of the same color, type construction and finish as the perimeter walls of the subdivision, and shall be approved by the Design Review Committee."
2. Section 6.21 Parking and Vehicles. The following sentence is hereby added as the final statement in the section, to read as follows:
"The Association shall have the right from time to time, to designate areas for parking of restricted vehicles."
3. Section 6.4 Space Requirements The following sentence is hereby amended in its entirety to read as follows:
"The living area of the main dwelling, exclusive of open porches, garages, carports, patios, gazebos, and breezeways ("Living Space"), shall be not less than 1200 square feet of heated and cooled Living Spaces, and not less than one and three quarter baths."

IN WITNESS WHEREOF, Rancho Valencia Homeowners Association, Inc., hereby executes the above Amendments to the Declaration.

DATED this 4th day of August, 2008.

RANCHO VALENCIA COMMUNITY
ASSOCIATION, INC.

BY: Max Kufner
Its: President

Attest: Cherie Kufner
Its: Secretary

Second Amendment to
Declaration of Covenants, Conditions,
Restrictions and Easements
For Rancho Valencia Homeowners Association, Inc.

WHEREAS, Rancho Valencia Homeowners Association, Inc. ("Association") is governed by the Declaration of Covenants, Conditions, Restrictions, and Easements for Rancho Valencia Homeowners Association, Inc., (Declaration") recorded July 6, 2007.

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WHEREAS, on June 9, 2009 the Owners representing a majority of the votes of all Memberships under the Declaration voted affirmatively to adopt this Amendment(s).

NOW, THEREFORE, the Declaration is hereby amended as set forth below:

- 1. Section 6.4 Space Requirements The following sentence is hereby amended in its entirety to read as follows:
"The living area of the main dwelling, exclusive of open porches, garages, carports, patios, gazebos, and breezeways ("Living Space"), shall be not less than 1,000 square feet of heated and cooled Living Spaces, and not less than one and three quarter baths."

IN WITNESS WHEREOF, Rancho Valencia Homeowners Association, Inc., hereby executes the above Amendments to the Declaration.

DATED this 9th day of June, 2009

RANCHO VALENCIA COMMUNITY ASSOCIATION, INC.

BY: [Signature]
Its: President

BY: [Signature]
Its: Secretary

Signed + Sworn before me this
1th day of June, 2009 by Cherie Kichas.

[Signature]

My Commission Expires: March 12, 2011

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First Amendment to
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for Rancho Valencia Homeowners Association, Inc.

09/04/2008 04:02:54
BY SSALAS

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NOW, THEREFORE, the Declaration is hereby amended as set forth below:

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"Side yard and rear yard walls shall be of the same color, type construction and finish as the perimeter walls of the subdivision, and shall be approved by the Design Review Committee."
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IN WITNESS WHEREOF, Rancho Valencia Homeowners Association, Inc., hereby executes the above Amendments to the Declaration.

DATED this 4th day of August, 2008.

RANCHO VALENCIA COMMUNITY
ASSOCIATION, INC.

BY: Max Kutzner
Its: President

Attest: Cherie Kutzner
Its: Secretary

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Declaration of Covenants, Conditions,
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IN WITNESS WHEREOF, Rancho Valencia Homeowners Association, Inc., hereby executes the above Amendments to the Declaration.

DATED this 9th day of June, 2009

RANCHO VALENCIA COMMUNITY ASSOCIATION, INC.

BY: [Signature]
Its: President

BY: [Signature]
Its: Secretary

*Signed + Sworn before me this
11th day of June, 2009 by Cherie Kiche.*

Brenda [Signature]

My Commission Expires: March 12, 2011

THIS DECLARATION is made as of the _____ day of _____, 2007, by Emil Kiehne and Sons, Inc., a New Mexico corporation, hereinafter referred to as "Declarant."

RECITALS

Declarant is the fee simple owner of real property known as Rancho Valencia and described herein as the "Property" and shown on the Plat in Valencia County, New Mexico and plans to develop such Property under a common plan of development;

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to this Declaration of Covenants, Conditions, Restrictions and Easements, which Declaration shall be and constitute easements, restrictions, covenants and conditions appurtenant running with the land, and shall be binding upon and inure to the benefit of all parties having any right, title or interest in the said property and their respective heirs, successors and assigns, as their respective interests may appear.

Article 1 Definitions

Unless the context expressly requires otherwise, the following terms shall have the following meanings whenever used in the this Declaration, the Associations Articles of Incorporation, or the Associations By-Laws:

1.1 "Association" shall mean and refer to the Rancho Valencia Homeowners Association, Inc., a corporation not-for-profit organized pursuant to Section 53-8-1 et seq. of the New Mexico Statutes Annotated, as amended from time to time, and its successors and assigns.

1.2 "Association Documents" shall mean the Association's Articles of Incorporation and By-Laws as the same may, from time to time, be amended and exist.

1.3 "Board" shall mean the Board of Directors of the Association, whose duties shall be the management of the affairs of the Association subject to this Declaration and Association Documents.

1.4 "Builder" means any person or entity who acquires a Lot from Declarant for the purpose of constructing thereon a single-family residence, either attached or detached, and appurtenances, for resale in the ordinary course of business of such person or entity.

1.5 "Common Area" shall mean all real property (including any improvements thereon) which shall, from time to time, be designated by Declarant for the common use and enjoyment of the Owners and conveyed to the Association in fee simple, or with respect to which the Association has been granted an easement; together with the rights-of-way, easements,

appurtenances, improvements and hereditaments described in this Declaration, all of which shall be and are covenants running with the land.

1.6 "Declarant" shall mean and refer to Emil Kiehne and Sons, Inc., and its successors and assigns.

1.7 "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions and Easements, as the same may be amended, renewed or extended from time to time in the manner herein prescribed.

1.8 "Dwelling" shall mean any structure built upon a Lot for the purpose of allowing natural persons to reside therein.

1.9 "Law" shall include any statute, ordinance, rule, regulation, or order validly created, promulgated or adopted by the United States, by the State of New Mexico, by the Village of Los Lunas, or by any of agencies, officers, municipalities, or political subdivisions thereof, and from time to time applicable to the Property or to any activities on or about the Property.

1.10 "Lot" shall mean and refer to a plot of land shown and identified by number upon any plat of all or any part of the Property made subject to this Declaration. Not more than one (1) Dwelling unit shall be contained on a Lot.

1.11 "Mortgage" shall mean a mortgage, deed of trust, deed to secure debt and any and all other similar instruments given to secure the payment of an indebtedness.

1.12 "Owner" shall mean and refer to the record owner, and if more than one person or entity, then to them collectively, of the fee simple title to any Lot which is a part of the Property, so that for purposes of this Declaration and the Association Documents, as defined herein, each Lot shall be deemed to have one Owner. Both the Declarant and Builders are Owners for all purposes under this Declaration, to the extent of each Lot owned, except where expressly provided otherwise.

1.13 "Owners' Association Rules" shall mean those rules and regulations that the Board shall from time to time adopt, promulgate, amend, revoke, and enforce to govern the use and maintenance of the Property and Association procedures.

1.14 "Person" shall mean an individual, corporation, partnership, trust, or any other legal entity.

1.15 "Plat" shall mean the recorded subdivision plat of Rancho Valencia recorded on October 25, 2006; in Book J, at Page 734, of the public records of Valencia County, New Mexico.

1.16 "Property" shall mean all of the real property which is made subject to this Declaration as shown and described on the Plat, and is more particularly described as:

Lots One (1) through Three Hundred Seventy Eight (378) of Rancho Valencia, as the same are shown and designated on the plat thereof, recorded October 25, 2006, in Book J, at Page 734 of the records of Valencia County, New Mexico, less and excepting Lots 105 and 106.

1.17 "Recorded" shall mean filed for record in the public records of Valencia County, New Mexico, or such other place as from time to time is designated by law for providing constructive notice of matters affecting title of real property in Valencia County, New Mexico.

1.18 "Structure" shall mean any thing or object, the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building, or part thereof, garage, porch, shed, greenhouse, bathhouse, kennel, animal pen or run, covered or uncovered patio, swimming pool, fence, curbing, paving, wall, sign, signboard, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Lot, and any excavation, grading, fill, ditch, diversion, dam, or other thing or device which affects or alters the flow of any waters from, upon or across any Lot.

1.19 "the Work" shall mean the initial development of the Property by Declarant and includes the sale of completed Lots, with or without Dwellings, in the ordinary course of Declarant's business.

Article 2 Common Area

2.1 Conveyance of Common Property. The Declarant or, where appropriate and acceptable to the Association, a Public Development District may from time to time designate and convey to the Association easements and/or fee simple title to real property to be the Common Area for the common use and enjoyment of the Owners, subject to this Declaration. The Association's title to all easements and all such conveyances of Common Area subject to the terms and conditions of this Declaration and the obligations set forth herein.

2.2 Owner's Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot; provided, however, that no Owner shall do any act which interferes with the use and enjoyment of the Common Area by all other Owners; and provided further, said easement shall be subject to the following rights, title and interest:

(a) The right of the Association to impose reasonable limits upon the number of guests of an Owner who may use these facilities.

(b) The right of the Association to suspend the right to the use of the Common Area by an Owner for any period during which any Assessment, as defined herein, against his Lot remains unpaid, and for a period not to exceed 60 days for any other infraction of the Association Documents or the Owners' Association Rules, provided that such suspension shall not interfere with such Owner's access to the Lot.

(c) The Right of Declarant and the Association to grant easements in and to the Common Area for all utility services, including cable television and other public uses which benefit the subdivision as a whole.

(d) The right of the Association to borrow money for the purpose of improving the Common Area or acquiring additional common area property; provided, however, the Common Area cannot be mortgaged without the majority vote, in person or by proxy, of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened to approve the borrowing.

(e) The right of the Association to dedicate, transfer and convey all or any part of its right, title and interest in the Common Area to any public agency, authority, or utility or, subject to such conditions as may be agreed to by the Owners, to any other Person for such purposes; provided, however, the Common Area cannot be conveyed without the majority vote, in person or by proxy, of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened to approve the conveyance.

2.3 Responsibilities of the Association and Release of Liability.

(a) Upon conveyance of a Common Area, the Association shall be responsible for such Common Area, including but not limited to, its operation, management, care, restoration, insurance, renovation, alteration, reconstruction, repair, maintenance, rebuilding, replacement and improvement, and for the payment of taxes and utilities for the Common Area.

(b) Any park facilities, private streets, street lights, sidewalks, drainage systems, fences, and other improvements that have been constructed, installed or created by the Declarant as part of the subdivision improvements in the Work and not dedicated to the Village of Los Lunas or maintained by the Village, shall be maintained by the Association in the same condition and appearance as constructed or created. The Association shall establish reserves for the replacement of such improvements as are owned by the Association.

(c) By acceptance of a deed to a Lot within the Property, each Owner agrees that the Association and the Declarant have no obligations whatsoever for providing protection to persons on the Property. Each Owner further agrees that the Declarant and the Association shall have no obligation whatsoever for providing protection to Owner or the Property from conditions existing within public or private streets or Common Areas.

2.4 Delegation of Use. Any Owner may delegate, in accordance with the By-Laws and the Owners' Association Rules, his right of enjoyment of the Common Area and facilities to members of his family, tenants, social and business invitees or contract purchasers who reside on the Owner's Lot.

2.5 Destruction of Common Area. In the event of a total or partial destruction of all or any part of the Common Area, and if available proceeds of insurance carried pursuant to this Declaration are sufficient to cover 85% of the repair or reconstruction, the Common Area shall be promptly repaired and rebuilt unless, within 150 days from the date of such destruction, at least 75% or more of the Members attending, in person or by proxy, a regular or special meeting of the Members duly called and convened to approve such reconstruction determine that such reconstruction shall not take place. If the insurance proceeds are less than 85% of the cost of reconstruction, reconstruction may nevertheless take place if, within 150 days from the date of destruction, a majority of the Members attending, by person or proxy, a regular or special meeting of the Members duly called and convened to approve such reconstruction approve the reconstruction. Notwithstanding the preceding, drainage facilities and other parts of the Common Area required for public safety shall be rebuilt unless waived in writing by the Village of Los Lunas or the governmental authority having jurisdiction over such improvements.

2.6 Common Areas Easements.

(a) Declarant has dedicated and conveyed to the public, the Village of Los Lunas and/or various utility providers, certain rights of way and easements as shown on the Plat. In addition, Declarant has dedicated and conveyed, or will dedicate and convey, to the Association certain other portions of the Property shown or described on the Plat for use and maintenance of utility, drainage, wall, landscape, park and/or open space easements, together with a right of ingress and egress over and across the easement areas for such purposes. Within these easements no Structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, drainage structures or walls, or which may impede the flow of water through drainage structures in the easements. Easement areas within a Lot and all improvements in it shall be maintained continuously by the Owner of the Lot.

(b) Fire, police, health, sanitation (including trash collection) and other public service personnel and vehicles shall have and are hereby granted a permanent, non-exclusive and perpetual easement for ingress and egress over and across such Common Areas as are paved and appropriate for vehicular access.

(c) Declarant hereby grants to each Owner, their guests, invitees, residents, and visitors, and utilities providers, guests and invitees of the Association, and reserves to itself, its employees, agents, contractors, and invitees, a permanent, non-exclusive and perpetual easement for ingress and egress over and across the Common Areas constructed as trails and parks, that have not been dedicated to the Village of Los Lunas, for the purpose of ingress and egress to any area of the Property open to access in general to Members of the Association.

(d) Declarant hereby reserves an easement across the Common Area and all Lots for the installation, maintenance and use of the high speed data communications lines, distribution facilities and equipment and cable television lines, distribution facilities and lines. This easement may be transferred in whole or in part to any franchised high speed data communication operator and any cable television operator.

Article 3
Rancho Valencia Homeowners Association, Inc.

3.1 Purpose. The Association shall be formed for the purposes, as set forth in its Articles of Incorporation, to carry out the purposes specified in this Declaration including but not limited to owning, holding, managing and otherwise dealing with Common Areas as provided for herein, and shall be authorized to engage in the business of a homeowner's association with the powers granted non-profit corporations under the New Mexico Nonprofit Corporation Act, Article 8, Section 53, New Mexico Statutes Annotated, as amended.

3.2 Membership.

(a) Each Owner, by virtue of being an Owner and for so long as he is an Owner, shall automatically be a Member of the Association. Association membership shall be an interest appurtenant to title of each Lot and may not be separated from ownership of any Lot which is subject to assessment, as set forth herein, and shall be transferable only as part of the fee simple title to each Lot.

(b) The rights, duties, privileges and obligations of an Owner as a Member of the Association shall be those set forth in, and shall be exercised and imposed in accordance with, the provisions of this Declaration and the Association Documents; provided, that, if a conflict arises between the Declaration and the Association Documents, the Declaration shall take priority.

3.3 Voting.

(a) The Association shall have two classes of voting membership:

Class A. So long as there is Class B membership, Class A Members shall be all Owners, except the Declarant, and shall be entitled to one vote for each Lot owned by such Members. Upon termination of Class B membership, Class A Members shall be all Owners including Declarant so long as Declarant is an Owner, and each Owner shall be entitled to one vote for each Lot owned. If more than one (1) person owns an interest in any Lot, all such persons are Members; and the vote for such Lot may be exercised as the Owners determine among themselves; but no split vote is permitted.

Class B. The Class B Member shall be the Declarant and as long as there is a Class B voting membership the Declarant shall be entitled to three (3) votes for each Lot owned by the Declarant.

Class B membership shall cease and be converted to Class A membership and any Class B Lots then subject to the terms of this Declaration shall become Class A Lots upon the happening of any of the following events, whichever occurs earlier:

- (i) Until such time as the Class B Member no longer owns any Lot.
- (ii) On January 1, 2020, or
- (iii) When the Declarant waives in writing its right to Class B membership and agrees to the conversion of such into Class A membership.

(b) Suspension of Voting Rights. If any Owner is in arrears in the payment of any Assessments or other amounts due hereunder or is otherwise in default under any of the provisions of this Declaration and such violation is not cured before any meeting of the Members where votes are to be taken, the Owner's right to vote as a Member of the Association shall not be exercisable for such meeting and shall remain suspended until all payments, including accrued interest, penalties and attorneys' fees are set forth below, are brought current, and until any other infractions or violations of this Declarant are cured.

3.4 Services. The Association may obtain and pay for the services of any Person to manage its affairs to the extent the Board deems advisable, as well as such other personnel as the Board determines are necessary or desirable, whether such personnel are furnished or employed directly by the Association or by any Person with whom it contracts. Without limitation, the Board may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Property or the enforcement of this Declaration, the Association Documents or the Owners' Association Rules.

3.5 Capital Improvements. Except for: (i) the repair and replacement of any personal property; or (ii) as set forth in section 2.5, the Association may not expend funds for capital improvements without the prior approval of at least two-thirds (2/3) of the total votes cast, in person or by proxy, at a regular or special meeting of the Members duly called and convened to approve such expenditure.

3.6 Personal Property. The Association may acquire, hold and dispose of tangible and intangible personal property, subject to such restrictions as from time to time may be contained in this Declaration and the Association Documents.

3.7 Public Infrastructure. The Association may accept, by written agreement with a Public Improvement District on terms acceptable to the Association, maintenance of public infrastructure constructed by the Public Improvement District located within the Property.

3.8 Owners' Association Rules. The Association from time to time may adopt, alter, amend, rescind, and enforce reasonable rules and regulations governing the use of the Lots, and other areas, or any combination thereof, which rules and regulations shall be consistent with the rights and duties established by this Declaration. These regulations shall be binding upon Owners and the Association may impose reasonable monetary fines and other sanctions for violations of the rules which may be collected by lien and foreclosure as provided herein and in accordance with New Mexico Statutes Annotated and the rules and practices for foreclosures in the District Courts of New Mexico. All Owners' Association Rules initially may be promulgated by the Board but are subject to amendment or rescission by vote of a majority of the votes cast, in person or by proxy, at any regular or special meeting of the Members duly called and convened to consider amendment or rescission of the Owners' Association Rules. The Association's procedures for enforcing Owners' Association Rules shall provide the affected Owner with reasonable prior notice and a reasonable opportunity to be heard, in person and through representatives of such Owner's choosing.

3.9 Powers and Authority. The Association shall have the power and authority to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of the Articles of Incorporation of the Association or this Declaration and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the safety and/or general welfare of the Owners. Without in any way limiting the generality of the foregoing, the Declarant hereby grants an easement for, and the Association shall have the power and authority but not the obligation at any time and from time to time, and without liability to any Owner, to enter upon any Lot for the purpose of enforcing any and all of the provisions called for herein, or for the purpose of maintaining and repairing any such Lot if for any reason whatsoever the Owner thereof fails to maintain and repair such Lot as required. The Association shall also have the power and authority from time to time, in its own name, or its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration, the Association Documents and the Owners' Association Rules and to enforce, by mandatory injunction or otherwise, the provisions of this Declaration, the Association Documents, and the Owners' Association Rules.

3.10 Indemnification of Officers and Directors. To the extent permitted by New Mexico law including but not limited to Section §53-8-15 New Mexico Statutes Annotated, as amended, the Association shall, and all Owners, as Members of the Association, hereby agree that the Association shall indemnify each officer, director, employee, and management contractor from any and all expenses, including legal expenses, incurred or arising out of such person's acts undertaken on behalf of the Association. This provision is self executing, and the Association may also take any action desired to carry out its purposes.

3.11 Alternatives if Quorum Not Present. If the quorum of Members required by the By Laws of the Association is not present at any meeting of the Members of the Association duly called:

(a) (i) the President; or (ii) the Board; or (iii) a majority of the Members attending such meeting, in person or by proxy, may approve voting to take place by paper ballot and then adjourn the meeting. The Secretary shall prepare and distribute the ballots to the Members eligible to cast votes on the matter(s) within 15 days following the adjournment of the meeting. The Members entitled to vote on the matter(s) to be heard at the meeting shall have 30 days from the date the ballots are distributed to return ballots to the Secretary. The Board shall count the ballots and the Secretary of the Association shall notify the Membership no later than 15 days after the close of the vote of the results of the votes cast by ballot. The total number of votes cast by ballot shall be used to determine if a quorum was achieved for voting purposes.

(b) In the alternative, if two (2) meetings are called to consider the same matter(s) and a quorum is not achieved by the second (2nd) meeting, a special meeting of the Members eligible to cast votes on the matter(s) may then be called to reconsider the matter(s) and the presence in person or by proxy of those Members entitled to cast one-twentieth (1/20th) of the total votes entitled to be cast on the issue(s) at a meeting of the Members of the Association shall constitute a quorum for such meeting. Further provided, the attendance at a meeting of the Members of the Association attended in person or by proxy by the Declarant shall constitute a quorum as long as the Declarant is a Class B Member of the Association.

Article 4 Assessments

4.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, hereinafter referred to as "Annual Assessments", (ii) special assessments for capital improvements, hereinafter referred to as "Special Assessments", and (iii) specific assessments for accrued liquidated indebtedness of that individual Owner(s) to the Association, hereinafter referred to as "Specific Assessments," with such assessments to be established and collected as hereinafter provided. The Annual, Special and Specific Assessments, hereinafter collectively referred to as "Assessments", together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which an Assessment is made. The Assessments, together with interest, costs, reasonable attorney's fees and paralegal fees together with any sales or use tax thereon, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the Assessment fell due. However, the personal obligation of an Owner for delinquent Assessments shall not pass to said Owner's successors in title unless expressly assumed in writing by such successors, but shall continue to be a charge on and lien against the Lot which, if not paid, shall entitle the Association to exercise its remedy of foreclosure, as further provided herein, against the Lot subject to the continuing lien for the delinquent Assessments and, at the option of the Association, to exercise its collection remedies, either in the foreclosure action or by separate action, against the Person who was the Owner of such Lot at the time when the Assessments fell due.

4.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of carrying out the rights and obligations of the Association

as defined in this Declaration, including but not limited to the acquisition, management, insurance, and maintenance of the Common Areas and any other property which the Association is responsible for maintaining; the maintenance of a reserve fund for the replacement of improvements thereon or anticipated to be required in the future; the enforcement of the Declaration, and Association Documents; the enforcement of Design Standards of the Design Review Committee; the enforcement of Owners' Association Rules established from time to time by the Association; the payment of operating costs and expenses of the Association; maintenance of any Common Areas; and the payment of all principal and interest when due and all debts owed by the Association.

4.3 Annual Assessments. The Annual Assessment shall be used exclusively to promote the community within the Property, including (i) those other responsibilities as outlined herein, and (ii) all other general activities and expenses of the Association, including but not limited to the enforcement of this Declaration, the Association Documents, and the Owners' Association Rules established from time to time by the Association.

4.4 Maximum Annual Assessment. At least 30 days before the expiration of each calendar year, the Board will prepare and distribute to each Owner a proposed budget for the Association's operations during the next ensuing year, including reasonable provision for contingencies, and reserves for major repair and replacement. If such budget requires an Annual Assessment for the next ensuing year having an aggregate increase to the Annual Assessment then in effect of not more than fifteen percent (15%), the Annual Assessment for the next ensuing year so proposed will take effect at the commencement of the next ensuing year without further notice to any Owner. If such budget proposes an Annual Assessment for the next ensuing year with an aggregate increase to the Annual Assessment then in effect of more than fifteen percent (15%), the Board must call a membership meeting as stated herein. In computing the applicable percentage of the new annual assessment for the above determination, any increase due to an increase in utility charges (hereinafter, the "Utility Charges" which term includes charges for wet and dry utilities including but not limited to water, sewer, rubbish, gas, electricity, phone services, cable services, high speed data communication services, and satellite services) shall not be included in the computation, but shall be automatically passed on as part of the assessment. A majority of the total votes cast by Members, in person or by proxy, at any regular or special meeting of the Members duly called and convened to consider the Annual Assessment for the next ensuing year is sufficient for such approval, and the Assessment approved will take effect at the commencement of the next ensuing calendar year without notice to any Owner. If the proposed assessment is disapproved, the Members casting, in person or by proxy, a majority of the total votes cast at any regular or special meeting of the Members duly called and convened to approve the Annual Assessment will determine the Annual Assessment for the next calendar year, which may be any amount not exceeding that stated in the meeting notice. Each Annual Assessment may be payable in such number of installments, with or without interest, as the Board determines. In the absence of any valid action by the Board or the membership to the contrary prior to the commencement of any calendar year, the Annual Assessment then in effect will automatically continue for the ensuing calendar year increased only by any increase in the Utility Charges.

4.5 Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any Assessment year, Special Assessments for common expenses of the Association applicable to that year only. Except as specifically provided otherwise in this Declaration (e.g., section 2.5), any Special Assessment shall have the assent of the Members if the Members, in person or by proxy at any regular or special meeting of the Members duly called and convened to approve such Special Assessments, cast a majority vote to approve such Special Assessments.

4.6 Specific Assessments. Any and all accrued liquidated indebtedness of any Owner to the Association arising under any provision of this Declaration, or by contract, express or implied, or because of any act or omission of any Owner or person for whose conduct such Owner is legally responsible, also may be assessed as a lien by the Association against such Owner's 1 Lot, as a Specific Assessment, after such Owner fails to pay such indebtedness within 30 days after written demand.

4.7 Notice for Any Action Authorized Under this Article. Written notice of any meeting called for the purpose of taking action authorized to increase the Annual Assessment or to approve a Special Assessment shall be sent to all Members authorized to vote not less than 10 days nor more than 50 days in advance of the meeting.

4.8 Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. The share of each Lot in payment of the Annual and Special Assessments shall be a fraction the numerator of which is one and the denominator is the total number of Lots subject to assessment under this Declaration at such time.

4.9 Other Charges and Costs Assessable. The Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such reasonable amounts(s) as the Board may determine in its discretion at any time and from time to time, including reimbursement of charges that are made to the Association by its managing agent or any other Person: copying of Association or other documents; return check fees; facsimiles; long distance telephone calls; notices and demand letters; transfer charges including but not limited to charges related to transfer of Lot ownership or to the leasing of a Lot and the Dwelling located thereon; and other charges incurred by the Association for or on behalf of any Owner(s). All such charges, costs and fees shall be in addition to the Assessments levied by the Association, but shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments.

4.10 Adjustment of Monetary Fees, Penalties, and Costs. All monetary amounts stated in this Declaration or established from time to time by the Association as a charge, fee, cost or monetary fine, are subject to increase as determined by the Association at an annual or special meeting to reflect inflationary effects on such charges, fees, costs or monetary fines and/or the rising costs to the Association with respect to charges, fees, costs or monetary fines imposed by the Association.

4.11 Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all sums collected in such year by way of Annual Assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the Annual Assessments in any succeeding year but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes. Such surplus need not be used to augment or replace operating reserves established by the Association.

4.12 Date of Commencement. The Annual Assessments provided for herein shall commence for a Lot made subject to this Declaration upon the earlier of (a) the first of the month following issuance of a certificate of occupancy or equivalent for the Dwelling or other Structure on the Lot, or (b) the first (1st) day of the thirteenth (13th) calendar month following the date a Lot is sold by Declarant to the Owner of the Lot including but not limited to a Builder.

4.13 Certificate as to Status of Payment. Upon written request of an Owner, the Association shall, within a reasonable period of time but in any case within 30 days of the Association's receipt of such written request, issue a certificate to that Owner giving the status of all Assessments, including penalties, interest and costs, if any, which have accrued to the date of the certificate. The Association may make a reasonable charge for the issuance of such certificate. Any such certificate, when duly issued as herein provided shall be conclusive and binding with regard to any matter therein stated. Notwithstanding any other provision of this Section, a bona fide purchaser of a Lot from an Owner to whom such a certificate has been issued shall not be personally liable for any Assessments that became due before the date of the certificate that are not reflected thereon, and the Lot acquired by such a purchaser shall be free of the lien created by this Article if the bona fide purchaser for value made a written request for a certificate of the status of all Assessments due with respect to the Lot and such Assessments are not reflected in the Public Records or in the certificate issued by the Association to such bona fide purchaser.

4.14 Assessment Lien. All sums assessed to any Lot, together with interest and all costs and expenses of collection (including reasonable attorneys' fees and paralegal fees, plus any applicable sales or use tax thereon, including those for trial and all appellate proceedings), are secured by a continuing lien on such Lot in favor of the Association. The right of redemption with respect to the foreclosure of such lien shall be one (1) month in lieu of nine (9) months. Such lien is subject and inferior to the lien for all sums secured by any first mortgage encumbering such Lot excepting assessments that are past due and unpaid for which a Claim of Lien against such Lot is filed in the Public Records by the Association prior to the recording in the Public Records of such first mortgage; but all other Persons acquiring liens on any Lot, after this Declaration is recorded, are deemed to consent that such liens are inferior to the lien established by this Declaration whether or not such consent is set forth in the instrument creating such lien. The recording of this Declaration constitutes constructive notice to all subsequent purchasers and creditors, or either, of the existence of the Association's lien and its priority. The Association from time to time may, but is not required to, record a notice of lien for the delinquent Assessments against any Lot in the Public Records.

4.15 Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within 10 days after the due date shall bear interest from the due date at the rate equal to the higher of (a) eighteen percent (18%) per annum, or (b) judgment rate of interest established pursuant to Section 56-8-4 of the New Mexico Statutes Annotated, as amended from time to time. The Board may from time to time establish a lower rate of interest for any Assessment; provided, such shall not be deemed to waive the right to collect interest as provided above if the lower rate of interest is challenged by an Owner and, further, no rate of interest established or charged by the Association shall exceed any maximum interest established by the law of the State of New Mexico. The Board may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot subject to the lien for unpaid Assessments. A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing, waiving, or otherwise impairing the Associations lien or its priority. No Owner may waive or otherwise escape liability for the Assessments provided for herein by abandonment of his Lot.

4.16 Subordination of the Lien to First Mortgage. The lien of the Assessments provided for herein shall be subordinate to the lien of any bona fide first mortgage excepting Assessments that are past due and unpaid and for which a Claim of Lien against a Lot is filed in the Public Records by the Association prior to the recording in the Public Records of the first mortgage against such Lot. Sale or transfer of any Lot shall not affect an Assessment lien, except the transfer of any Lot in lieu of the foreclosure of a first mortgage thereon shall extinguish the lien of such Assessments as to payments which became due prior to such transfer, without prejudice however, to the Association's right to collect such amounts from the Owner personally liable for their payment. Any encumbrancer holding a lien on a Lot may pay, but is not required to pay, any amount secured by the lien created by this Article; and such encumbrancer then will be subrogated to all rights of the Association with respect to such lien, including priority, to the extent of such payment.

4.17 Homesteads. By acceptance of a conveyance of title to any Lot, each Owner is deemed to acknowledge conclusively that (i) the assessments established by this Article are for the improvement and maintenance of any homestead thereon; (ii) the Associations lien for such assessments has priority over any such homestead; and (iii) such Owners irrevocably waive the benefit of any homestead exemption otherwise available with respect to all amounts validly secured by such lien.

4.18 Declarant's Limitation of Liability for Assessments. Notwithstanding anything herein to the contrary, the Lots owned by Declarant shall not be subject to Assessments established by this Article. Until such time as there is an adequate number of Lot Owners to pay the Annual Assessments to carry out the Associations obligations, the Declarant may, at its option, contribute cash and/or in kind services to the Association to assist the Association in meeting its obligations.

Article 5
Design Review Committee

VALENCIA COUNTY
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5.1 Creation and Composition. The "Design Review Committee" shall mean, as follows: Until all the Lots in the Property have been fully developed, permanent improvements constructed thereon, and sold to residents, the Design Review Committee shall mean the Declarant and its successors or assigns. At such time as all of the Lots in the Property have been fully developed, permanent improvements constructed thereon, and sold to permanent residents, the Declarant shall notify the Board and all the Owners of Lots within the Property to that effect, and, thereupon, the Declarant's rights and obligations as the Design Review Committee shall forthwith terminate. Thereafter, the Association shall have the right, power, authority, and obligation to establish a successor Design Review Committee of the Association in accordance with the Association Documents and to prescribe Owners Association Rules pursuant to which such Committee shall act.

5.2 Design Standards. The Design Review Committee shall from time to time, subject to this Declaration and the Association Documents, adopt, promulgate, amend, revoke, and enforce guidelines, hereinafter referred to as the "Design Standards" for the purpose of:

- (a) governing the form and content of plans and specifications to be submitted to the Design Review Committee for approval pursuant to this Declaration;
- (b) governing the procedure for such submission of plans and specifications; and
- (c) establishing guidelines with respect to the approval and disapproval of design features, architectural styles, exterior colors and materials, details of construction, location and size of any Structure, and all other matters that require approval by the Design Review Committee pursuant to this Declaration.

The Design Review Committee may adopt a different set of Design Standards for any designated area within the Property, to reflect the differences in intended design features in such units. Further, the Design Review Committee has the authority to, at any time and from time to time, enact, issue, promulgate, modify, amend, repeal, re-enact, and enforce, design or architectural guidelines and standards to interpret and implement the provisions of this Article. Without limiting the generality of the foregoing, such guidelines and/or standards may contain provisions to clarify the criteria for approval of certain Improvements, (e.g. the design, material, size, location, etc.), may state the procedural requirements for submissions to the Committee, and may provide for blanket approvals, interpretations or restrictions on Improvements. By way of example, and not by way of limitation, such provisions may state that a certain type of screen door will be acceptable and will not require approval, or may state that certain types of fences are considered pre-approved (as long as such fences are in an approved location and comply with the applicable guidelines and/or standards) and that no other type of fences will be approved by the Design Review Committee. Any guidelines or

rules and regulations of the Design Review Committee shall be consistent, and not in conflict, with this Article and any other applicable provisions of this Declaration.

In reviewing any particular application, the Committee shall consider whether its action will: (i) assure harmony of external design, materials and location in relation to surrounding buildings and topography within the Property; (ii) be consistent with the provisions of this Declaration; (iii) be in the best interest of all Owners in maintaining the desirability of the Property as a residential community; and (iv) assure design, materials and location that are in conformance with all applicable Law and standards including building and other ordinances of the Village of Los Lunas in effect from time to time.

5.3 Review and Approval of Plans. No Structure shall be commenced, erected, or maintained on any Lot, nor shall any exterior addition to or alteration thereof be made until two (2) full sets of the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to the Design Review Committee for written approval (i) as to conformity and harmony of external design and general quality with the existing standards of the neighborhood and with the standards of Rancho Valencia, (ii) as to the size, height, and location of the Structure in relation to surrounding Structures and topography and finished ground elevation, and (iii) as to conformity with the provisions of the Design Standards. In the event the Design Review Committee fails to approve or disapprove such design and location within 30 days after said plans and specifications have been submitted in writing, the proposal shall be deemed to be disapproved by the Design Review Committee. The Committee may impose a fee for the costs involved with respect to its review of the plans and specifications.

Such plans and specifications shall be in form and shall contain such information as may be reasonably required by the Design Review Committee including, without being limited to:

- (a) a site plan showing the location of all proposed and existing Structures on the Lot and including building setbacks, open space, driveways, walkways, and parking spaces including the number thereof;
- (b) a foundation plan;
- (c) a floor plan;
- (d) exterior elevations of any proposed Structure and alterations to existing Structures, as such Structures will appear after all backfilling and landscaping are completed;
- (e) specifications of materials, color scheme, lighting schemes, and other details affecting the exterior appearance of any proposed Structure and alterations to existing Structures;

- (f) plans for landscaping, drainage and grading, especially if any proposed Structure, or the alterations of existing Structures, or the alteration of the drainage or grading of a Lot, will affect another Lot's landscaping or grading; and
- (g) a construction schedule.

Upon approval by the Design Review Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Design Review Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot or Structure of any plans and specifications shall not be deemed a waiver of the Design Review Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot or Structure. Approval of any such plans and specifications relating to any Lot or Structure, however, shall be final as to that Lot or Structure and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval shall be the responsibility of each Owner at the time of construction of any Structure on the Owner's Lot, to comply with all applicable Laws. Notwithstanding anything to the contrary, the Design Review Committee may request changes in any plans or Structures that are completed or being built if required by Law and neither the Declarant, the Association, nor the Design Review Committee, nor any member, successor in interest or assign thereof; shall be liable for damages.

In regards to any plans and specifications approved by the Design Review Committee neither Declarant, nor any member of the Design Review Committee, shall be responsible or liable in any way for any defects in any plans or specifications, nor for any structural defects in any work done according to such plans and specifications not for the failure of the plans and specifications to comply with any Law. Further, neither Declarant, the Association, the Design Review Committee, nor any member, successor in interest or assign thereof; shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in conjunction with the approval or disapproval or failure to approve or disapprove any such plans or specifications or the exercise of any other power or right the Design Review Committee provided for in this Declaration. Every Person who submits plans or specifications to the Design Review Committee for approval agrees, by submissions of such plans and specifications, and every Owner of any Lot agrees, that he will not bring any action or suit against Declarant, or any member of the Design Review Committee, to recover for any such damage.

Any employee or agent of the Design Review Committee may, after reasonable notice, at any reasonable time, enter upon any Lot or Structure thereon for the purpose of ascertaining whether the installation, construction, alteration, or maintenance of any Structure or the use of any Lot or Structure is in compliance with the provisions of this Declaration; and neither the Design Review Committee, nor any such agent shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

The Design Review Committee may adopt Construction Rules and Regulations including but not limited to those pertaining to temporary fences, portable buildings, trash and debris removal, noise and dust control, hours of operation, and site parking.

The Design Review Committee may collect a refundable Construction Deposit to be submitted upon Committee approval of plans. Such monies shall be available for association use to address costs associated with corrective actions which may become necessary if not performed by the lot owner's contractor within 48 hours of written notice. Any such monies not used by the association shall be returned to the lot owner or its contractor upon completion of construction.

The initial construction of a Dwelling on a Lot by a Builder shall be subject to these provisions, but approval of plans and landscaping shall only be required once for any model plan. Thereafter, no plans or landscaping approval shall be required for construction of the same model on another Lot, except that the plans required under subparagraph (a) and (f) above shall be submitted by the Builder and reviewed by the Design Review Committee as to placement of all improvements on the Lot.

5.4 Building Construction. Not more than one single-family Dwelling, not to exceed two (2) stories in height, shall be erected on any Lot unless otherwise approved, in writing, by the Design Review Committee. At the request of any Owner, the Association from time to time will issue, subject to a reasonable charge of not less than \$250.00, a written certification that the improvements, landscaping, and other exterior items situated upon such Owner's Lot have been approved by the Design Review Committee, if such is the case.

5.5 Variances. The Design Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by the Design Guidelines or this Declaration in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or improvements in the neighborhood, shall not be contrary to applicable Law, and shall not militate against the general intent and purpose hereof.

5.6 Waivers: No Precedent. The approval or consent of the Design Review Committee, or any representative thereof, to any application for approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Design Review Committee or any representative thereof, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required. Nor shall any such approval or consent be deemed to constitute a precedent as to any other matter.

5.7 Records. The Design Review Committee shall maintain written records of all applications submitted to it and all actions taken by it thereon for such period of time as may be determined by the Board from time to time, and such records shall be available to Members for inspection at reasonable hours of the business day.

5.8 Liability. Neither the Declarant, the Association, the Design Review Committee, nor any member, successor in interest or assign thereof; shall be liable in equity or damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within their jurisdiction hereunder. In reviewing any matter, the Design Review Committee shall not be responsible for the safety, whether structural or otherwise, of any item(s) submitted for review, nor the conformance with applicable building codes or other governmental laws or regulations, and any approval of an Improvement by the Design Review Committee shall not be deemed an approval of any such matters. No Owner or other Person shall be a third party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval or disapproval granted by the Design Review Committee.

5.9 Violations. If any Structure shall be erected, placed, maintained, or altered upon any Lot, otherwise than in accordance with the plans and specifications approved by the Design Review Committee pursuant to the provisions of this Article, such erection, placement, maintenance, or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required herein. If in the opinion of the Design Review Committee such violation shall have occurred, the Design Review Committee shall notify the Board. If the Board shall agree with the determination of the Design Review Committee with respect to the violation then the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action within 30 days after the mailing of the aforesaid notice of violation, then the Association shall have and be entitled to any other rights set forth in this Declaration, all rights and remedies at law or in equity.

5.10 Partial Delegation to Association. At any time prior to the termination of Declarant's responsibilities as provided in section 5.1 above Declarant may delegate to a committee of the Association the responsibilities of the Design Review Committee with regard to any activities on individual Lots which have been fully developed, permanent improvements constructed thereon, and sold to permanent residents. The Declarant may then retain all other duties of the Design Review Committee with regard to new construction and may delegate its responsibilities with respect to new construction to one or more Builders.

Article 6 General Covenants and Restrictions

The following covenants, conditions, restrictions, and easements are herewith imposed on the Property:

6.1 Use of Property. All Lots shall be used for single family, purposes only, and no business or business activity shall be carried on or upon any Lot at any time, except with the written approval of the Design Review Committee; provided, however, that nothing herein shall prevent Declarant or any Builder from using any Lot owned by Declarant or such Builder for the purpose of carrying on business related to the development, improvement, and

sale of Lots with or without Dwellings constructed thereon; provided, further, private offices may be maintained in a Dwelling located on any Lot so long as such use is incidental to the primary use of the Dwelling and the use of the Lot is otherwise in compliance with the limitations contained in Section 2 below.

6.2 Limitations on Home Occupations. Lots shall be used for residential use only, including those uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes. Notwithstanding the foregoing, however, an Owner may conduct business activities within his or her Dwelling, after receiving written approval from the Association, provided that all of the following conditions are strictly satisfied:

(a) The business conducted is clearly secondary to the residential use of the Dwelling and is conducted entirely within the Dwelling;

(b) The existence or operation of the business is not detectable from outside of the Dwelling by sight, sound, smell or otherwise or by the existence of signs indicating that a business is being conducted;

(c) The business does not result in an undue volume of traffic or parking within the Property, which determination shall be made by the Board in its sole discretion from time to time;

(d) The business conforms to all zoning requirements and is lawful in nature; and

(e) The business conforms to any rules and regulations that may be imposed by the Board from time to time on a uniform basis.

6.3 Setbacks and Building Lines.

(a) Dwellings: Each Dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback lines shown on the Plat and/or required by Law. In no event shall any Dwelling be erected and located upon any such Lot in a manner which violates or encroaches upon the building and setback lines shown on the Plat, or required by Law, unless the Law allows for such variance and the Design Review Committee (and any other governmental entity with jurisdiction) approves such a variance.

(b) Walls and Fences: All fences and walls shall be subject to the prior written approval of the Design Review Committee, and shall comply with all Laws. All fences and walls located anywhere on a Lot must comply with sight distance requirements established by Village of Los Lunas ordinances or other applicable Laws. No fence or wall shall be erected, placed, or altered on any Lot nearer to the street than the minimum building setback line unless the same be a retaining wall of masonry construction which does not rise above the finished elevation of the earth embankment retained, reinforced, or stabilized, except that

this restriction shall not apply to fences or walls which have been approved by the Design Review Committee pursuant to this Declaration.

(c) Terraces and Eaves: For the purpose of determining compliance or noncompliance with the foregoing building line requirements, side yard set backs shall be measured from the outside edge of the eaves of Dwellings and Structures. Otherwise, terraces, stoops, eaves, wingwalls, and steps extending beyond the outside wall of a Structure shall not be considered as a part of the Structure. No garage or accessory outbuilding may encroach upon any side or rear setback line or upon the Lot of an adjacent Owner or upon any easement as set forth herein, unless approved in writing by the Design Review Committee and appropriate governmental authority.

6.4 Space Requirements. The living areas of the main dwelling, exclusive of open porches, garages, carports, patios, gazebos, and breezeways ("Living Space"), shall be not less than 1300 square feet of heated and cooled Living Space, and not less than one and three quarter baths. In addition:

(a) Dwellings on Lots numbered 151 through 181, Lots numbered 198 through 250, Lots numbered 270 through 310, and Lots numbered 336 through 356, all as shown on the Plat, shall have not less than 1700 square feet of heated and cooled Living Space; and

(b) Dwellings on Lots numbered 182 through 197, Lots numbered 251 through 269, Lots numbered 311 through 335, and Lots numbered 357 through 378, all as shown on the Plat, shall have not less than 2000 square feet of heated and cooled Living Space.

6.5 Obstructions to View at Intersections. The lower branches of trees or other vegetation and walls and fences shall not be permitted to obstruct the view at street intersections.

6.6 Use of Outbuildings and Similar Structures. No Structure of a temporary nature unless approved in writing by the Design Review Committee shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn, or other Structure of a similar nature shall be used as a residence, either temporarily or permanently; provided, this Section shall not be construed to prevent the Declarant and those Builders engaged in construction from using sheds or other temporary Structures during construction.

6.7 Building Materials: Construction Fencing. No building materials or equipment used for building purposes shall be stored on any Lot, except for the purpose of the construction on such Lot and shall not be stored on such Lot for longer than the length of time reasonably necessary for the construction to completion of the improvement to which the same is to be used. Notwithstanding other provisions of this Declaration, temporary construction fencing shall be permitted to enclose a Lot or other construction site at which construction activity is underway. Such fence shall be in place only for the duration of the construction activity and shall be removed when construction activity has been completed or has been discontinued for a period of three (3) months or more. Such fence shall be located as necessary to protect the public and to secure the construction site. The type and materials to be used in such fencing shall be approved by the

Design Review Committee prior to installation of such fencing. The fence may be chain link, wood or another material approved by the Design Review Committee, but not of barbed wire, concertina wire, razor ribbon, or other barbed type fencing.

6.8 Completion of Construction. The Association shall have the right to take appropriate Court action, whether at law or in equity, to compel the immediate completion of any Dwelling or other Structure not completed within one (1) year from the date of the start of construction.

6.9 Livestock and Pets. No animals, livestock, poultry, or pets of any kind shall be raised, bred, or kept on any Lot, except that not more than a total of two (2) animals consisting of dogs, cats, and/or other small household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purposes. Such household pets must not constitute a nuisance or cause unsanitary conditions. Notwithstanding the foregoing, no pit bull dogs or venomous animals of any kind shall be raised, bred or kept on any Lot.

For the purposes of this section 6.9, pets shall be deemed to constitute a nuisance if they create excessive or disturbing noises, whether by barking, howling, yelping, crying, or other utterances, or if the pet has shown any violent or aggressive behavior or otherwise poses a danger to the health, safety, or welfare of any person. Animals which have attacked or bitten any person or another person's pet shall constitute a nuisance and shall not be kept on any Lot. All pets must be kept on leashes or within secure fences when out of doors.

Pet owners shall pick up and properly dispose of any feces deposited by their pets on their own Lot, on Common Areas or on the property of others. An additional assessment of \$100.00 may be imposed for each failure of a Member (or any of their family, guests, or invitees) to pick up and properly dispose of any feces left on any Common Area by any dog owned by them or under their control. This assessment is intended to defray the actual cost incurred by the Association in removing dog feces from the Common Area.

The foregoing expression of specific behaviors that shall constitute a nuisance shall in no way limit the determination that other behaviors also constitute a nuisance. Any pet in violation of this section shall be brought into compliance within twenty-four (24) hours of notice by the Board, including but not limited to, the removal of the pet from the Property if the pet has attacked or bitten a person or other persons pet.

6.10 Offensive Activities. No noxious, offensive, or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Owners of other Lots within the Property. Without limiting the foregoing: (a) there shall be no burning of refuse out of doors, except for the burning of natural materials in connection with land clearance or fire control; (b) no incinerators or other device for the burning of refuse indoors shall be constructed, installed or used by any person except in conformity with law and only when and if approved by the Association; (c) there shall be no excessively loud music or noise; and (d) all exterior spot or directional lighting of any sort, the light source of which is visible from neighboring Lots, must first be approved in writing by the Association prior to installation and in any event shall not be directed at a neighboring Lot.

6.11 Signs. No advertising signs or billboards shall be erected on any Lot or displayed to the public on any Lot except one (1) professionally constructed sign of not more than four (4) square feet in area may be used to advertise the Lot for sale or rent. This restriction shall not apply to signs used to identify and advertise the subdivision as a whole, nor ordinary and customary signs used by Builders whose signage including but not limited to model home and directional signage, has been approved by the Design Review Committee. Political Signs may be erected no more than 60 days prior to an election and must be removed within 48 hours upon completion of election.

6.12 Perimeter Screening. The Association shall have the right and the obligation to maintain the appearance of the exterior surface of any and all walls, fencing and other screening, including signage located thereon, installed by Declarant facing onto Common Area or public right of ways. Each Owner shall be obligated to maintain the structural integrity of any such wall, fence, or other screening located on or adjacent to his Lot, as well as the appearance of the interior of such wall, fence, or other screening facing onto his Lot. Any such wall, fencing or screening shall be considered part of the perimeter screening regardless of whether it is located in a public right-of-way or on a Lot. The Association or a Public Improvement District, if applicable, shall be responsible for all costs of maintaining and repairing the exterior surface portions of walls, fencing, and screening, including any signage located thereon, and planter easements, if any, shown on the Plat. The Declarant hereby grants the Association and a Public Improvement District, if formed for purposes of installing or maintaining such Structures, an easement to enter upon the part of any Lot adjacent to such walls, fencing, landscaping and screening for access to such walls, fencing, landscaping and screening in order to maintain planter easements and the exterior appearance of such walls, fences, and screening.

6.13 Sidewalks. Each Owner, at his sole cost and expense, shall maintain the sidewalk and the right of way area (sometimes referred to as the planting strip) located between the side walk and the curb in front of the Owner's Lot. To assure visual uniformity of sidewalks the Design Review Committee shall establish how and with what materials any installation, maintenance, or repair shall be performed. If any Owner fails to comply with the requirements of this Section after reasonable notice, the Association or its duly authorized agents, shall have the right, but not the obligation, at any time, from time to time, without any liability to the Owner for trespass or otherwise, to enter any Lot for the purpose of maintaining the sidewalks and enforcing, without any limitation, all of the restrictions as set forth as part of this Declaration. All costs so incurred by the Association may be specifically assessed against such Lot a provided in Article 4, herein.

The Declarant reserves an easement for access over and on the sidewalks with said easement also being for the purpose of enforcing, without limitation, the reservations and restrictions set forth herein which shall include the repair and maintenance of the sidewalks. Each Owner shall have a cross easement appurtenant for use of the sidewalks, subject to the limitations and restrictions stated herein.

6.14 Common and Party Walls and Fences.

(a) Construction and Expense

1) Side yard and rear yard walls are required on the property lines of each lot. Such walls shall be a minimum of 5 feet and a maximum of 6 feet in height above finished grade.

2) Side yard and rear yard walls shall be of the same type construction and finish as the perimeter walls of the subdivision, and shall be approved by the Design Review Committee. Notwithstanding the above, Declarant may in its discretion install or construct wrought iron inserts in certain rear yard or perimeter walls for view purposes. Such inserts may not be filled in, covered or replaced with a solid wall without the approval of the Design Review Committee.

3) All walls constructed on common lot lines are intended to be party walls, with the cost of installation, maintenance and repair to be shared between or among owners of adjoining Lots. The construction of such party walls shall be performed at the time of the first home construction and paid for by the owner of the Lot upon which the first home shall be built. The owner (s) of the adjoining Lot(s) shall reimburse the Owner who constructs the wall for his or her proportionate share of the wall construction cost. An owner who constructs a wall shall properly document the actual cost of the wall construction in order to be properly and fairly reimbursed for the proportionate share of the cost. Reimbursement shall be made within 30 days after an Owner receives a written request for reimbursement from the Owner who built the wall, together with proper documentation of the cost. Notwithstanding the foregoing, Declarant shall not be responsible for the shared cost of any such party walls, and such shared cost shall be the responsibility of the Owner who purchases a Lot from Declarant.

(b) Maintenance

1) If a common or party wall or fence exists on the boundary line of a Lot, the Owner of each half is responsible for maintaining his/her half of the wall or fence. All such walls and fences shall be maintained in a neat, safe and attractive condition, with all necessary repairs or replacement to such walls and fences to occur not later than 60 days following notice from the Association of the need for repair or replacement of such wall or fence. When a common or party wall or fence belongs to Owners jointly, it is assumed to be divided down the middle and each party is responsible for maintaining his/her half.

2) If a fence, tree or structure falls on a neighbor's Lot and damages the neighbor's plants or property, the Owner of the Lot from whence the fence, tree or structure fell is liable for compensation for the actual cost of repair or replacement of such plants or property except for things which grow or rest upon the wall or fence by sufferance; provided, if a common or party wall or fence falls on the neighbor's Lot due to an Act of God or deferred maintenance for which the Owners of the Lots served by the common or party wall or fence serves are jointly responsible, the Owner of each Lot served by the common or party wall or fence shall be responsible for damage done to his own plants or property and shall not seek compensation from the other Owner served by the common of

party wall or fence. The foregoing shall not excuse an Owner from having to compensate a neighbor for damages to plants or property where, due to negligent or otherwise improper use of a common or party wall or fence, such structure falls and results in damage to the neighbor's plants or property.

6.15 Aesthetics. Screening. Underground Utility Service. All garbage cans, sports equipment, bicycles, clothing, gardening materials, and equipment, except for garbage cans placed on the streets on the day of garbage service, shall be screened to conceal them from view of neighboring Lots and streets. All utility service, including but not limited to lines, pipes and wiring, to residences shall be underground. No fuel tanks shall be stored under ground. Except for use in barbecue grills or recreational vehicles, no propane tanks shall be allowed.

6.16 Swimming Pools. Swimming pools must be located to the rear of the main building on any Lot unless a different location is authorized in writing by the Design Review Committee. Swimming pools must conform to the setback and building requirements as shown on the Plat and as required by applicable law.

6.17 Maintenance. Each Owner shall keep and maintain each Lot and Structure owned by him, including: all landscaping located thereon, in good condition and repair, including, but not limited to (i) the repairing and painting (or other appropriate external care) of all Structures; (ii) the seeding, watering, and mowing of all lawns; and (iii) the pruning and trimming of all trees, hedges, and shrubbery so that the same do not obstruct the view by motorists, pedestrians or street traffic. If any Owner shall fail to perform the duties imposed by this Section, the Board shall give written notice to the Owner to remedy the condition in question, setting forth in reasonable detail the nature of the condition, the specific action or actions needed to remedy such condition, and will be given a reasonable time to cure the condition. If the Owner shall fail to take reasonable steps to remedy the condition, after notice of violation, the Board shall have, in addition to all other rights set forth in this Declaration, at law or in equity, a Right of Abatement as provided in Section 8.1 hereof.

6.18 Satellite Dishes/Antenna. Except as may otherwise be permitted by the Design Review Committee, subject to any provisions of any guidelines or standards adopted by the Design Review Committee, no exterior radio antennae, television antennae, or other antennae, satellite dish, or audio or visual reception device of any type shall be placed, erected or maintained on any Lot, except inside a Dwelling unit concealed from view; provided, however, that any such devices may be erected or installed by the Declarant during its sales or construction upon the Lots; and provided further, however, that the requirements of this subsection shall not apply to those "antennae" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996 and/or applicable regulations, as amended from time to time. As to "antennae" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996 and/or applicable regulations, as amended, the Association shall be empowered to adopt rules and regulations governing the types of "antennae" (including certain satellite dishes) that are permissible hereunder and, to the extent permitted by the Telecommunications Act of 1996 and/or applicable regulations, as amended, establishing reasonable, nondiscriminatory restrictions or requirements relating to appearance, safety, location and maintenance. Notwithstanding the above, a satellite dish antenna eighteen inches

(18") in diameter or smaller may be installed (a) on the rear of the Dwelling of a Lot or on side of the Dwelling of a Lot not closer than ten feet (10) from the front of the enclosed garage located on a Lot, and (b) at an elevation no higher than thirty inches (30") above the eaves of the roof. The satellite dish antennae should be in the least conspicuous location on the roof when viewed from the street in front of the Dwelling from where an acceptable quality signal can be received, or in the rear yard of the Lot with landscape screening and with approval of the Design Review Committee.

6.19 Clotheslines. No clothesline or other outside facility for drying or airing of clothes shall be installed in the yard of any Lot, except in the rear yard behind the Dwelling and enclosed by a fence or by landscape screening and approved by the Design Review Committee.

6.20 Window Air Conditioners. No window air conditioning units shall be installed without prior written approval of the Design Review Committee.

6.21 Parking and Vehicles. No vehicle of any kind, including a house trailer, mobile home, school bus, noncommercial truck, boat, boat trailer or commercial vehicle of any kind, shall be kept, stored or parked overnight either on any street or on any Lot except within an enclosed garage or an enclosed accessory structures approved by the Design Review Committee which completely screen such from view. Notwithstanding the foregoing, noncommercial passenger trucks or automobiles may be parked in driveways if the number of vehicles owned by the Owner exceeds the capacity of the garage. The foregoing will not be interpreted, construed, or applied to prevent the temporary non-recurrent parking of any non-commercial vehicle, boat, or trailer upon any Lot for a period not to exceed forty-eight (48) hours in any consecutive 30 day period. Passenger automobiles, passenger trucks and recreational vehicles owned by guests of an Owner may be parked in the driveway or on the street immediately in front of the Dwelling of the Owner for a period not to exceed 7 days in any consecutive 30 day period. Owners must report such instances to the Association upon guest arrival. There shall be no major or extended repair or overhaul performed on any vehicle on the Lots. All vehicles and trailers shall have current license plates. If any vehicle, boat, or trailer is in violation of this provision, the Association shall have the immediate right to have the offending vehicle, boat, or trailer towed away at the expense of the owner thereof, in addition to all other enforcement rights. Notwithstanding the above, governmental vehicles used for public health, safety and welfare and specific public utility company owned vehicles approved by the Association may be parked on a Lot on paved driveway parking areas, in an enclosed garage, or in the street in front of the Dwelling in which the operator of the vehicle resides. No vehicle may be parked on a Lot other than on paved driveway parking areas; provided, that such shall not apply to construction vehicles parked on a Lot while a Dwelling thereon is under construction.

6.22 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall not be kept except in sanitary containers designed for that purpose. All incinerators or other equipment for the storage or disposal of such waste material, shall be kept in a clean and sanitary condition. All garbage and trash cans and containers shall be kept in the garage or in the side or rear yard screened to conceal them from view of neighboring Lots and streets, except on the days of collection. If such litter or other materials are found on any Lot, the same will be removed by the Owner of such Lot, at the

Owner's expense, upon the written request of the Design Review Committee or the Board. Trash for pickup may be put out no more than 24 hours prior to pickup, and trash containers must be stored not more than 24 hours after pickup. All Builders are required to dispose of construction debris in dumpsters kept on the Lot where the construction is ongoing; provided, dumpsters may be placed on the street in front or to the side of the Lot where the construction is taking place where permitted by the Design Review Committee and where governmental permits for such (if any) have been obtained.

6.23 Changing Elevations or Drainage. No Owner shall excavate or extract earth from a Lot for any business or commercial purpose. No elevation or drainage changes shall be permitted which materially affect surface grade of or drainage to or from surrounding Lots unless approved in writing by the Design Review Committee.

6.24 Sewage System. Sewage disposal shall be through municipal system or type approved by appropriate State and local agencies.

6.25 Water System. Water shall be supplied through municipal system or type approved by appropriate State and local agencies.

6.26 Landscaping: Water Conservation. In the landscaping of a Lot, it is urged that plant materials, irrigation systems, and maintenance practices be utilized which conserve water. It should be noted that in using xeriscape landscape practices a more traditional green appearance can still be achieved while using much less water than typical suburban landscapes. Some areas of the Property may be restricted from the use of underground irrigation systems (i.e., leaky pipe systems) due to the evaluation of soils by professional soils engineers. Natural landscape including drought-tolerant plants and grasses are to be incorporated in such a landscape design. Use of turf is discouraged because it requires a lot of water. Alternative grasses like buffalo grass and fescues are encouraged where grasses are planted.

Care shall be given in the design, maintenance and use of Lot irrigation systems to minimize over spray onto walkways, driveways and streets. Because water conservation is a desired community goal for the Property, a landscape irrigation system design should utilize the most current state-of-the-art water conservation technologies. Digital controllers, drip irrigation, low water consumption irrigation heads and micro jet spray heads are just a few examples of the technology currently available. Watering shall be done in the early morning or evening.

6.27 Utility Facilities. Declarant reserves the right to approve the necessary construction, installation, and maintenance of utility facilities, including but not limited to water, telephone, and sewage systems, which may be in variance with these restrictions.

6.28 Driveways and Entrance to Garage. All driveways and entrances to garages shall be concrete or a substance approved in writing by the Design Review Committee and of a uniform quality. No vehicular access to any Lot having double frontage along a designated collector road and another roadway segment shall be permitted from the public right-of-way of

the designated collector road. No vehicle may be parked on a Lot other than on paved driveway parking areas; provided, that such shall not apply to construction vehicles parked on a Lot while a Dwelling thereon is under construction.

6.29 Garages. Each Dwelling must have a garage of sufficient size to house at least two (2) passenger automobiles. All garages must be substantial and conform architecturally to the Dwelling to which they relate. When garages are not in use, garage doors shall be closed. Garages shall be used only for parking motor vehicles, hobbies, and storing Owner's household goods.

6.30 Exterior Holiday Lighting and Decorations. Lights or decorations may be erected on the exterior of Dwellings on Lots in commemoration or celebration of publicly observed holidays; provided, that such lights or decorations do not unreasonably disturb the peaceful enjoyment of adjacent Owners by illuminating bedrooms, creating noise or attracting sightseers. All exterior lights and decorations installed within a Lot including but not limited to those installed on a Dwelling on a Lot must be removed within 30 days after the holiday has ended. Christmas decorations or lights may not be displayed prior to November 1st of any year. For other holidays, decorations or lights may not be displayed more than 30 days in advance of the holiday.

6.31 Flagpoles and Yard Ornaments. Yard ornaments, including but not limited to, birdbaths, birdhouses, fountains, sculptures, statues, flags and banners, etc., shall not be placed in the front yard of a Lot without prior approval from the Design Review Committee. Not more than one (1) flag or banner shall be attached to or displayed on the Dwelling or displayed on a Lot, and the length of the standard supporting such flag or banner shall not exceed four feet (4'). No freestanding flagpole shall be allowed.

6.32 Exterior Lighting. Exterior lighting for security and/or other uses must be directed towards the ground and the Dwelling on the Lot so that the light cone stays within the Lot boundaries and the light source does not cast glare onto adjacent properties.

6.33 Dwelling Leasing. A Dwelling on a Lot may not be leased to other than (a) one or more tenants who is/are individuals, (b) pursuant to a lease of the Dwelling having a term of at least six months, and (c) where there is more than one (1) tenant the tenants (excepting minors who are children of tenants) shall all be parties to the lease. A copy of the Dwelling lease duly executed by each permanent tenant of a Dwelling must be provided to the Board not later than 30 days following execution of such Lease. A Dwelling on a Lot shall not be occupied by an unreasonable number of tenants including minors who are children of the tenants (no more than two (2) persons per bedroom for each bedroom contained within the Dwelling). Each tenant shall, no later than 10 days of the request of the Association, execute a written acknowledgment prepared by the Association acknowledging the (a) receipt of this Declaration and all supplements thereto and (b) the tenants' agreement to abide by the terms of this Declaration and all supplements thereto. No group homes shall be allowed within the Property.

6.34 Mineral Operation. No oil drilling, oil development operations, oil refining, quarrying, or mining operation of any kind shall be permitted upon or in any Lot, nor shall

any wells, tanks, tunnels, mineral excavation, or shafts be erected, maintained, or permitted upon or in any Lot. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot.

6.35 Lot Splitting and Consolidation. No Lot splitting, by conveyance, survey, foreclosure or other means, shall be allowed. The consolidation of adjoining Lots having common ownership is subject to approval of the Association which approval may be denied if the Association determines that the resulting Lot will not conform to this Declaration.

Article 7 Easements

Lots subjected to this Declaration shall be subject to: (a) Those easements, if any, shown as set forth on the Plat thereof; (b) All easements provided for in this Declaration; and (c) All easements of record in the Public Records for Valencia County, New Mexico.

The appearance of any easement area on a Lot and all improvements in or on it shall be maintained continuously by the Owner of the Lot. Each Owner is responsible for damage to or destruction of the easement area and all improvements on it caused directly or proximately by the acts or omissions of such Owner and any guests, invitees, residents, or other persons occupying or present upon said Lot.

To the extent that any land or improvement which constitutes part of the Property, now or hereafter supports or contributes to the support of any land or improvement constituting another part of the Property, the aforesaid land or improvement, or both land and improvement is hereby burdened with an easement for support for the benefit of the Property or Lot supported as the case may be. The easement for support shall be an easement appurtenant and run with the land at law.

Article 8 General Provisions

8.1 Enforcement. Each Lot Owner shall comply strictly with the covenants, conditions, restrictions, and easements set forth in this Declaration. In the event of a violation or breach, or threatened violation or breach, of any of the same, the Declarant, the Design Review Committee, the Association, or any Lot Owner, jointly or severally, shall have the right to proceed at law or in equity for the recovery of damages, reasonable monetary fines and other sanctions for violations of this Declaration for injunctive or other equitable relief, or any or all of the foregoing. If any Owner or the Association is the prevailing party in any litigation involving this Declaration, then that party also has a right to recover all costs and expenses incurred (including reasonable attorneys fees and paralegal fees together with any applicable sales or use tax thereon). Failure by the Declarant, the Design Review Committee, the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

In addition to the above rights, the Association and the Design Review Committee shall have a Right of Abatement if the Owner fails to take reasonable steps to remedy any violation or breach within 30 days after written notice sent by certified mail. A Right of Abatement, as used in this Section means the right of the Association or Design Review Committee, through its agents and employees, to enter at all reasonable times upon any Lot or Structure, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach, or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act by reason of such entry and such actions; provided, such entry and such actions are carried out in accordance with the provisions of this Article. The cost thereof including the costs of collection and reasonable attorneys' fees, and paralegal fees (together with any applicable sales or use tax thereon) together with interest thereon at higher of the rate of eighteen percent (18%) per annum or the Judgment Rate of Interest established pursuant to Section 56-8-4 of the New Mexico Statutes Annotated, as amended from time to time, shall be a binding personal obligation of such Owner, enforceable at law, and shall be a lien on such Owner's Lot enforceable as provided herein.

8.2 Severability. If any term or provision of this Declaration or the Association Documents or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Declaration and the Association Documents, and the applications thereof, shall not be affected and shall remain in full force and effect and to such extent shall be severable.

8.3 Duration. This Declaration, inclusive of all easements reserved by or on behalf of the Declarant or Association, shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Owner of any land subject to this Declaration, their respective heirs, legal representatives, successors and assigns, for a term of 75 years unless an instrument signed by the then record Owners of more than one-half (1/2) of the Lots has been recorded, agreeing to change this Declaration in whole or in part. This Declaration shall automatically renew each 20 years thereafter unless a decision to not renew this Declaration has been approved by vote, in person or by proxy, of at least two-thirds (2/3) of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened and held prior to the date of automatic renewal This Declaration may be terminated upon unanimous vote, or written consent in lieu thereof, of all Owners and holders of first mortgages on the Lots.

8.4 Amendment. This Declaration may be amended by an instrument signed by the duly authorized officers of the Association provided such amendment has been approved by vote, in person or by proxy, of more than one-half (1/2) of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened and held to approve such amendment. Any amendment, to be effective, must be Recorded. Notwithstanding anything herein to the contrary, so long as the Declarant shall own any Lot no amendment shall diminish, discontinue, or in any way adversely affect the rights of the Declarant under this Declaration.

Notwithstanding any provision of this Section to the contrary, the Declarant hereby reserves and shall have the right to amend this Declaration, from time to time, for a period of 5

years from the date of its recording to make such changes, modifications, and additions therein and thereto as may be requested or required by FHA, the VA, or any other governmental agency or body generally or as a condition to, or in connection with such agency's or body's agreement to make, purchase, accept, insure, guaranty, or otherwise approve loans secured by mortgages on Lots, provided any such amendment does not destroy or substantially alter the general plan or scheme of development of The Property. Any such amendment shall be executed by the Declarant and shall be effective upon being Recorded. No approval or joinder of the Association, any other Owners, any mortgagee of a Lot, or any other party shall be required or necessary for any such amendment.

Every Owner and any mortgagee of a Lot, by acceptance of a deed or other conveyance therefore, thereby agrees that this Declaration may be amended as provided in this Section

8.5 Amplification. The provisions of this Declaration are amplified by the Association Documents; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration on the one hand, and the Association Documents on the other, and such shall be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control over any terms or provisions in the Articles or By-Laws to the contrary.

8.6 Permission. When any act by any party affected by this Declaration, which by the terms of this Declaration requires the permission or consent of the Declarant, such permission or consent shall only be deemed given when it is in written form, executed by the Declarant.

8.7 Applicable Law. The law of the State of New Mexico shall govern the terms and conditions of this Declaration.

8.8 Definitions. Whenever used herein and appropriate, the singular shall include the plural, the plural shall include the singular, and any gender shall include the others. When used herein, vote, in person or by proxy, of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened to approve, or words similar thereto, mean obtaining the stated amount or percentage of all of the votes entitled to be cast at a meeting duly called and convened to consider the matter, and not just the stated amount or percentage of a quorum of the Members attending such meeting in person or proxy. When used herein, votes cast, in person or by proxy, at any regular or special meeting of the Members duly called and convened to consider a matter, or words similar thereto, mean the stated amount or percentage of a quorum of the Members attending such meeting, in person or proxy, needed to approve such matter.

8.9 Captions. The captions in this Declaration are for convenience only and shall not be deemed to be part of this Declaration or construed as in any manner limiting the terms and provisions of this Declaration to which they relate.

8.10 Notice. Unless otherwise stated herein, any notice required or permitted to be given pursuant to this Declaration shall be in writing sent by prepaid, first class mail to such address of the Person to be notified as such Person may have designated or as would be reasonably anticipated to effectuate receipt of the notice. Any such notice shall be effective upon mailing in conformity with this Declaration. If any Person consists of more than one Person or entity, notice to one as provided herein shall be notice to all.

Article 9 Disclaimer of Liability of Association

Notwithstanding anything contained herein or in the Association Documents, any rules or regulations of the Association or any other document governing or binding the Association, neither the Association nor the Design Review Committee nor the Declarant nor any officer or employee thereof shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any owner, occupant or user of any portion of the Property including, without limitation, residents and their families, guests, invitees, agents, servants, contractors or subcontractors or for any property of any such persons. Without limiting the generality of the foregoing:

(a) it is the express intent of the Association Documents that the various provisions thereof which are enforceable by the Association and which govern or regulate the uses of the Property have been written, and are to be interpreted and enforced, for the sole purpose of enhancing and maintaining the enjoyment of the Property and the value thereof;

(b) the Association is not empowered, and has not been created to act as an entity which enforces or ensures the compliance with the laws of the United States, State of New Mexico, the Village of Los Lunas, the County of Valencia, and/or any other governmental jurisdiction or the prevention of tortious activities; and

(c) any provisions of the Association Documents setting forth the uses of assessments which related to health, safety and/or welfare shall be interpreted and applied only as limitations of the uses of assessment funds and not as creating a duty of the association to protect or further the health, safety or welfare of any person(s), even if assessment funds are chosen to be used for any such reason.

Each Owner (by virtue of his acceptance of title to his Lot) and each other person having an interest in or lien upon, or making any use of, any portion of the Property (by virtue of accepting such interest or lien or making such uses) shall be bound by this article and shall be deemed to have automatically waived any and all rights, claims, demands and causes of action against the association arising from or connected with any matter for which the liability of the Association has been disclaimed in this article.

The Property (and the Common Area therein) may contain corridors and trails which may present hazards to persons and which may contain wildlife and other organisms and conditions of danger to children and other persons. All Owners, on behalf of themselves,

their families, guests, and invitees, hereby agree that the Association shall have no liability for any activities undertaken by any person on Association lands or Common Area which result in injury from such natural elements. All Owners, families, invitees and guests agree that any person using such lands does so at his own risk. All Owners shall undertake to warn others of such hazards when appropriate.

As used in this article, "Association" shall include within its meaning all of association's directors, officers, committee and board members, employees, agents, contractors (including management companies), subcontractors, successors and assigns. The provisions of this Article shall also inure to the benefit of the Declarant, its officers, members, employees and agents, and the Association, all of whom shall be fully protected hereby.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed in its name by its officers thereunto duly authorized on the day and year first above written.

EMIL KIEHNE AND SONS, INC.
a New Mexico corporation

By: Max Lee Kiehne
Max Lee Kiehne,
Its: President

STATE OF NEW MEXICO }
COUNTY OF VALENCIA } ss.

5th This Declaration was duly acknowledged before the undersigned notary public this 5th day of July, 2007 by Max Lee Kiehne as President of Emil Kiehne and Sons, Inc., a New Mexico corporation, on behalf of said corporation.

Shelly M. LaBuen
Notary Public

My Commission Expires:
8-3-2008